



April 21, 2025

Securities and Exchange Commission

7907 Makati Avenue, Brgy. Bel-Air, Salcedo Village,
Makati City, 1209

Attention: **Mr. Oliver O. Leonardo**

Director, Markets and Securities and Regulation Department

Philippine Stocks Exchange

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

Attention: **Atty. Johanne Daniel M. Negre**

OIC, Disclosure Department

Gentlemen:

We are respectfully submitting the **Definitive Information Statement** ("DIS") (SEC Form 20-IS) of Puregold Price Club, Inc. (the "Company") relative to its upcoming Annual Stockholders' Meeting to be held on May 13, 2025, at 10:00 am via remote communication (Zoom).

In connection with the Commission's response and comments to the Company's Preliminary Information Statement, please refer to the following:

Compliance with SEC MC No. 3, S. 2020/Sec. 49 of RCC
Voting power over Cosco Capital's shareholdings
Compliance with SEC MC No. 4, S. 2017
Summary of Compensation/Per Diem of Directors
Reason/Effect of By-Laws Amendment
Vote Requirements for Amendment of By-Laws
Management Discussion and Analysis
2024 Audited Financial Statements
Management Report on Market Price of and Dividends:

Page 7 of the DIS
Page 8 of the DIS
Page 10 of the DIS
Page 18 of the DIS
Page 23 of the DIS
Page 27 of the DIS
ANNEX "H" of the DIS
ANNEX "I" of the DIS
Please refer to the 2024 Annual Report of Puregold Price Club, Inc. attached hereto as ANNEX "J"

- (1) Market Information
- (3) Dividends
- (4) Recent Sales of Unregistered or Exempt Securities including Recent Issuance of Securities Constituting an Exempt Transaction
- Discussion on Compliance with leading practice on Corporate Governance

Page 15 of the 2024 Annual Report
Page 16 of the 2024 Annual Report
Page 16 of the 2024 Annual Report

Pages 23 to 24 of the 2024 Annual Report

This SEC Form 20-IS, together with its attachments shall be uploaded to the Company's website, and posted on the PSE Edge Platform. The Company undertakes to submit to the MSRD via email the appropriate links to access these documents.

Thank you very much!

Kind regards,


Atty. Jewelyn A. Jumalon
Assistant Corporate Secretary

COVER SHEET

A199813754

SEC Registration Number

PUREGOLDPRICECLUB,INC.

(Company's Full Name)

NO.900ROMUALDEZST.,PACO,

MANILA

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

JEWELYN A. JUMALON

(Contact Person)

(63) 917 861 2459

(Company Telephone Number)

12

Month

31

Day

SEC FORM 20-IS

(Form Type)

05

Month

13

Day

(Secondary License Type, If Applicable)

Dept. Requiring this Doc

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowing

Domestic

Foreign

y SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:
[] Preliminary Information Statement
[X] DEFINITIVE INFORMATION STATEMENT
2. **PUREGOLD PRICE CLUB, INC.**
Name of Registrant as specified in its charter:
3. **MANILA, PHILIPPINES**
Province, country, or other jurisdiction of incorporation or organization
4. SEC Identification Number: **A199803754**
5. BIR Tax Identification Code: **201-277-095**
6. **No. 900 ROMUALDEZ ST., PACO, MANILA** **1007**
Address of principal office Postal Code
7. Registrant's telephone number, including area code: **(63) 9178612459**
8. **MAY 13, 2025, TUESDAY, 10 AM, VIA REMOTE COMMUNICATION (ZOOM)**
Date, time, and place of the meeting of security holders
9. Approximate date on which the Information Statement is first to be sent or given to security holders: **21 April 2025**
10. In case of Proxy Solicitations: **We are not asking for Proxy Solicitations**
11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on the number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt
COMMON SHARE	2,880,137,615
12. Are any or all of registrant's securities listed in a Stock Exchange?

Yes [x] No []

If yes, disclose the name of such Stock Exchange and the class of securities listed therein: **PHILIPPINE STOCK EXCHANGE, COMMON SHARES**



NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the Annual Stockholders' Meeting of **PUREGOLD PRICE CLUB, INC. (the "Company")** will be on **May 13, 2025, Tuesday, at 10:00 am, via Remote Communication (Zoom)**, with the following agenda:

AGENDA

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of Minutes of the Previous Stockholders' Meeting and Ratification of Acts and Resolutions of the Board of Directors and Management
4. Annual Report and Approval of the 2024 Audited Financial Statements
5. Election of Regular Directors and Independent Directors
6. Amendment of By-Laws
7. Re-appointment of an External Auditor and fixing its remuneration
8. Other Matters
9. Adjournment

Only stockholders of record as of **April 29, 2025** are entitled to notice of, and vote at, this meeting.

Pursuant to the Company's bylaws and resolution of the Board of Directors dated April 8, 2025, the annual stockholders' meeting will be held via remote communication, through the online platform "Zoom". Stockholders may participate in the meeting by remote communication, by voting *in absentia*, or by appointing the Chairman of the meeting as their proxy. The Information Statement will be accessible on the Company website, **www.puregold.com.ph** starting April 21, 2025.

The stockholders attending by proxies should e-mail their duly accomplished proxies to **corporate.governance@puregold.com.ph** or send original hard copies of proxies to the Office of the Assistant Corporate Secretary, Puregold Head Office, No. 900 Romualdez St., Paco, Manila 1007 on or before May 5, 2025, and stockholders attending by remote communication should notify the Company on or before May 5, 2025. The Information Statement will provide the requirements and procedures for participating in the meeting.

The Company's stock transfer agent will validate the votes on May 6, 2024, at 3:00 pm, at the Office of the Assistant Corporate Secretary, Puregold Head Office, No. 900 Romualdez St., Paco, Manila, 1007.

Manila, Philippines, April 8, 2025.


ATTY. JEWELYN A. JUMALON
Assistant Corporate Secretary & Compliance Officer

EXPLANATION OF AGENDA ITEMS

1. Call to Order

The Chairman of the meeting, Ms. Susan Co, will welcome the stockholders and formally open the annual meeting at 10:00 am.

2. Certification of Notice and Quorum

The Assistant Corporate Secretary, Atty. Jewelyn A. Jumalon, will certify that the notice of the meeting to stockholders was posted on the Company website and on the Philippine Stock Exchange Edge platform, and was also published in the business section of Philippine Star and Philippine Daily Inquirer, both newspapers of general circulation, on April 20 and 21, 2025. She will also certify that there is a quorum to transact business in the meeting.

3. Approval of Minutes of the Previous Meeting and Ratification of Acts and Resolutions of the Board of Directors and Management

The results and the minutes of the last Annual Meeting is posted on the Company website. A resolution presenting the said Minutes and the ratification of the acts and resolutions of the Board of Directors and Management since the last stockholders' meeting will be submitted to the stockholders for approval.

4. Annual Report and Approval of the 2024 Consolidated Audited Financial Statements

The Company will present its 2024 Annual Report and Consolidated Audited Financial Statements to the stockholders. A resolution ratifying the 2024 Annual Report and Consolidated Audited Financial Statements will also be presented to the stockholders for their approval.

5. Election of Regular and Independent Directors

The Chairman of the meeting will announce the names of the nominees for the election of directors and will open the floor for stockholders' voting. The nominees for directors are:

For Regular Directors:

1. Mr. Lucio L. Co
2. Ms. Susan P. Co
3. Mr. Ferdinand Vincent P. Co
4. Ms. Pamela P. Justine Co
5. Mr. Anthony Sy
6. Mr. Jack E. Huang

For Independent Directors:

1. Mr. Jaime S. Dela Rosa
2. Mr. Gil B. Genio
3. Mr. Emmanuel G. Herbosa

The profile of the nominees will be provided in the Information Statement.

6. Amendment of By-Laws

The amendments of Article IV (Officers) of the Company's By-Laws will be submitted for the stockholders' approval, following the Board of Directors' approval during its regular meeting on 08 April 2025. The amendments mainly concern the insertion of a new Sec. 7 (The Chief Financial Officer). The contents of the original Sec. 7 to 13 of the Company's By-Laws remain unchanged but have been renumbered consequent to the insertion of the new provision. The provisions amended will be presented to the stockholders for their approval, to wit:

From:	To:
Section 7. Term of Office – The terms of all officers	Section 7. The Chief Financial Officer – The Chief

shall be one (1) year and until their successors are duly elected and qualified.	<u>Financial Officer shall perform the following duties:</u> a) <u>Develop the corporation's financial plans which includes overseeing the creation and execution of the corporation's financial strategy such as financial planning and budgeting;</u> b) <u>Ensure that the corporation's financial statements are accurate, timely, and comply with the applicable regulatory standards;</u> c) <u>Regularly report financial performance to the board of directors and to the audit committee;</u> d) <u>Ensure that the corporation has enough cash flow to meet its obligations, pay employees, and invest in operations and/or expansions;</u> e) <u>Ensure compliance with financial and accounting regulations and standards to maintain the company's legal and ethical standing;</u> f) <u>Implement and oversee financial controls and systems to prevent errors, fraud, and financial mismanagement</u> <u>Unless a different person is appointed by the Board of Directors as Chief Financial Officer, the Vice President for Finance shall continue to act as the Chief Financial Officer in his/her usual performance of the above-stated duties and responsibilities.</u>
Section 8. Vacancies – If any position of the officers becomes vacant by reason of death, resignation, disqualification of for any other cause, the Board of Directors, by majority vote may elect a successor who shall hold office for the unexpired term.	<u>Section 8.</u> Term of Office – <u>The terms of all officers shall be one (1) year and until their successors are duly elected and qualified.</u>
Section 9. Compensation – The officers shall receive such re-numeration as the Board of Director may determine. A director shall not be precluded from serving the corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.	<u>Section 9.</u> Vacancies – <u>If any position of the officers becomes vacant by reason of death, resignation, disqualification of for any other cause, the Board of Directors, by majority vote may elect a successor who shall hold office for the unexpired term.</u>
Section 10. The Chairman of the Board – The duties and responsibilities of the Chairman in relation to the Board shall include, among others, the following: a) Ensure that the meetings of the Board are held in accordance with the By- Laws or as the Chair may deem necessary; b) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, management and the directors; and c) Maintain qualitative and timely lines of communication and information between the Board and management.	<u>Section 10.</u> Compensation – <u>The officers shall receive such re-numeration as the Board of Director may determine. A director shall not be precluded from serving the corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.</u>
Section 11. Adequate and Timely Information – The officers and the rest of the management should provide the Board with complete, adequate and	<u>Section 11.</u> The Chairman of the Board – <u>The duties and responsibilities of the Chairman in relation to the Board shall include, among others, the following:</u>

timely information about the matters to be taken up in their meetings. The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.	a) <u>Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chair may deem necessary;</u> b) <u>Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, management and the directors; and</u> c) <u>Maintain qualitative and timely lines of communication and information between the Board and management.</u>
Section 12. Accountability and Audit – The officers and the rest of the management team, under the supervision of the Audit Committee, should formulate the rules and procedures on financial reporting and internal control in accordance with the following guidelines:	Section 12. <u>Adequate and Timely Information – The officers and the rest of the management should provide the Board with complete, adequate and timely information about the matters to be taken up in their meetings. The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.</u>
Section 13. Disclosure and Transparency – All material information about the Corporation which could adversely affect its viability or the interests of the stockholders should be publicly and timely disclosed. Such information should include, among others earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct or indirect re-numeration of members of the Board and management. All such information should be disclosed through the appropriate mechanisms and submissions to the appropriate government agencies. <i>(As amended and approved on January 14, 2011 in a meeting held at the corporation's principal office by at least majority of the members of the Board of Directors, and Stockholders representing at least two-thirds (2/3) of the entire issued and outstanding capital of the corporations.)</i>	Section 13. <u>Accountability and Audit – The officers and the rest of the management team, under the supervision of the Audit Committee, should formulate the rules and procedures on financial reporting and internal control in accordance with the following guidelines:</u> a) <u>The extent of its responsibility in the preparation of the financial statements of the corporation, with the corresponding delineation of the responsibilities that pertain to the external auditor, should be clearly explained;</u> b) <u>An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation should be maintained;</u> c) <u>On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;</u> d) <u>The Corporation should consistently comply with the financial reporting requirements of the Commission;</u> e) <u>The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Corporation, should be changed with the same frequency. The Internal Auditor should submit to the Audit Committee and Management an annual report on the interim audit department's activities, responsibilities and performance</u>

	relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.
	Section 14. Disclosure and Transparency – All material information about the Corporation which could adversely affect its viability or the interests of the stockholders should be publicly and timely disclosed. Such information should include, among others earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct or indirect re-numeration of members of the Board and management. All such information should be disclosed through the appropriate mechanisms and submissions to the appropriate government agencies. <i>(As amended and approved on January 14, 2011 in a meeting held at the corporation's principal office by at least majority of the members of the Board of Directors, and Stockholders representing at least two-thirds (2/3) of the entire issued and outstanding capital of the corporations.)</i>

7. Re-appointment of an External Auditor and fixing its remuneration

A resolution for the re-appointment of R.G. Manabat & Company (KPMG) and its proposed remuneration of up to P7.5 Million as External Auditor of the Company and its subsidiaries will be presented to the stockholders for approval.

8. Other Matters

The Chairman will open the floor for any questions from the stockholders.

PART 1: INFORMATION REQUIRED IN THE INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time, and place of meeting of security holders

- (a) May 13, 2025, at 10:00 AM, via Online Meeting
Principal Office: No. 900 Romualdez St., Paco, Manila 1007
- (b) The Information Statement will be available on the Company's website, www.puregold.com.ph, beginning on April 21, 2025. In the alternative, the Company will also disseminate to the stockholders copies of the Notice of the Annual Stockholders' Meeting, Information Statements, and its Attachments by posting them on the Company website, PSE Edge Platform. The Notice of the Annual Stockholders' Meeting will also be published in two newspapers of general circulation (Philippine Star and Philippine Daily Inquirer) on April 20 and 21, 2025.

We are not asking for a proxy, and you are requested not to send us a proxy.

Item 2. Dissenters' Right of Appraisal

No matters or actions to be taken at the meeting may give rise to a possible exercise by stockholders of their appraisal rights under Section 80 Title X of the Revised Corporation Code of the Philippines.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (a) No director, officer, nominee, or any associate of the foregoing person has a substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than an election to office.
- (b) No director, officer, nominee, or any associate of the foregoing person has informed the Company in writing that he intends to oppose any action to be taken by the Company at the meeting.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders

- (a) Number of outstanding shares as of March 31, 2025.
2,880,137,615 common shares

Number of votes entitled: one (1) vote per share
- (b) All stockholders, as of the record date, shall be entitled to vote in the meeting.
- (c) Section 23 of the Revised Corporation Code states that stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their

own names in the stock books of the Company as of record date. The said stockholder may: (a) vote such number of shares for as many as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit. The total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the books of the Company multiplied by the whole number of directors to be elected.

(d) Security Ownership of Certain Beneficial Owners and Management

1. Security ownership of more than 5% of the stock of the Company as of March 31, 2025.

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	%
Common	Cosco Capital, Inc ¹ . No. 900 Romualdez St., Paco, Manila	Stockholder/ Parent Company	Parent Company	Filipino	1,410,867,188	48.58%
Common	Susan P. Co No. 22 Pili Avenue, South Forbes Park, Makati City	Stockholder/ Chairman	Record owner herself	Filipino	178,242,585	6.14%
Common	Lucio L. Co, No. 22 Pili Avenue, South Forbes Park, Makati City	Stockholder/ Director	Record owner himself	Filipino	211,088,022	7.26%
Common	PCD Nominee Corp. (Non-Filipino)	Stockholder/ Not related	Acting for various clients	Non-Filipino	532,722,086	18.34%
Common	PCD Nominee Corp. (Filipino)	Stockholder/ Not related	Acting for various clients	Filipino	469,061,396	16.15%

2. Security Ownership of Directors and Executive Officers of the Company as of March 31, 2025:

Title of Class	Name of Beneficial Owner	Nature of beneficial ownership	Citizenship	Number of shares	Percent of Outstanding Voting Shares
Common	Susan P. Co Chairman	Direct	Filipino	178,242,585	6.14%

¹ Mr. Lucio L. Co will be voting for and on behalf of Cosco Capital, Inc.
PUREGOLD PRICE CLUB, INC.
DEFINITIVE INFORMATION STATEMENT 2025
Page 8 of 21

Common	Lucio L. Co Director	Direct	Filipino	211,088,022	7.26%
Common	Ferdinand Vincent P. Co President	Direct	Filipino	26,709,460	0.92%
Common	Leonardo B. Dayao Executive Director	Direct and Indirect	Filipino	917,625	0.03%
Common	Pamela Justine P. Co Executive Director	Direct	Filipino	26,709,460	0.92%
Common	Jack E. Huang Non-Executive Director	Direct	Filipino	15,000	0.00%
Common	Jaime S. Dela Rosa Independent Director	Direct	Filipino	1	0.00%
Common	Gil B. Genio Independent Director	Direct	Filipino	161,000	0.00%
Common	Emmanuel G. Herbosa Independent Director	Direct	Filipino	100	0.00%
Common	Baby Gerlie I. Sacro	Director	Filipino	0	0.00%
Common	Jewelyn A. Jumalon Assistant Corporate Secretary	Direct	Filipino	0	0.00%
Common	Katrina Marie Co-Go Treasurer	Direct	Filipino	1,200,026	0.04%
Common	John Marson T. Hao Investor Relations Officer and Sustainability Officer	Direct	Filipino	0	0.00%
Common	Antonio G. Delos Santos VP for Operations	Direct	Filipino	0	0.00%
Common	Joseph U. Sy VP for Operations	Direct	Filipino	0	0.00%
Common	Renato T. Bechayda VP for Operations	Direct	Filipino	0	0.00%
Common	Edison Anggala VP for Operations	Direct	Filipino	0	0.00%
Common	Maricel R. Cambe VP for Financial A	Direct	Filipino	0	0.00%
Common	Kenneth Tiu Senior Finance Officer	Direct	Filipino	10,000	0.00%
Common	Emelda T. Bechayda VP for Treasury	Direct	Filipino	0	0.00%
Common	Elvira D. Gutierrez VP for Human Resources	Direct	Filipino	0	0.00%
Common	Edgar Tacorda Internal Auditor and Risk Officer	Direct	Filipino	0	0.00%
Common	Levi B. Labra Board Advisor	Direct	Filipino	0	0.00%
Common	Rossel M. Rivera Data Protection Officer	Direct	Filipino	0	0.00%

3. Mr. and Mrs. Lucio and Susan Co do not have any voting trust agreement for

their ownership of more than 5% of the stock of the Company.

4. There has been no change in the control of the Company in the last fiscal period.

5. Foreign ownership level as of March 31, 2025:

532,761,486 common shares or 18.50% of the outstanding capital stock

Item 5. Directors and Executive Officers

(a) Presented below are the business profiles of the Company's Directors and Executive Officers. Except for Mr. Leonardo B. Dayao, the incumbent directors are also the nominees for the election of regular and independent directors. Mr. Anthony G. Sy is a new nominee for the election of regular directors.

(i) Directors

The following are the nominees for the election of regular directors:

- a. Mr. Lucio L. Co
- b. Ms. Susan P. Co
- c. Mr. Ferdinand Vincent P. Co
- d. Ms. Pamela Justine P. Co – Yuyitung
- e. Mr. Anthony G. Sy
- f. Mr. Jack E. Huang

The following are the nominees for the election of independent directors:

- a. Mr. Jaime S. Dela Rosa
- b. Mr. Gil B. Genio
- c. Mr. Emmanuel G. Herbosa

Mr. Jaime Dela Rosa, Mr. Gil Genio, and Mr. Emmanuel Herbosa have been the Company's Independent Directors since 2023. Pursuant to SEC Memorandum Circular No. 4, Series of 2017², none of the independent directors have served as such in the Company for a period of more than nine (9) years, whether continuously or cumulatively.

The business profile of the foregoing nominees for election of directors, as well as the Key Officers of the Company are as follows:

A. Nominees for Election of Directors:

Susan P. Co, Filipino, 67 years old

Mrs. Co initially served as the Vice-Chairman of the Company from 1998 until her election as Chairman in 2023. She is also the Vice-Chairman of Cosco Capital, Inc., and a member of the Board of Directors of the Philippine Bank of Communications (PBCOM), which are both PSE-listed companies

² Term Limit of Independent Directors, 09 March 2017.
PUREGOLD PRICE CLUB, INC.
DEFINITIVE INFORMATION STATEMENT 2025
Page 10 of 21

Concurrently, she 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 Pacific 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 earned her Bachelor of Science degree in Commerce from the University of Santo Tomas.

Lucio L. Co, Filipino, 70 years old

Mr. Co was elected as the Company's Chairman of the Board from 1998 to 2022. He is presently the Chairman of Cosco Capital, Inc., and The Keepers Holdings, Inc., and a member of the Board of Directors of Philippine Bank of Communications, which are all PSE-listed companies.

In addition, he is 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 Pacific 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 also a member of the Board of Directors 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, 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 Grial Power Corporation. He is a member of the Board of Trustees of Luis Co Chi Kiat Foundation, Inc.

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

Ferdinand Vincent P. Co, Filipino, 43 years old

Mr. Ferdinand Vincent Co has been serving as President of the Company since 2015.

He is also the elected 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. Ferdinand 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 – Yuyitung , Filipino, 40 years old

Ms. Pamela Justine Co is the Executive Director of the Company since 2015.

She is also 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 in 2006 with a Bachelor of Science Degree in Entrepreneurship

Jack E. Huang, Filipino, 71 years old

Mr. Huang has been a member of the Board of Directors of the Company since 2017.

Mr. Huang is also the Vice-President of Abacus Capital and Investment Corp., a 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 also serves as a Director of Philippine Bank of Communication, a PSE-Listed Company.

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

Anthony G. Sy, Filipino, 64 years old

Mr. Sy is one of the Company's nominees as Directors for the year 2025-2026.

Mr. Sy is also the incumbent 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.

Jaime S. Dela Rosa³, Filipino, 80 years old

Mr. Dela Rosa has been one of the Company's Independent Directors since 2017. He is also presently an Independent Director of Kareila Management Corporation.

Before joining the company, Mr. Dela Rosa served as a 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.

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, where he became a recipient of an “Outstanding Alumnus Award” for Government Service

Mr. Dela Rosa is a member of Alabang Country Club, Inc. and the Free Masonry

Gil B. Genio⁴, Filipino, 65 years old

Mr. Genio was elected as an Independent Director of Puregold Price Club in May 2023. He is also an Independent Director of GT Capital Holdings. Mr. Genio had 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. As CTIO, Mr. Genio led all functions related to product development and management, network, information technology, and information security. He drove the overall vision, development

³ A redacted copy of Mr. Jaime S. Dela Rosa's Certification of Independent Director is hereto attached as **ANNEX “C”**

⁴ A redacted copy of Mr. Gil B. Genio's Certification of Independent Director is hereto attached as **ANNEX “D”**

and execution of architecture and strategies, proactively responding to business and market demands. In addition, Mr. Genio's CTIO responsibilities included the enterprise data analytics function and enterprise fraud risk management. As CSO, Mr. Genio led overall corporate strategy and business development efforts.

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 was an Independent Director at Insular Life Assurance Company from May 2018 to March 2022. He is a Fellow member of the Institute of Corporate Directors (ICD), and is a member of the Board of Governors of the Management Association of the Philippines (MAP). He has also served a variety of industry associations. His past affiliations include: Vice Chairman (2012-2014) then Chairman (2014-2016) of the GSM Association Asia Pacific (GSMA AP); member (2012-2014) of the Advisory Board for Mobile World Capital Barcelona; member of the Board of Trustees of the IT and Business Process Association of the Philippines or iBPAP (2011-2013 and 2015-2016). He also served in the Advisory Boards of Globe's technology partners Amdocs and Cloudera.

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. Herbosa⁵, Filipino, 71 years old

Mr. Herbosa is one of the Company's independent Directors since May 2023.

He also served as 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.

⁵ A redacted copy of Mr. Emmanuel G. Herbosa's Certification of Independent Director is hereto attached as **ANNEX "E"**

B. Board Advisor:

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 Cosco Capital, Inc. and Philippine Bank of Communication, both Publicly-Listed Companies, and 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.

C. Key Officers:

Katrina Marie P. Co – Go , Filipino, 33 years old

Ms. Katrina Co was elected as Company's Treasurer on May 2024. She is concurrently the Director of Alerce Holdings Corp., CHMI Hotels and Residences, Inc., Fertuna Holdings Corp., Invesco Company, Inc., KMC Realty Corporation, League One, Inc., League One Finance and Leasing Corporation, Nation Realty, Inc., Premier Wine and Spirits, Inc., SPC Resources, Inc., Union Equities, Inc. and VFC Land Resources, Inc.

She graduated from De La Salle University – Manila with a B.S.C Major in Advertising Management in 2012.

Baby Gerlie I. Sacro, Filipino, 46 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.

Atty. Jewelyn A. Jumalon, Filipino, 30 years old

Atty. Jumalon was appointed as the Corporation's Assistant Corporate Secretary and Compliance Officer in May 2024. She obtained her Bachelor's Degree in Business Administration major in Human Resource Development Management from University of Sto. Tomas, España, Manila in 2015. In 2020, she received her Juris Doctor degree from the same university. She took the joint 2020/2021 Bar Examinations and was admitted to the Philippine Bar in 2022. Atty. Jumalon started her legal career as a litigation lawyer at Divinagracia Solis and Associates Law Offices, handling array of criminal, civil, labor, and administrative cases. Prior her appointment as the Corporation's Assistant Corporate Secretary and Compliance Officer, she served as Junior Lawyer of Cosco Capital, Inc.

Edgar T. Tacorda, Filipino, 48 years old

Mr. Tacorda is the Company's Internal Auditor since November 2022 and was appointed as Risk Officer in July 2024. He started his career in the Company as an 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, 52 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, 61 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 Mercado 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, 57 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.

Edison T. Anggala, Filipino, 49 years old

Mr. Anggala is one of the Vice Presidents for Operations of the Company having been appointed in February 2025. Prior to his appointment, he served as a Regional Manager of the Company from 2012. Mr. Anggala began his career in the Company as an Internal Auditor in 2001. He was then appointed as Store Manager in 2002, and subsequently as Area Manager in 2008 until 2012. He also worked as an Internal Auditor for Fortune Tobacco from 1998 to 2001.

Mr. Anggala is a graduate of University of Sto. Tomas with a degree of Bachelor of Science in Industrial Engineering.

Elvira D. Gutierrez, Filipino, 54 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, 51 years old

Ms. Cambe was appointed as the Company's Vice-President for Financial Accounting in July 2023. Prior to her appointment, she served as the Company's Senior Finance Manager. She worked as an accountant at Liguigaz 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 was appointed as Company's Vice-President for Accounts Payable in July 2023. Prior to his appointment, he was the Company's Financial Control Manager from 2005 to 2023. He is a graduate of De La Salle University with a Bachelor of Science in Mathematics, major in Actuarial Science degree in 1995.

Emelda T. Bechayda, Filipino, 56 years old

Ms. Bechayda was appointed as Company's Vice-President for Treasury on July 2023. She has been the Company's Cash Management Officer from 2005-2023. She was a graduate of St. Paul College Manila with a Bachelor of Science in Commerce, Major in Accounting.

Gisela R. Altura, Filipino, 54 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.

Significant Employees

All employees of the Company are expected to make a significant contribution to the business' 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 , Ms. Pamela Justine P. Co – Yuyitung, and Ms. Katrina Marie P. Co – Go are children of Mr. and Mrs. Co.

Involvement in Certain Legal Proceedings

As of December 31, 2024, and for the past five years, the Company has no director, executive officer, or principal officer who has been involved in any bankruptcy case nor convicted by final judgment of any criminal proceeding, domestic or foreign, or 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 or 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.

For discussion of related party transactions, please refer to the 2024 Consolidated Audited Financial Statements of the Company to be submitted with the Definitive Information Statement.

Since the last annual meeting of security holders, no director has resigned or declined to

stand for re-election to the board of directors because of a disagreement with the Company on any matter relating to the Company's operations, policies, or practices.

Item 6. Compensation of Directors and Executive Officers

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 PHP 32,921,667 in 2023 and PHP 33,289,953 in 2024. Please see the table below:

(A) Summary Compensation Table

Name and Position	Year	Salary	Bonus
Lucio L. Co			
Susan P. Co (Chairman)			
Ferdinand Vincent P. Co (President)			
Antonio E. Delos Santos			
Jenny L. Jacintos (Senior Merchandising Manager)			
Aggregate compensation of the President and the four most highly-compensated officers	2023:	32,921,667	
	2024:	33,289,953	
	2025 Projected:	39,525,717	
Aggregate compensation paid to all other officers and managers	2023:	180,541,097	
	2024:	212,202,780	
	2025 Projected:	253,254,594	

(B) Per Diem

The summary of the per diem received by the directors for their respective attendance in the board meetings and board-level committee meetings are as follows:

Name of Director	2024 Per Diem	2023 Per Diem
Ms. Susan Co	P620,000.00	P640,000.00
Mr. Ferdinand Vincent Co	P600,000.00	P600,000.00
Mr. Lucio Co	P500,000.00	P600,000.00
Ms. Pamela Justine Co – Yuyitung	P720,000.00	P660,000.00
Mr. Leonardo Dayao	P740,000.00	P700,000.00
Mr. Jack Huang	P600,000.00	P600,000.00
Mr. Jaime Dela Rosa	P740,000.00	P700,000.00
Mr. Gil Genio	P740,000.00	P460,000.00
Mr. Emmanuel Herbosa	P680,000.00	P440,000.00

(C) Standard Arrangements

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

(D) Other Arrangements

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

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

All employees, including executive and principal officers, have employment contracts with the company, which are consistent with the existing labor laws of the country. The Company has a retirement plan for its employees that is also consistent with current labor laws.

(F) Warrants and Options

None.

Item 7. Independent Public Accountants

(a) The Company's External Auditor for 2024:

Mr. Darwin P. Virocel
Partner
CPA License No. 0094495
SEC Accreditation No. 0003-SEC (Group A) valid until 2024.
Tax Identification No. 912-535-864
R.G. Manabat & Co.
The KPMG Center, 9/F 6787 Ayala Avenue, Makati City Philippines
+63 (2) 885 7000

(b) The Board recommends the same independent external auditor for 2025, upon the favorable recommendation of the Audit Committee. Mr. Darwin P. Virocel or his representatives are expected to attend the security holders' meeting. They will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

(c) The independent accountant who was previously engaged as the principal accountant to audit the Company's financial statements has not resigned, and there was no indication that he declined to stand for re-election after the completion of the current audit. Neither was he dismissed by the Company.

(d) There were no changes in or disagreements with independent accountants on accounting and financial disclosure.

(e) The Company paid the independent accountant the following fees:

Puregold and Subsidiaries (including	2023	2024
	P6,570,000.00	P 7,549,500.00

Kareila Management Corporation)		
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The amount of up to P 7,549,500 is being proposed to the stockholders as an independent accountant fee for the Company and its subsidiaries (including Kareila Management Corporation) in 2025. This amount does not include out-of-pocket expenses.

The Company did not engage the services of R.G Manabat & Co. (KPMG) in any other services in 2023 and 2024, except as mentioned above.

Item 8. Compensation Plans

No action is to be taken regarding any plan under which cash or non-cash compensation may be paid or distributed during the meeting.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other than for Exchange

No action is to be taken during the meeting with respect to the authorization or issuance of any securities other than for exchange for outstanding securities of the Company.

Item 10. Modification or Exchange of Securities

No action is to be taken with respect to the modification of any class of securities of the registrant or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 11. Financial and Other Information

Please refer to the Management Discussion and Analysis of Financial Position and Result of Operation (**ANNEX “H”**) and the 2024 Consolidated Audited Financial Statements (**ANNEX “I”**) of the Company to be submitted with the Definitive Information Statement.

Item 12. Mergers, Consolidations, Acquisitions, and Similar Matter

No action involving mergers, consolidations, acquisitions, or similar transactions of the Company is to be taken during the meeting.

Item 13. Acquisition or Disposition of Property

No action is to be taken with respect to the acquisition or disposition of any property during the meeting.

Item 14. Restatement of Accounts

No action is to be taken with respect to the restatement of any asset, capital, or surplus account of the Company during the meeting.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

- (a) Minutes of the 2024 Annual Stockholders' Meeting,
- (b) Annual Report including the 2024 Consolidated Audited Financial Statements

Item 16. Matters Not Required to be Submitted

No action is to be taken concerning any matter that is not required to be submitted to a vote of security holders.

Item 17. Amendment of Charter, Bylaws, or Other Documents

The amendments of Article IV (Officers) of the Company's By-Laws will be submitted for the stockholders' approval, following the Board of Directors' approval during its regular meeting on 08 April 2025. The amendments mainly concern the insertion of a new Sec. 7 (The Chief Financial Officer). The contents of the original Sec. 7 to 13 of the Company's By-Law remain unchanged but have been renumbered consequent to the insertion of the new provision. The provisions amended will be presented to the stockholders for their approval, to wit:

From:	To:
Section 7. Term of Office – The terms of all officers shall be one (1) year and until their successors are duly elected and qualified.	Section 7. The Chief Financial Officer – The Chief Financial Officer shall perform the following duties: g) <u>Develop the corporation's financial plans which includes overseeing the creation and execution of the corporation's financial strategy such as financial planning and budgeting;</u> h) <u>Ensure that the corporation's financial statements are accurate, timely, and comply with the applicable regulatory standards;</u> i) <u>Regularly report financial performance to the board of directors and to the audit committee;</u> j) <u>Ensure that the corporation has enough cash flow to meet its obligations, pay employees, and invest in operations and/or expansions;</u> k) <u>Ensure compliance with financial and accounting regulations and standards to maintain the company's legal and ethical standing;</u> l) <u>Implement and oversee financial controls and systems to prevent errors, fraud, and financial mismanagement</u> <u>Unless a different person is appointed by the Board of Directors as Chief Financial Officer, the Vice President for Finance shall continue to act as the Chief Financial Officer in his/her usual performance of the above-stated duties and responsibilities.</u>
Section 8. Vacancies – If any position of the officers becomes vacant by reason of death, resignation, disqualification of for any other cause, the Board of Directors, by majority vote may elect a successor	Section 8. Term of Office – The terms of all officers shall <u>be one (1) year and until their successors are duly elected and qualified.</u>

who shall hold office for the unexpired term.	
Section 9. Compensation – The officers shall receive such re-numeration as the Board of Director may determine. A director shall not be precluded from serving the corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.	Section 9. Vacancies – If any position of the officers <u>becomes vacant by reason of death, resignation, disqualification of for any other cause, the Board of Directors, by majority vote may elect a successor who shall hold office for the unexpired term.</u>
Section 10. The Chairman of the Board – The duties and responsibilities of the Chairman in relation to the Board shall include, among others, the following: d) Ensure that the meetings of the Board are held in accordance with the By- Laws or as the Chair may deem necessary; e) Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, management and the directors; and f) Maintain qualitative and timely lines of communication and information between the Board and management.	Section 10. Compensation – The officers shall receive <u>such re-numeration as the Board of Director may determine. A director shall not be precluded from serving the corporation in any other capacity as an officer, agent or otherwise, and receiving compensation therefor.</u>
Section 11. Adequate and Timely Information – The officers and the rest of the management should provide the Board with complete, adequate and timely information about the matters to be taken up in their meetings. The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.	Section 11. The Chairman of the Board – The duties and responsibilities of the Chairman in relation to the Board shall include, among others, the following: d) <u>Ensure that the meetings of the Board are held in accordance with the By-Laws or as the Chair may deem necessary;</u> e) <u>Supervise the preparation of the agenda of the meeting in coordination with the Corporate Secretary, taking into consideration the suggestions of the CEO, management and the directors; and</u> f) <u>Maintain qualitative and timely lines of communication and information between the Board and management.</u>
Section 12. Accountability and Audit – The officers and the rest of the management team, under the supervision of the Audit Committee, should formulate the rules and procedures on financial reporting and internal control in accordance with the following guidelines:	Section 12. Adequate and Timely Information – The officers and the rest of the management should provide the Board with complete, adequate and timely information about the matters to be taken up in their meetings. The information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts and internal financial documents.
Section 13. Disclosure and Transparency – All material information about the Corporation which could adversely affect its viability or the interests of the stockholders should be publicly and timely disclosed. Such information should include, among others earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct or indirect re-numeration of members of the Board and management. All such information should be disclosed through the	Section 13. Accountability and Audit – The officers and the rest of the management team, under the supervision of the Audit Committee, should formulate the rules and procedures on financial reporting and internal control in accordance with the following guidelines: f) <u>The extent of its responsibility in the preparation of the financial statements of the corporation, with the corresponding delineation of the responsibilities that pertain</u>

appropriate mechanisms and submissions to the appropriate government agencies. <i>(As amended and approved on January 14, 2011 in a meeting held at the corporation's principal office by at least majority of the members of the Board of Directors, and Stockholders representing at least two-thirds (2/3) of the entire issued and outstanding capital of the corporations.)</i>	<u>to the external auditor, should be clearly explained;</u> g) <u>An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Corporation should be maintained;</u> h) <u>On the basis of the approved audit plans, internal audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Corporation's governance, operations and information systems, including the reliability and integrity of financial and operational information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules and regulations;</u> i) <u>The Corporation should consistently comply with the financial reporting requirements of the Commission;</u> j) <u>The external auditor should be rotated or changed every five (5) years or earlier, or the signing partner of the external auditing firm assigned to the Corporation, should be changed with the same frequency. The Internal Auditor should submit to the Audit Committee and Management an annual report on the interim audit department's activities, responsibilities and performance relative to the audit plans and strategies as approved by the Audit Committee. The annual report should include significant risk exposures, control issues and such other matters as may be needed or requested by the Board and Management. The Internal Auditor should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, he shall disclose to the Board and Management the reasons why he has not fully complied with the said standards.</u>
	<u>Section 14. Disclosure and Transparency – All material information about the Corporation which could adversely affect its viability or the interests of the stockholders should be publicly and timely disclosed. Such information should include, among others earnings results, acquisition or disposition of assets, off balance sheet transactions, related party transactions, and direct or indirect re-numeration of members of the Board and management. All such information should be disclosed through the appropriate mechanisms and submissions to the appropriate government agencies.</u> <i><u>(As amended and approved on January 14, 2011 in a meeting held at the corporation's principal office by at least majority of the members of the Board of Directors, and Stockholders representing at least two-thirds (2/3) of the entire issued and outstanding capital of the corporations.)</u></i>

The Company's rationale for the aforementioned amendment is for its recognition and inclusion in its corporate By-Laws of specific functions of the Chief Financial Officer (CFO). This specific amendment will not have any substantial effects on the Company's business, operations, and/or capital structure.

Item 18. Other Proposed Action

- (a) Ratification of all the acts and resolutions of the board of directors and management from the date of the previous stockholders' meeting. The summary of material matters approved by the Board of Directors in 2024 is as follows:

Date of Meeting:

April 4, 2024

Transactions approved by the Board:

- (1) Corporate Governance Committee Charter
- (2) Nominees for the 2024 Annual Election of Directors: Mr. Lucio L. Co, Ms. Susan P. Co, Mr. Ferdinand Vincent P. Co, Mr. Leonardo B. Dayao, Ms. Pamela Justine P. Co, Mr. Jack Huang are the nominees for regular directors in the forthcoming Annual Stockholders' Meeting and Mr. Jaime S. Dela Rosa, Mr. Gil B. Genio and Mr. Emmanuel G. Herbosa are the nominees for the election of independent directors.
- (3) Details of the Company's 2024 Annual Stockholders Meeting:
 Date: May 14, 2024
 Time: 10:00 AM
 Manner: Virtual Meeting
 Record Date: April 22, 2024
 Agenda:
 - a. Call to Order
 - b. Approval of the minutes of the Previous Meeting
 - c. Ratification of Previous Acts and Resolutions of the Board of Directors
 - d. Annual Report and Audited Financial Statements
 - e. Election of Directors
 - f. Appointment of an External Auditor and Fixing Remuneration
 - g. Other Matters
- (4) Adjournment

May 7, 2024

May 14, 2024

- (1) Financial Report for the 1st Quarter of CY 2024
 - (1) Declaration of cash dividend:
 Regular Cash Dividend: P0.90 per share
 Declaration Date: May 14, 2024
 Record Date: May 29, 2024
 Payment Date: June 21, 2024
 Total Pay-Out: P2.59 billion
 2023 Year Net Income: P8.6 billion
 Pay-Out Ratio: 30%
 Dividend Yield: 3.7%
 - (2) Result of Annual Stockholders Meeting:

- a. Approval of the Minutes of the previous meeting and ratification of acts and resolutions of the Board of Directors and Management in 2023
- b. Approval of the 2023 Annual Report and Audited Financial Statements
- c. Re-Appointment of RG Manabat & Company as External Auditor of the Company and subsidiaries with up to P10.5 million fees.
- d. Election of Ms. Susan P. Co, Mr. Lucio L. Co, Mr. Ferdinand Vincent P. Co, Ms. Pamela Justine P. Co-Yuyitung, Mr. Leonardo B. Dayao, Mr. Jack T. Huang as regular directors
- e. Election of Mr. Jaime S. Dela Rosa, Mr. Gil B. Genio and Mr. Emmanuel G. Herbosa. as independent directors.

(3) Result of Organizational Meeting:

Approval of the appointment of the following officers for the year 2024-2025:

Chairman of the Board: Ms. Susan P. Co
 President: Mr. Ferdinand Vincen P. Co
 Treasurer: Ms. Katrina Marie P. Co-Go
 Corporate Secretary: Ms. Baby Gerlie I. Sacro
 Asst. Corporate Secretary & Compliance Officer: Ms. Jewelyn A. Jumalon
 Lead Independent Director: Mr. Jaime S. Dela Rosa
 Board Consultant: Mr. Levi B. Labra
 Investor Relations Officer & Sustainability Officer: Mr. John Marson T. Hao
 Vice-President for Administration: Ms. Denise Maria Carolino
 Vice-President for Operations: Mr. Antonio Delos Santos
 Vice-President for Operations: Mr. Joseph Sy
 Vice-President for Operations: Mr. Renato T. Bechayda
 Vice-President for Financial Accounting: Ms. Maricel Cambe
 Vice-President for Accounts Payable: Mr. Kenneth N. Tiu
 Vice-President for Treasury: Ms. Emelda Bechayda
 Vice-President for Human Resources: Ms. Elvira Gutierrez
 Internal Auditor (Puregold): Edgar Tacorda
 Internal Auditor (S&R): John Noblezada

Committee Member

Executive Committee:

Chairman – Ms. Susan P. Co

Members – Mr. Lucio L. Co, Mr. Ferdinand Vincent P. Co, Ms. Pamela Justine P. Co-Yuyitung, and Mr. Leonardo Dayao

Audit Committee:

Chairman – Mr. Jaime Dela Rosa
 Members – Mr. Gil Genio, Mr. Emmanuel Herbosa, Mr. Leonardo Dayao and Ms. Pamela Justine Co-Yuyitung

Corporate Governance Committee:
 Chairman – Mr. Emmanuel Herbosa
 Members – Mr. Gil Genio, Mr. Jaime Dela Rosa, Mr. Leonardo Dayao and Ms. Susan Co

July 25, 2024

- (1) Appointment of Ms. Rosell Rivera as Data Protection Officer and Mr. Edgar Tacorda as Risk Officer.

August 8, 2024

- (1) 2nd Quarter Financial Report for the year 2024

November 7, 2024

- (1) 3rd Quarter Financial Report for the year 2024
- (2) Acquisition of Puremart stores, including its leasehold improvements, furniture and fixtures, equipment and merchandise inventory from Tower 6789 Corporation with up to Php567.5 million book value, which consists of at least 120 to 130 stores located across Metro Manila, CAMANAVA, Rizal, Bulacan and South Luzon.
- (3) Non-Renewal of Buy Back Program

(b) Election of regular and independent directors.

On April 8, 2025, the Board of Directors, on the recommendation of the Corporate Governance Committee, approved the nomination of the following nominees for regular and independent directors. These nominations were endorsed to the stockholders for election.

Regular Directors:

Mr. Lucio L. Co
 Ms. Susan P. Co
 Mr. Ferdinand Vincent P. Co
 Ms. Pamela Justine P. Co - Yuyitung
 Mr. Anthony G. Sy
 Mr. Jack E. Huang

Independent Directors:

Mr. Jaime S. Dela Rosa
 Mr. Gil B. Genio
 Mr. Emmanuel G. Herbosa

(c) Re-appointment of an external auditor and fixing its audit service fees.

R.G. Manabat & Company for Puregold and Kareila	2025
	Up to P 7,549,500.00

Item 19. Voting Procedures

(a) All actions submitted to the stockholders' vote shall be approved by the affirmative vote of at least the majority of the shares present or represented in the meeting.

(b) The stockholders may cast their votes by sending proxies, or *in absentia* by any means of remote communication. Please refer to **Annex "A"**- Guidelines for participating in the 2025 Annual Stockholders Meeting" and **Annex "B"** – Voting Form. The stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the corporation as of record date.

For the election of directors, a stockholder may: (a) vote such number of shares for as many as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by several shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit. Provided that the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the corporation's books multiplied by the whole number of directors to be elected.

For the amendment and/or repeal of by-laws, pursuant to Art. VII Sec. 1 of the Corporate By-Laws, the affirmative vote of at least a majority of the Board of Directors and the stockholders representing a majority of the outstanding capital stock is required; unless the power to amend, modify, repeal, or adopt new by-laws has been delegated to the Board of Directors by the affirmative vote of stockholders representing not less than two-thirds (2/3) of the outstanding stock; provided, however, that any such delegation of powers to the Board of Directors to amend, repeal, or adopt new by-laws may be revoked only by the vote of stockholders representing a majority of the outstanding capital stock at a regular or special meeting.

All votes of the stockholders must be submitted by email to corporate.governance@puregold.com.ph on or before May 5, 2025.

(c) The Company will engage the services of its Stock Transfer Agent, BDO Stock Transfer Agent, to count and validate the stockholders' votes.

PART II: OPERATIONAL AND FINANCIAL INFORMATION

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 2024 are stated below:

Period	2022		2023		2024	
	High	Low	High	Low	High	Low
1 st Quarter	39.35	31.80	36.20	31.80	28.00	25.50
2 nd Quarter	37.75	30.10	33.40	30.10	26.70	22.80
3 rd Quarter	36.00	28.25	30.00	28.25	32.05	24.20

4th Quarter 35.50 26.70 29.75 26.70 34.45 29.30

As of March 31, 2025, the company's share is trading at P28.10.

(B) Stockholders

As of March 31, 2025, the Company has 43 stockholders on record, 2,904,214,086 issued shares, 2,880,137,615 outstanding capital stock, and 24,076,471 treasury shares.

The Company's top 20 stockholders as of March 31, 2025:

	Number of Shares	% to the Outstanding Shares
COSCO CAPITAL, INC.	1,410,867,188	48.580
PCD NOMINEE CORP. (NON-FILIPINO)	532,722,086	18.343
PCD NOMINEE CORP. (FILIPINO)	469,061,396	16.151
LUCIO L. CO	211,088,022	7.268
SUSAN P. CO	178,242,585	6.137
FERDINAND VINCENT P. CO	26,709,460	0.920
PAMELA JUSTINE P. CO	26,709,460	0.920
ENTENSO EQUITIES, INC.	14,551,209	0.501
CAMILLE CLARISSE P. CO	8,155,288	0.281
KATRINA MARIE CO	1,200,026	0.042
LEONARDO B. DAYAO &/OR MARCOSA B. DAYAO	917,625	0.032
EDWIN U. LIM	25,000	0.001
SHU-HAN YEH	23,300	0.001
DECAU NIU	16,100	0.001
ELVIRA M. CRUZ AND/OR BERNARDO A. CRUZ	12,000	0.000
MARY ROSE M. ONG	3,000	0.000
HENRY C. ONG ITF ENRICO LUIS M. ONG	2,000	0.000
REGINA CAPITAL DEV. CORP.	2,000	0.000
PACIFICO B. TACUB	1,600	0.000
ANTONIO B. RAMOS	1,000	0.000

Compliance with Section 49 of the Revised Corporation Code

In 2024, the Company held seven (7) board meetings; five (5) audit committee meetings; fourteen (14) executive committee meetings; and two (2) corporate governance meetings. The record of attendance of the directors is as follows:

	No. of Board Meetings Attended/Held	No. of Executive Committee Meetings Attended/Held	No. of Audit Committee Meetings Attended/Held	No. of Corporate Governance Committee Meetings Attended/Held	Total
Susan P. Co	7/7	14/14	Not a member	1/1	100%
Lucio L. Co	6/7	14/14	Not a member	0/1	90%
Ferdinand Vincent P. Co	7/7	14/14	Not a member	Not a member	100%

Leonardo B. Dayao	7/7	14/14	5/5	2/2	100%
Pamela Justine P. Co - Yuyitung	7/7	14/14	5/5	1/1	100%
Jack E. Huang	7/7	Not a member	Not a member	Not Member	100%
Jaime S. Dela Rosa (ID)	7/7	Not a member	5/5	2/2	100%
Emmanuel G. Herbosa (ID)	7/7	Not a member	3/5	2/2	86%
Gil B. Genio (ID)	7/7	Not a member	5/5	2/2	100%

Mr. Lucio L. Co and Ms. Pamela Justine P. Co – Yuyitung were members of the Corporate Governance Committee between the period of May 2023 to April 2024; during such period, only one (1) Corporate Governance Committee meeting was held.

Ms. Susan P. Co was only appointed as a member of the Corporate Governance Committee in May 2024, to serve until May 2025. During such period, only one (1) Corporate Governance Committee was held.

Item	Status of Compliance
Description of the opportunity given to stockholders to ask questions and a record of the questions asked and answers given	Please refer to the Minutes of the previous Stockholders' meeting dated 14 May 2024, which may be viewed/downloaded on the company website, www.puregold.com.ph/corporate
A record of the voting results for each agenda item	Please refer to the Minutes of the previous Stockholders' meeting dated 14 May 2024, which may be viewed/downloaded on the company website, www.puregold.com.ph/corporate
List of directors, officers, and stockholders who attended the meeting	Please refer to the Minutes of the previous Stockholders' meeting dated 14 May 2024, which may be viewed/downloaded on the company website, www.puregold.com.ph/corporate
List of material information on the current stockholders	Please refer to page ____ of the Information Statement
Directors' qualifications – training and continuing education attended not included in the disclosure	Except for the years 2020 and 2021, the directors and officers of the Company attend an annual Corporate Governance training. The most recent Corporate Governance seminar they attended was on 26 September 2024.
Directors' Attendance Report	The Board of Directors held seven (7) meetings in 2024. All directors were present in those meetings, except for Mr. Lucio L. Co who attended six (6) out of seven (7) meetings The Audit Committee held five (5) meetings in 2024. All members of the Committee attended those meetings, except for Mr. Emmanuel G. Herbosa who attended three (3) out of five (5) meetings The Corporate Governance Committee held two (2) meetings in 2024. Mr. Leonardo B. Dayao, Mr. Jaime S. Dela Rosa, Mr. Gil B. Genio, and Mr. Emmanuel G. Herbosa attended all of those meetings. As for Ms. Susan Co, she attended only one (1) meeting as she was only appointed as member of the Committee in May 2024, and only one (1) meeting was held from that period up to the end of the calendar year 2024. As for Ms. Pamela Justine Co – Yuyitung, she attended only one (1) meeting as she was a member of the Committee until April 2024 only, and only one (1) meeting was held up until the end of her term as Committee member. Lastly, as for Mr. Lucio L. Co, he was a member of the

committee until April 2024, from the start of the calendar year up to the end of his term, only one (1) meeting was held which he was not able to attend.

Assessment of board performance

The Company aims to improve its good Corporate Governance practices including adopting an evaluation system for individual directors and as a group.

Directors' compensation in aggregate

Please refer to page 17 of the Information Statement

Disclosures on self-dealings and related party transactions

The Company will submit its 2024 Consolidated Audited Financial Statements with the Definite Information Statement.

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information in this report is true, complete and correct. This report is signed in Manila, Philippines, on April 21, 2025.

PUREGOLD PRICE CLUB, INC.

By:



Atty. Jewelyn A. Jumalon
Assistant Corporate Secretary

GUIDELINES FOR PARTICIPATING IN THE 2024 ANNUAL STOCKHOLDERS’ MEETING OF PUREGOLD PRICE CLUB, INC. VIA REMOTE COMMUNICATION AND VOTING *IN ABSENTIA*

The 2024 Annual Stockholders’ Meeting (“**ASM**”) of Puregold Price Club, Inc. (the “**Company**”) will be held on May 13, 2025, at 10 am, via online meeting.

Registration

Stockholders must notify the Assistant Corporate Secretary of their intention to participate in the ASM via remote communication and vote in absentia by no later than May 5, 2025, by sending an email to corporate.governance@puregold.com.ph and by submitting the following supporting documents/information:

- ***Individual Stockholders***
 1. Copy of valid government ID of stockholder/proxy
 2. Stock certificate number/s
 3. If appointing a proxy, a copy of the proxy form duly signed by the stockholder (need *not* be notarized)
 4. Email address and contact number of stockholder or proxy
- ***Multiple Stockholders or joint owners***
 1. Stock certificate number/s
 2. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders (need *not* be notarized)
 3. Copy of valid government IDs of all registered stockholders
 4. Email-address and contact number of the authorized representative
- ***Corporate Stockholders***
 1. Secretary’s Certification of Board resolution appointing and authorizing a proxy to participate in the ASM
 2. Valid government ID of the authorized representative
 3. Stock certificate number/s
 4. Email-address and contact number of the authorized representative
- ***Stockholders with Shares under Broker’s Account***
 1. Certification from the broker as to the number of shares owned by the stockholder
 2. Valid government ID of stockholder
 3. If appointing a proxy, a copy of the proxy form duly signed by the stockholder (*need not be notarized*)
 4. Email address and contact number of stockholder or proxy

Online Voting and Meeting

The stockholders who have sent us their intention to participate in the ASM shall be notified via email of their login passwords to join the online meeting. There will be video recordings of the ASM, which a stockholder on record may avail upon request.

The stockholders can then cast their votes following these simple steps:

1. Visit our company website www.puregold.com.ph.
2. Look for the "Casting Votes in the 2025 Stockholders' Meeting" button.
3. Fill up the Voting Forms.
4. Submit your vote by clicking the "Submit" button.
5. For our verification, email the required documents under the "registration" portion at corporate.governance@puregold.com.ph
6. After our verification, you will receive an email confirmation regarding your votes from the Company.

Open Forum

There will be an Open Forum during the meeting, where representatives of the Company may answer as many questions as time allows. However, a stockholder may send their questions in advance by emailing them to corporate.governance@puregold.com.ph on or before May 6, 2025. The Company's Investor Relations Officer will answer questions received but not answered during the ASM by email.

If you have any questions or concerns, please contact the office of the Assistant Corporate Secretary at 09178612459 or via email at corporate.governance@puregold.com.ph.

PUREGOLD PRICE CLUB, INC.
Annual Stockholders Meeting
May 13, 2025, www.puregold.com.ph

(☐) **Vote by Ballot** – casting votes following the instructions in the table below.

(☐) **Vote by Proxy** – appointing the Chairman of the meeting to represent and cast votes following the instructions in the table below.

	Agenda Item	FOR	AGAINST	ABSTAIN
1	Approval of the Minutes of the Previous Meeting and Ratification of Acts and Resolutions of the Board of Directors and Management in 2024			
2	Approval of 2024 Annual Report and Consolidated Audited Financial Statements			
3	Re-appointment of R.G. Manabat & Company as External Auditor of the Company and subsidiaries with up to P7.5 million remuneration			
4.	Amendment of By-Laws			
5.	Election of Regular and Independent Directors			
6.	Mr. Lucio L. Co			
6.1	Ms. Susan P. Co			
6.2	Mr. Ferdinand Vincent P. Co			
6.3	Ms. Pamela Justine P. Co			
6.4	Mr. Anthony G. Sy			
6.5	Mr. Jack E. Huang			
6.6	Mr. Jaime S. Dela Rosa, <i>Independent Director</i>			
6.7	Mr. Gil B. Genio, <i>Independent Director</i>			
6.8	Mr. Emmanuel G. Herbosa, <i>Independent Director</i>			

Name of Stockholder

Number of Shares

Signature of Stockholder / Authorized Signatory

1. For corporate shareholders, this form must be accompanied by a corresponding secretary’s certificate confirming the appointment of the Proxy or the designated representative and the votes cast.

2. Where no specific authority is indicated, the vote shall be deemed for the approval of all the corporate matters listed above and for all the nominated directors named therein.

3. This form should be sent by e-mail to corporate.governance@puregold.com.ph on or before May 5, 2025. The company’s stock transfer agent will validate the votes on May 6, 2025, at 3:00 pm, at the office of the Assistant Corporate Secretary, Tabacalera Building, No. 900 Romualdez St., Paco, Manila, 1007.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **JAIME S. DELA ROSA**, Filipino, of legal age and a resident of [REDACTED], after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for the position of Independent Director of **PUREGOLD PRICE CLUB, INC.** (the "Company") for the years 2025 to 2026 and have been its independent director since 2023.
2. I am affiliated with the below company or organization (including Government-Owned and Controlled Corporations).

COMPANY/ORGANIZATION	POSITION / RELATIONSHIP	PERIOD OF SERVICE
Kareila Management Corporation	Independent Director	2022 up to the present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other SEC issuances.
4. I am not related to any of the directors/officers/substantial shareholders of the Company and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not in government service or affiliated with government agency or GOCC as it would require written permission or consent from the head of the agency/department for me to be independent director of the Company, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director under the Securities Regulation Code of Corporate Governance and other SEC issuances.
8. I shall inform the Company's Corporate Secretary of any changes in the abovementioned information within five days from its occurrence.

Signed this 04 APR 2025 in the City of Manila, Philippines.

JAIME S. DELA ROSA
Affiant

SUBSCRIBED AND SWORN to before me this 04 APR 2025 at Manila, Philippines, affiant personally appeared before me and exhibited to me his Philippine Passport [REDACTED] valid until [REDACTED]

Doc. No. 14
Page No. 4
Book No. 16
Series of 2025.

ROXANNE G. DOMINGO-MAUR
Notary Public for the City of Manila
Commission No. 2025-086 until December 31, 2026
Roll No. 69155
IBP Lifetime Member No. 018547
PTR No. MLA 2041455 / 01-02-2025
MCLE Compliance No. VIII-0019791 / 01-15-2025
2nd Floor Tabacalera Building, 900 D. Romualdez Street,
Barangay 664-A, Zone 71, District V, Paco, Manila, 1007

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **GIL B. GENIO**, Filipino, of legal age and a resident of [REDACTED], after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for the position of Independent Director of **PUREGOLD PRICE CLUB, INC.** (the "Company") for the years 2025 to 2026 and have been its independent director since 2023.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION / RELATIONSHIP	PERIOD OF SERVICE
GT Capital Holdings	Independent Director	May 2022 up to the present
Institute of Corporate Directors	Fellow	Feb. 2022 up to the present
Management Association of the Philippines (MAP)	Member	2015 up to the present
	Member of the Board of Governors	2025 up to 2026
Analytics and AI Association of the Philippines (AAP)	Member	2024 up to the present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other SEC issuances.
4. I am related to the following director/officer/substantial shareholders of the Company and its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.

NAME OF DIRECTOR/OFFICER/SUBSTANTIAL SHAREHOLDER	COMPANY	NATURE OF RELATIONSHIP
Susan P. Co	Puregold Price Club, Inc.	My daughter Jill Julie Genio Liong is married to Frederick Liong, whose mother Ellen Liong is the sister of Susan P.Co

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not in government service or affiliated with government agency or GOCC as it would require written permission or consent from the head of the agency/department for me to be independent director of the Company, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director under the Securities Regulation Code and its implementing Rules and Regulation, Code of Governance and other SEC issuances.
8. I shall inform the Company's Corporate Secretary of any changes in the abovementioned information within five days from its occurrence.



Signed this 04 APR 2025 in the City of Manila, Philippines.



GIL B. GENIO
Affiant

04 APR 2025

SUBSCRIBED AND SWORN to before me this _____ at Manila, Philippines, affiant personally appeared before me and exhibited to me his Philippine Passport [REDACTED] valid until [REDACTED]

Doc. No. 15
Page No. 4
Book No. 16
Series of 2025.


ROXANNE C. DOMINGO-MAUR
Notary Public for the City of Manila
Commission No. 2025-086 until December 31, 2026
Roll No. 69155
ISP Lifetime Member No. 018547
PTR No. MLA 2041455 / 01-02-2025
MCLE Compliance No. VIII-0019791 / 01-15-2025
2nd Floor Tabacalera Building, 900 D. Romualdez Street,
Barangay 664-A, Zone 71, District V, Paco, Manila, 1007

CERTIFICATION OF INDEPENDENT DIRECTOR

ANNEX "E"

I, **EMMANUEL G. HERBOSA**, Filipino, of legal age and a resident of [REDACTED], after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for the position of Independent Director of **PUREGOLD PRICE CLUB, INC.** (the "Company") for the years 2025 to 2026 and have been its independent director since 2023.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

Name of Company / Organization	Position / Relationship	Period of Service
ATR Financial Advisors and Managers Inc.	Director	Dec. 2024 up to the present
Citicore Energy REIT Corp.	Independent Director	Dec. 2023 up to the present
Premiere Horizon Alliance Corp.	Chairman & Independent Director	Apr. 2023 up to the present
NLEX Corporation	Independent Director	Apr. 2024 up to the present
Ovialand, Inc.	Independent Director	May 2023 up to the present
Trinity Insurance and Reinsurance Brokers, Inc.	Director	Aug. 2017 up to the present
P & Gers Fund, Inc.	Director	2004 up to the present
De La Salle School of Boards, De La Salle Brothers Fund, Inc.	Trustee	1989 up to the present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other SEC issuances.
4. I am not related to any of the directors/officers/substantial shareholders of the Company and its subsidiaries and affiliates.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
6. I am not in government service or affiliated with government agency or GOCC as it would require written permission or consent from the head of the agency/department for me to be independent director of the Company, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.
7. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director under the Securities Regulation Code of Corporate Governance and other SEC issuances.
8. I shall inform the Company's Corporate Secretary of any changes in the abovementioned information within five days from its occurrence.

Signed this 04 APR 2025 in the City of Manila, Philippines.

EMMANUEL G. HERBOSA
Affiant

SUBSCRIBED AND SWORN to before me this 04 APR 2025 at Manila, Philippines, affiant personally appeared before me and exhibited to me his Philippine Passport [REDACTED] valid until [REDACTED].

Doc. No. 13
Page No. 4
Book No. 16
Series of 2025.

ROXANNE G. DOMINGO-MAUR
Notary Public for the City of Manila
Commission No. 2025-086 until December 31, 2026
Roll No. 69155
IDP Lifetime Member No. 018547
PTR No. MLA 2041455 / 01-02-2025
MCLE Compliance No. VII-0019791 / 01-15-2025
2nd Floor Tabacalera Building, 900 D. Romualdez Street,
Barangay 664-A, Zone 71, District V, Paco, Manila, 1007

CERTIFICATION

I, **JEWELYN A. JUMALON**, Filipino, of legal age, am the Assistant Corporate Secretary of **PUREGOLD PRICE CLUB, INC.**, (the "Company"), hereby certify that none of the Company's directors and officers work for the Philippine Government as of the date hereof.

I am issuing this Certification as a requirement of the Securities and Exchange Commission for the issuance of the Company's Information Statement.

SIGNED this 7th day of April 2025, in the City of Manila, Philippines.


JEWELYN A. JUMALON
Assistant Corporate Secretary

SUBSCRIBED AND SWORN to before me this 7th day of April 2025 in the City of Manila. Affiant exhibited to me her Integrated Bar of the Philippines with Roll of Attorneys No. 83615.

Doc. No. 20
Page No. 5
Book No. 16
Series of 2025.


ROXANNE G. DOMINGO-MAUR
Notary Public for the City of Manila
Commission No. 2025-086 until December 31, 2026
Roll No. 69155
IBP Lifetime Member No. 018547
PTR No. MLA 2041455 / 01-02-2025
MCLE Compliance No. VIII-0019791 / 01-15-2025
2nd Floor Tabacalera Building, 900 D. Romualdez Street,
Barangay 664-A, Zone 71, District V, Paco, Manila, 1007


Minutes⁶ of the Annual Stockholders’ Meeting of Puregold Price Club, Inc.

Date: 14 May 2024

Time: 10:00 AM

Manner: Remote Communication (Zoom)

Board of Directors

- 1.) Ms. Susan Co (via Zoom)
- 2.) Ms. Susan co
- 3.) Mr. Ferdinand Vincent Co
- 4.) Ms. Pamela Justine Co
- 5.) Mr. Leonardo Dayao
- 6.) Mr. Jack Huang
- 7.) Mr. Jaime Dela Rosa
- 8.) Mr. Emmanuel Herbosa
- 9.) Mr. Gil Genio

Management Present

- 1.) Ms. Baby Gerlie Sacro
- 2.) Mr. John Marson Hao
- 3.) Atty. Jewelyn Jumalon
- 4.) Ms. Denise Maria Carolino
- 5.) Mr. Antonio Delos Santos
- 6.) Mr. Joseph Sy
- 7.) Mr. Renato Bechayda
- 8.) Ms. Maricel Cambe
- 9.) Mr. Kenneth Tiu
- 10.) Ms. Emelda Bechayda
- 11.) Ms. Elvira Gutierrez
- 12.) Mr. Edgar Tacorda
- 13.) Mr. John Noblezada

Others Present:

- 1.) Representative from the External Auditor – RG Manabat and Company (KPMG)
- 2.) Representative from the Stock Transfer Agent – BDO Unibank, Inc. – Trust and Investments Group

Stockholders Present:

Stockholders representing 2,202,582,983 shares or 79.98% of the Corporation’s Outstanding Capital Stock have attended the Corporation’s 2024 Annual Stockholders’ Meeting

Description of the voting and vote tabulation procedures used in the meeting:

The Corporation’s stockholders of record as of 22 April 2024 voted on the matters submitted for approval as hereunder listed. The stockholders had casted their votes by filling out the Proxy form attached to the Corporation’s Information Statement which was posted on the Corporation’s website⁷ starting 19 April 2024. After casting their votes, the stockholders were given until 06 May 2024 to either email their accomplished proxy forms to the official email address⁸ of the Office of the Assistant Corporate Secretary or send the original hard copies thereof to the corporation’s principal address. Thereafter, the Corporation’s Stock Transfer Agent, in collaboration with the Assistant Corporate Secretary, validated the votes received and reproduced the same in a tabulated format.

A. Call to Order and Proof of Notice and Quorum:

The meeting began with a warm welcome from the Chairman of the Board of Directors, Ms. Susan Co. Thereafter, Ms. Susan Co asked the Assistant Corporate Secretary if Notice of the Annual Stockholders’ Meeting was distributed to the Stockholders, in compliance with the provisions of the Revised Corporation Code, and other pertinent issuances from the Securities and Exchange Commission (“SEC”), and if there was quorum for today’s meeting.

⁶ The Minutes for the 2024 Annual Stockholders’ Meeting of Puregold Price Club, Inc. shall be submitted for the stockholders’ approval on the next Annual Stockholders’ Meeting scheduled on the following year (2025).

⁷ www.puregold.com.ph

⁸ corporate.governance@puregold.com.ph

The Assistant Corporate Secretary responded in the affirmative, she certified the presence of quorum for today's meeting and informed that the Stockholders, as of record date 22 April 2024, have been provided with the required Notice of the Annual Stockholders' Meeting.

The Assistant Corporate Secretary likewise stated that the same Notice, together with the Corporation's Information Statement were submitted to the Securities and Exchange Commission and the Philippine

Stock Exchange, through its EDGE submission tool, where it was approved as a "Company Announcement" on 19 April 2024.

Finally, the Assistant Corporate Secretary informed everyone that the Notice of the Annual Stockholders' Meeting was also posted on the Corporation's official website starting 19 April 2024, and was also published, both in physical paper and on the online platforms of Philippine Daily Inquirer and Philippine Star on 19 and 20 April 2024.

For the discussions on quorum, the Assistant Corporate Secretary informed that stockholders owning a total of 2,303,582,983 shares, representing at least 79.98% of the capital stock were present in the meeting in person and via video/audio conferencing. Hence, certifying the presence of quorum to validly proceed with the meeting.

She mentioned that the Board Members, who at the same time were nominees for reelection, together with the executive officers of the Corporation, and representatives from External Auditor R.G. Manabat & Co., and stock transfer agent, BDO Unibank, Inc. were also present in the meeting.

B. Approval of the Minutes and Ratification of all acts of the Board of Directors and Management

After establishing the presence of quorum, Chairman, Ms. Susan Co immediately proceeded to the first item on the meeting's Agenda – the approval of the minutes of the previous stockholders' meeting and ratification of all acts of the board ng officers of the Corporation since the last Annual Stockholders' Meeting held on 09 May 2023.

Since the minutes of the previous Annual Stockholders' Meeting and the material Resolutions of the Board in 2023 were made available on the Corporation's website and in the Information Statements, the reading of the same was dispensed with

Thereafter, a motion was made to approve the minutes of the previous Annual Stockholders' meeting, and to approve, confirm, and ratify all acts, proceedings, contracts, or deeds performed, and entered into, or executed by the Corporation's Board of Directors, officers, as if such acts, proceedings, contracts, or deeds had been performed, entered into, or executed with specific and special authorization of the stockholders in a meeting duly convened and held.

There being no objections raised by the Stockholders, the motion was duly seconded and effectively carried out.

Thereafter, Ms. Susan Co called upon the Assistant Corporate Secretary to present the voting results for this item on the Agenda, for which she presented the following results:

	In favor	Against	Abstain
Approval of the Minutes and Ratification of all acts of the Board of Directors and Management	2,303,582,983 (100%)	0	0

C. Approval of the 2023 Annual Report and Audited Financial Statements

Moving forward to the next item on the Agenda, Mr. Antonio Delos Santos, Vice President for Operations presented the Corporation's Annual Report and Consolidated Audited Financial Statements as of 31 December 2023.

After the presentation, Ms. Susan Co asked the Stockholders if they had any questions or objections to the Annual Report and Consolidated Audited Financial Statements as discussed. No questions or objections were raised. Therefore, a motion to approve the Corporation's Annual Report and Consolidated Audited Financial Statements was made and which was subsequently seconded.

Consequently, upon request by Ms. Susan Co, the Assistant Corporate Secretary presented the voting results on the agenda at hand, to wit:

	In favor	Against	Abstain
Approval of the 2023 Annual Report and Audited Financial Statements	2,298,314,283 (99.77%)	0	0

D. Election of Directors

Ms. Susan Co then proceeded to the next item on the agenda – the election of the members of the Board of Directors for the year 2024-2025. For starters, she informed everyone that the Corporate Governance Committee pre-screened the qualifications of all nominees and prepared a final list of all candidates for directorship, which was disclosed to all stockholders through the Information Statements released to the public.

After which, the Assistant Corporate Secretary began to announce the candidates for the election of the regular and independent members of the Board of Directors for the year 2024-2025, which included the following:

For Regular Directors:

1. Mr. Lucio Co
2. Ms. Susan Co
3. Mr. Ferdinand Vincent Co
4. Mr. Leonardo Dayao
5. Ms. Pamela Justine Co - Yuyitung
6. Mr. Jack Huang

For Independent Directors:

1. Mr. Jaime Dela Rosa
2. Mr. Gil Genio
3. Mr. Emmanuel Herbosa

Acting on Ms. Susan Co's request to present the voting results for the said election, the Assistant Corporate Secretary presented the following:

	In favor	Against	Abstain
Election of Lucio Co	2,167,543,662 (94.06%)	126,092,421	9,946,900
Election of Susan Co	2,089,450,380 (90.70%)	204,185,703	9,946,900
Election of Ferdinand Vincent Co	2,209,815,603 (95.93%)	83,820,480	9,946,900
Election of Pamela Justine Co - Yuyitung	2,122,204,003 (92.13%)	171,432,080	9,946,900
Election of Leonardo Dayao	2,075,641,240 (90.10%)	217,994,843	9,946,900
Election of Jack Huang	2,221,979,783 (96.46%)	71,656,300	9,946,900
Election of Jaime Dela Rosa	2,259,836,283 (98.10%)	33,799,800	9,946,900
Election of Gil Genio	2,292,675,083 (99.53%)	961,000	9,946,900
Election of Emmanuel Herbosa	2,284,531,883 (99.17%)	9,104,200	9,946,900

After the presentation of the voting results, Ms. Susan Co thereby declared herself, together with Mr. Lucio Co, Mr. Ferdinand Vincent Co, Ms. Pamela Justine Co – Yuyitung, Mr. Leonardo Dayao, and Mr. Jack Huang as the regular directors of Puregold Price Club, Inc. for the year 2024 – 2025.

He also declared Mr. Gil Genio and Mr. Emmanuel Herbosa. as the Corporation's independent directors for the year 2024 – 2025.

E. Re-appointment of External Auditor

After the elections of the Corporation's regular and independent directors, Ms. Susan Co then proceeded into the next item on the Agenda – the re-appointment of R.G. Manabat & Company (KPMG) as the Corporation's and its subsidiaries' external auditor for the year 2024. The re-appointment comes with an auditor's fee of up to PHP 6.5 million

Thereafter, a motion was made for the approval of the re-appointment of R.G. Manabat & Company (KPMG) as the Corporation's and its subsidiaries' external auditor for the year 2024, which was duly seconded.

Before the motion and its secondment was acted upon, Ms. Susan Co asked the stockholders if they have any questions on the re-appointment or objections to the motion made. Ms. Susan Co received no question or objection from the stockholders, hence, the motion as presented and seconded was effectively carried.

Consequently, Ms. Susan Co asked the Assistant Corporate Secretary to present the voting results for this item on the Agenda. Atty. Jose then presented the following results:

	In favor	Against	Abstain
Reappointment of RG Manabat and Company (KPMG) as External Auditor of the Corporation and its subsidiaries with up to PHP 1.2 million auditor's fees	2,244,799,541 (97.45%)	58,783,442	0

F. Other Matters

Ms. Susan Co asked the stockholders present in the meeting if they had any questions for the board or the management, or if they had any matters intended to bring up or discuss during the meeting. None of the stockholders raised any question or brought up any matters for discussion with the board or the management.

G. Adjournment

There being no other matters or business to transact, a motion for the adjournment of the meeting was made and which was duly seconded. There being no objection to the motion and to its secondment, the meeting was adjourned.

The meeting concluded with Ms. Susan Co's manifestation of gratitude to the stockholders, the board, and the management who participated in the 2024 Annual Stockholders' Meeting.

Prepared and certified true and correct by:

[sgd.]

Atty. Jewelyn A. Jumalon

Assistant Corporate Secretary

Approved by:

[sgd.]

Ms. Susan P. Co

Chairman of the Board

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 2024 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:

	2024	2023	2022
Current Ratio ⁽¹⁾	2.95:1	2.74:1	2.64:1
Asset to Equity Ratio ⁽²⁾	1.94:1	1.94:1	1.98:1
Debt to Equity Ratio ⁽³⁾	0.94:1	0.94:1	0.98:1
Debt to Total Assets ⁽⁴⁾	0.49:1	0.49:1	0.50:1
Book Value per Share ⁽⁵⁾	P33.67	P30.84	P28.84
	2024	2023	2022
Earnings per Share ⁽⁶⁾	P3.64	P3.00	P3.24
Price Earnings Ratio ⁽⁷⁾	8.48x	8.97x	10.77x
Return on Assets ⁽⁸⁾	5.8%	5.1%	6.1%
Return on Equity ⁽⁹⁾	11.3%	10.1%	11.7%

- (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, 2024, the Group earned a consolidated net income of P10,424 million at 4.8% net margin and an increase of 21.3% from P8,596 million at 4.3% net margin in 2023, driven by strong topline growth and complemented by the improvement in gross margins for the S&R business.

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

(In millions)	2024			2023			2022	
		% to Sales	% Change		% to Sales	% Change		% to Sales
Net Sales	P219,172	100.0%	10.1%	P199,032	100.0%	8.0%	P184,303	100.0%
Cost of Sales	179,670	82.0%	9.8%	163,618	82.2%	8.7%	150,483	81.6%
Gross Profit	39,502	18.0%	11.5%	35,414	17.8%	4.7%	33,820	18.4%
Other Operating Income	3,509	1.6%	7.1%	3,275	1.6%	2.9%	3,184	1.7%
Gross Income	43,011	19.6%	11.2%	38,689	19.4%	4.6%	37,003	20.1%
Operating Expenses	27,809	12.7%	9.8%	25,337	12.7%	12.5%	22,522	12.2%
Operating Income	15,202	6.9%	13.9%	13,353	6.7%	-7.8%	14,481	7.9%
Other income(expenses)	(1,758)	-0.8%	-17.8%	(2,139)	-1.1%	-5.2%	(2,257)	-1.2%
Net Income before tax	13,444	6.1%	19.9%	11,213	5.6%	-8.3%	12,225	6.6%
Income tax expense	3,020	1.4%	15.4%	2,618	1.3%	-10.9%	2,937	1.6%
Net Income after tax	P10,424	4.8%	21.3%	P8,596	4.3%	-7.4%	P9,287	5.0%

Comparative years 2024 and 2023

Net Sales

For the year ended December 31, 2024, the Group posted a consolidated net sales of P219,172 million for an increase of P20,140 million or 10.1% from P199,032 million in 2023. Net sales grew due to sales contribution from full operation of 2023 new stores (37 PGOLD stores and 4 S&R Warehouses) and revenue contribution from 2024 newly opened stores (26 PGOLD stores and 4 S&R warehouses) of both Puregold and S&R. Same store sales growth (SSSG) is also up, for both Puregold and S&R, by 4.5% and 6.4%, respectively.

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

	PGOLD	S&R
Net Sales ^(a)	4.5%	6.4%
Net Ticket ^(b)	2.8%	1.4%
Traffic ^(c)	1.7%	4.9%

Note:

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

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

*Traffic is the number of people buying on the stores

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

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

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

Gross Profit

For the year ended December 31, 2024, the Group realized an increase of 11.5% in consolidated gross profit from P35,414 million in 2023 at 17.8% margin to P39,502 million at 18.0% margin in 2024, driven by strong suppliers' support through rebates and discounts granted during the year.

Other Operating Income

Other operating income increased by P234 million or 7.1% from P3,275 million in 2023 to P3,509 million in 2024. This is attributable to increase in membership and other miscellaneous income during the year.

Operating Expenses

Operating expenses increased by P2,472 million or 9.8% from P25,337 million in December 31, 2023 to P27,809 million in 2024. Increase in the account is primarily due to full operation of 2023 new stores and expenses from the 2024 newly opened stores, specifically manpower, depreciation, taxes and repair and maintenance expenses.

Other Expense - net

Other expenses net of other income amounted to P1,758 million and P2,139 million in December 31, 2024 and 2023, 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 unrealized gain on foreign exchange from short term investments during the year.

Net Income

For the year ended December 31, 2024, the Group earned a consolidated net income of P10,424 million at 4.8% net margin and an increase of 21.3% from P8,596 million at 4.3% net margin in 2023, driven by strong topline growth and complemented by the improvement in gross margins for the S&R business.

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 (24 PGOLD stores) and revenue contribution from 2023 newly opened stores (37 PGOLD stores and 4 S&R warehouses) 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 ^(a)	3.4%	0.6%
Net Ticket ^(b)	-1.0%	-3.2%
Traffic ^(c)	4.4%	4.0%

Note:

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

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

*Traffic is the number of people buying on the stores

- (a) Current year net sales minus prior year net sales divided by prior year net sales
- (b) Current year ticket minus prior year ticket divided by prior year ticket
- (c) Current year traffic minus prior year traffic divided by prior year traffic

Gross Profit

For the 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 2023, 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.

Financial Position

The Group's consolidated financial position as at December 31, 2024, 2023 and 2022 are presented below:

(In millions)	2024			2023			2022	
		% to Total Assets	% Change		% to Total Assets	% Change		% to Total Assets
Cash & Cash Equivalents	P25,832	13.8%	-38.5%	P41,985	24.4%	6.7%	P39,345	24.0%
Receivables – net	6,177	3.3%	32.3%	4,669	2.7%	32.3%	3,529	2.2%
Merchandise inventory	29,405	15.7%	7.7%	27,309	15.9%	-3.2%	28,215	17.2%
Financial assets - FVPL	19,878	10.6%	329.7%	4,626	2.7%	7.6%	4,299	2.6%
Financial assets – amortized cost	4,557	2.4%	0.0%	-	-	-	-	-
Prepaid expenses and other current assets	3,109	1.7%	416.3%	602	0.4%	-83.3%	3,610	2.2%
Total Current Assets	88,957	47.4%	12.3%	79,192	46.1%	0.2%	78,998	48.2%
Investments in associate and joint ventures	523	0.3%	0.0%	523	0.3%	-21.0%	662	0.4%
Property and equipment- net	40,246	21.5%	13.4%	35,478	20.7%	17.3%	30,235	18.5%
Intangibles and goodwill	19,790	10.5%	0.3%	19,727	11.5%	0.2%	19,690	12.0%
Right-of-use assets – net	32,494	17.3%	2.6%	31,676	18.4%	5.8%	29,950	18.3%
Deferred tax assets – net	2,256	1.2%	11.9%	2,016	1.2%	33.1%	1,515	0.9%
Other noncurrent assets	3,334	1.8%	7.2%	3,109	1.8%	13.1%	2,748	1.7%
Total Noncurrent Assets	98,644	52.6%	6.6%	92,529	53.9%	9.1%	84,799	51.8%
	P187,601	100.0%	9.2%	P171,721	100.0%	4.8%	P163,798	100.0%
Accounts payable and accrued expenses	P26,897	14.3%	5.3%	P25,547	14.9%	-4.7%	P26,793	16.4%
Short-term loans payable	-	0.0%	0.0%	-	0.0%	0.0%	-	0.0%
Income tax payable	1,003	0.5%	16.7%	859	0.5%	-0.8%	866	0.5%
Due to related parties	58	0.0%	8.4%	53	0.0%	7.6%	49	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	1,360	0.7%	7.0%	1,272	0.7%	-3.9%	1,323	0.8%
Other current liabilities	727	0.4%	-28.5%	1,016	0.6%	40.0%	726	0.4%
Total Current Liabilities	30,164	16.1%	4.5%	28,867	16.8%	-3.4%	29,877	18.2%
Long-term loans - net of current maturities and debt issue costs	16,536	8.8%	44.5%	11,441	6.7%	-0.9%	11,546	7.0%
Lease liabilities	42,131	22.5%	4.1%	40,454	23.6%	6.7%	37,897	23.1%
Other noncurrent liabilities	2,293	1.2%	-11.4%	2,588	1.5%	41.2%	1,833	1.1%
Total Noncurrent Liabilities	60,961	32.5%	11.9%	54,483	31.7%	6.3%	51,276	31.3%
Total Liabilities	91,125	48.6%	9.3%	83,351	48.5%	2.7%	81,153	49.5%
Capital stock	2,904	1.5%	0.0%	2,904	1.7%	0.0%	2,904	1.8%
Additional paid in capital	25,374	13.5%	0.0%	25,374	14.8%	0.0%	25,374	15.5%
Remeasurements of retirement liability - net of tax	752	0.4%	53.0%	491	0.3%	-15.6%	582	0.4%
Treasury stock, at cost	(210)	-0.1%	0.0%	(210)	-0.1%	0.0%	(210)	-0.1%
Retained earnings	67,656	36.1%	13.1%	59,810	34.8%	10.8%	53,994	33.0%
Total Equity	96,476	51.4%	9.2%	88,370	51.5%	6.9%	82,645	50.5%
	P187,601	100.0%	9.2%	P171,721	100.0%	4.8%	P163,798	100.0%

Comparative Years 2024 and 2023

Current Assets

As at December 31, 2024 and 2023, total current assets amounted to P88,957 million or 47.4% of total assets and P79,192 million or 46.1% of total assets, respectively, for an increase of P9,766 million or 12.3%.

Cash and cash equivalents as at December 31, 2024 amounted to P25,832 million or 13.8% of total assets and decreased by P16,154 million or 38.5% compared to previous year-end balance. Decrease in the Group's cash position was attributable mainly to various short term investments in time deposits, partially offset by increase in cash generated from operations during the year, net of settlement of trade and non-trade payables, payment for cash dividend and capital expenditures for 2024 new organic stores.

Receivables amounted to P6,177 million and P4,669 million as at December 31, 2024 and 2023 or 3.3% and 2.7% of total assets, respectively. The increase was due to strong topline growth during the year.

Merchandise inventory amounted to P29,405 million or 15.7% of total assets at the end of 2024 and P27,309 million or 15.9% of total assets in 2023.

Financial assets at FVPL amounted to P19,878 million and P4,626 million as at December 31, 2024 and 2023, respectively. The increase was due to various short-term investments in time deposits amounting to P20.0 billion, made during the year. A total amount of P4,557 million was recognized as Financial asset at amortized cost.

Prepaid expenses and other current assets amounted to P3,109 million and P602 million as at December 31, 2024 and 2023, respectively. The increase was mainly due to advance payment made to suppliers to be applied in inventory purchases in 2025.

Noncurrent Assets

As at December 31, 2024 and 2023, total noncurrent assets amounted to P98,644 million or 52.6% of total assets and P92,529 million or 53.9% of total assets, respectively, for an increase of P6,115 million or 6.6% as at December 31, 2024.

Investments in associate and joint ventures amounted to P523 million as at December 31, 2024 and 2023.

Net book values of property and equipment increased by P4,768 million or 13.4% from P35,478 million in December 2023 to P40,246 million in December 2024. The increase was mainly due to additions made during the year intended for newly established/operating stores.

Intangibles and goodwill amounted to P19,790 million as at December 31, 2024 and P19,727 million as at December 31, 2023.

Right-of-use asset amounted to P32,494 million or 17.3% of total assets and P31,676 million or 18.4% of total assets as at December 31, 2024 and 2023, respectively. The increase was mainly due to new lease contracts for newly opened stores..

Deferred tax assets – net amounted to P2,256 million or 1.2% of total assets and P2,016 million or 1.2% of total assets as at December 31, 2024 and 2023, respectively, for an increase of 11.9% or P241 million. The increase was due to recognition of deferred tax in retirement expense and compliance with PFRS 16 – Leases.

Other noncurrent assets amounted P3,334 million as at December 31, 2024 and P3,109 million as at December 31, 2023. Increase in the account was mainly due to increase in security deposits for new stores lease.

Current Liabilities

As at December 31, 2024 and 2023, total current liabilities amounted to P30,164 million or 16.1% of total assets and P28,867 million or 16.8% of total assets, respectively, for an increase of P1,297 million or 4.5% as at December 31, 2024.

Accounts payable and accrued expenses amounted to P26,897 million and P25,547 million as at December 31, 2024 and 2023, respectively, and increased by P1,351 million or 5.3%. The increase was primarily due to unreleased payments to suppliers brought about by longer holidays at year end and net of settlement of trade and nontrade liabilities and payment of dividends declared in previous year.

Income tax payable amounted to P1,003 million and P859 million as at December 31, 2024 and 2023, respectively.

Due to related parties, representing royalty fees, amounted to P58 million for the year ended December 2024 and P53 million for the year ended December 2023.

Lease liabilities due within one year amounted to P1,360 million and P1,272 million as at December 31, 2024 and 2023, respectively. This pertains to current portion of lease liabilities.

Other current liabilities decreased by P290 million or 28.5% from P1,016 million in December 2023 to P727 million in December 2024. The decrease was mainly due to lower VAT liability for the year ended December 2024 as a result of increase in input VAT applied.

Noncurrent Liabilities

As at December 31, 2024 and 2023, total noncurrent liabilities amounted to P60,961 million or 32.5% of total assets and P54,483 million or 31.7% of total assets, respectively, for an increase of P6,478 million or 11.9%.

Long-term debt – net of current maturities and debt issue costs amounted to P16,536 million and P11,441 million as at December 31, 2024 and 2023, respectively, for an increase of P5,095 million. During the year, the Group availed a total of P5,200 million loan from banks, payable in 3 years.

Lease liabilities amounted to P42,131 million or 22.5% of total assets and P40,454 million or 23.6% of total assets as at December 31, 2024 and 2023, respectively, or an increase of P1,677 million or 4.1% due to new stores opened during the year.

Other noncurrent liabilities amounted to P2,293 million and P2,588 million as at December 31, 2024 and 2023, respectively. The decrease was mainly due to partial settlement of liability due for the purchased of land.

Equity

As at December 31, 2024 and 2023, total equity amounted to P96,476 million and P88,370 million, respectively, for an increase of P8,106 million or 9.2%.

Capital stock amounted to P2,904 million as at December 31, 2024 and 2023.

Additional paid in capital amounted to P25,374 million as at December 31, 2024 and 2023.

Retained earnings amounted to P67,656 million and P59,810 million as at December 31, 2024 and 2023, respectively, or an increase of P7,845 million or 13.1% due to income made during the year, net of dividend declared.

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.

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>	2024	2023	2022
Net cash provided by operating activities	P17,398	P18,739	P13,215
Net cash used in investing activities	(27,838)	(8,790)	(9,186)
Net cash used in financing activities	(5,713)	(7,309)	(5,996)
Net increase (decrease) in cash and cash equivalents	(P16,153)	P2,640	(P1,967)

Cash flows from operating activities

Net cash provided by operating activities amounted to P17,398 million, P18,739 million and P13,215 million for the years ended December 31, 2024, 2023 and 2022, 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 P27,838 million, P8,790 million and P9,186 million for the years ended December 31, 2024, 2023 and 2022, respectively. Capital expenditures for acquisitions of equipment, furniture & fixtures, lands, construction of buildings and improvements on leased assets amounted to P7,673 million in 2024 and P7,632 million in 2023.

Cash flows from (used in) financing activities

Net cash used in financing activities amounted to P5,713 million, P7,309 million and P5,996 million for the years ended December 2024, 2023 and 2022, respectively. This pertains to lease payments and dividends paid.

Capital Expenditures

The table below sets out the Group's capital expenditures in 2024, 2023 and 2022 (note 10 of AFS).

<i>(In millions)</i>	For the years ended December 31,		
	2024	2023	2022
Office and store equipment	P1,048	P1,028	P692
Furniture and fixtures	279	362	199
Leasehold improvements	642	1,000	337
Building	521	319	211
Land	-	872	1,442
Construction in progress	5,160	4,051	2,388
Total	P7,650	P7,632	P5,269

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 30 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.

The Group has a good financial condition and remains to be profitable in the past and expected to remain the same in the near future.

ANNEX "I"

AUDITED FINANCIAL STATEMENTS

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A A F S

11

Page 10 of 10

GROUP INFORMATION

www.puregold.com.ph

(02) 548-7110

2nd Tuesday of May

December 31

CONTACT PERSON INFORMATION

Maricel R. Cambe

mrcambe@puregold.com.ph

(02) 548-7110

CONTACT PERSON'S ADDRESS

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, 2024, 2023 and 2022

With Independent Auditors' Report



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

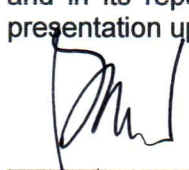
The management of **Puregold Price Club, Inc. and Subsidiaries** (the "Group"), is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, as at and for year ended December 31, 2024, 2023 and 2022, in accordance with the prescribed financial 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.

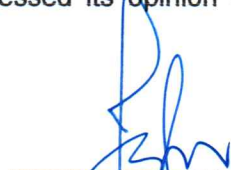
The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

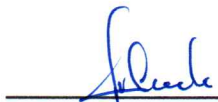
R. G. Manabat & Co., the independent auditor appointed by the Board of Directors, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the Board of Directors, has expressed its opinion on the fairness of presentation upon completion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



SUSAN P. CO
Chairman



FERDINAND VINCENT P. CO
President



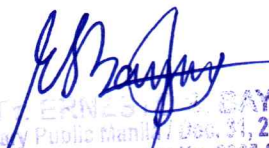
MARICEL R. CAMBE
Vice-President for Financial Accounting

Signed this 15th day of April 2025

SUBSCRIBED AND SWORN to before me this day of APR 15 2025 2025, affiants exhibiting to me their respective TIN as follows

Name	TIN
Susan P. Co	100-053-331
Ferdinand Vincent P. Co	208-381-185
Maricel R. Cambe	184-996-223

Doc No. 32
Page No. 9
Book No. 17
Series of 2025


ATTY. ERNEST S. DAYOG
Notary Public Manila, Dec. 31, 2026
Notarial Commission No. 2025-075
Merchant Bldg. 509 Padre Faura St. Ermita, Manila
Roll of Attorney's No. 77572
PTR NO. MLA 2041417 Jan. 2, 2025: City of Manila
IBP O.R No. 476665: Nov. 12, 2024
MCLE Compliance No. VIII-0023702
Valid until April 14, 2028



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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, 2024 and 2023, 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, 2024, 2023, and 2022, 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, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024, 2023, and 2022, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

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)



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.

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 13 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 evaluated and assessed the design and implementation of key controls over the impairment testing process.
- We obtained the Group's discounted cash flow model used to test the recoverable amounts of goodwill and other intangibles with indefinite lives.
- We evaluated the reasonableness of key assumptions used by management in deriving the recoverable amounts. 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 performed independent impairment test for goodwill and other intangibles with indefinite lives.



- 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 (P221.7 billion)

Refer to Note 18 to the consolidated financial statements.

The risk

Revenue recognition is not complex for the Group 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, 2024, 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, 2024 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 Accounting Standards, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group 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 Darwin P. Virocel.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'D. Virocel', with a stylized flourish at the end.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

SEC Accreditation No. 94495-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and up to audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2022

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

PTR No. MKT 10467159

Issued January 2, 2025 at Makati City

April 15, 2025

Makati City, Metro Manila

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

		December 31	
	Note	2024	2023
ASSETS			
Current Assets			
Cash and cash equivalents	4	P25,831,565,033	P41,985,314,006
Receivables - net	5	6,176,776,482	4,669,290,509
Merchandise inventories	6	29,404,917,109	27,308,803,049
Financial assets at fair value through profit or loss	7	19,878,180,574	4,626,139,942
Other financial assets at amortized cost	8	4,556,715,889	-
Prepaid expenses and other current assets	9	3,109,175,187	602,155,608
Total Current Assets		88,957,330,274	79,191,703,114
Noncurrent Assets			
Investments in associate and joint ventures - net	10	523,169,163	523,169,163
Property and equipment - net	11	40,246,295,005	35,477,805,354
Goodwill and other intangibles	13	19,789,514,775	19,726,802,814
Right-of-use assets - net	12	32,493,988,657	31,676,080,984
Deferred tax assets - net	26	2,256,280,373	2,015,624,231
Other noncurrent assets	14	3,334,335,470	3,109,336,767
Total Noncurrent Assets		98,643,583,443	92,528,819,313
		P187,600,913,717	P171,720,522,427
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	15	P26,897,430,047	P25,546,874,423
Lease liabilities due within one year	20	1,360,069,036	1,271,652,922
Income tax payable		1,002,661,192	859,093,590
Current portion of long-term loans	16	120,000,000	120,000,000
Due to related parties	24	57,743,189	53,269,546
Other current liabilities	17	726,573,463	1,016,466,075
Total Current Liabilities		30,164,476,927	28,867,356,556
Noncurrent Liabilities			
Lease liabilities due beyond one year	20	42,131,216,785	40,454,144,290
Noncurrent portion of long-term loans	16	16,536,464,080	11,441,128,640
Other noncurrent liabilities	25	2,293,243,253	2,588,011,748
Total Noncurrent Liabilities		60,960,924,118	54,483,284,678
Total Liabilities		91,125,401,045	83,350,641,234
Equity			
Capital stock	27	2,904,214,086	2,904,214,086
Additional paid-in capital		25,373,547,130	25,373,547,130
Retirement benefits reserve		751,615,763	491,315,609
Treasury stock		(209,597,201)	(209,597,201)
Retained earnings		67,655,732,894	59,810,401,569
Total Equity		96,475,512,672	88,369,881,193
		P187,600,913,717	P171,720,522,427

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>	2024	2023	2022
NET SALES	18	P219,171,530,016	P199,031,904,535	P184,302,944,650
COST OF SALES	6, 19	179,669,590,563	163,617,673,968	150,483,272,460
GROSS INCOME		39,501,939,453	35,414,230,567	33,819,672,190
OTHER REVENUE	18, 20, 21	3,509,093,313	3,275,172,027	3,183,788,425
TOTAL GROSS INCOME AND OTHER REVENUE		43,011,032,766	38,689,402,594	37,003,460,615
OPERATING EXPENSES	22	27,808,965,335	25,336,853,222	22,522,133,140
INCOME FROM OPERATIONS		15,202,067,431	13,352,549,372	14,481,327,475
OTHER CHARGES - Net				
Interest expense	16, 20	3,569,959,134	3,313,825,011	2,907,818,153
Interest income	4, 7	(1,477,089,343)	(1,302,778,953)	(678,357,411)
Foreign exchange gain		(285,782,440)	(225,223)	(8,333,528)
Share in losses of associate and joint ventures	10	-	187,325,380	37,163,734
Others - net	23	(49,130,519)	(58,817,271)	(1,494,405)
		1,757,956,832	2,139,328,944	2,256,796,543
INCOME BEFORE INCOME TAX		13,444,110,599	11,213,220,428	12,224,530,932
PROVISION FOR INCOME TAX				
Current		3,340,384,187	3,120,096,350	3,192,461,050
Deferred		(320,632,686)	(502,397,257)	(255,356,976)
	26	3,019,751,501	2,617,699,093	2,937,104,074
NET INCOME		10,424,359,098	8,595,521,335	9,287,426,858
OTHER COMPREHENSIVE INCOME				
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Remeasurements of retirement benefits	25	346,414,960	(120,863,764)	560,492,711
Tax effect		(86,114,806)	30,241,137	(129,778,755)
		260,300,154	(90,622,627)	430,713,956
TOTAL COMPREHENSIVE INCOME		P10,684,659,252	P8,504,898,708	P9,718,140,814
Basic and diluted earnings per share	29	P3.64	P3.00	P3.24

See Notes to the Consolidated Financial Statements.

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

Years Ended December 31

		Capital Stock	Additional Paid-in Capital	Retirement Benefits Reserve	Treasury Stock	Retained Earnings Appropriated	Unappropriated	Total Equity
	<i>Note</i>							
Balance at January 1, 2022		P2,904,214,086	P25,361,670,581	P151,224,280	(P112,593,218)	P -	P47,171,476,499	P75,475,992,228
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	27							
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	27							
Cash dividends		-	-	-	-	-	(2,779,618,814)	(2,779,618,814)
Balance at December 31, 2023		2,904,214,086	25,373,547,130	491,315,609	(209,597,201)	-	59,810,401,569	88,369,881,193
Total Comprehensive Income for the Year								
Net income for the year		-	-	-	-	-	10,424,359,098	10,424,359,098
Other comprehensive income		-	-	260,300,154	-	-	-	260,300,154
		-	-	260,300,154	-	-	10,424,359,098	10,684,659,252
Appropriation of retained earnings		-	-	-	-	41,574,000,000	(41,574,000,000)	-
Transaction with Owners of the Parent Company	27							
Cash dividends		-	-	-	-	-	(2,579,027,773)	(2,579,027,773)
Balance at December 31, 2024		P2,904,214,086	P25,373,547,130	P751,615,763	(P209,597,201)	P41,574,000,000	P26,081,732,894	P96,475,512,672

See Notes to the Consolidated Financial Statements.

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

		Years Ended December 31		
	Note	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P13,444,110,599	P11,213,220,428	P12,224,530,932
Adjustments for:				
Depreciation and amortization	11, 12, 13, 22	5,766,327,349	5,020,019,254	4,564,410,149
Interest expense	16, 20	3,569,959,134	3,313,825,011	2,907,818,153
Interest income	4, 7	(1,477,089,343)	(1,302,778,953)	(678,357,411)
Retirement benefits cost	22, 25	336,493,750	904,911,727	272,768,815
Unrealized foreign exchange gain		(286,205,345)	-	-
Gain from lease terminations	20, 23	(54,036,093)	(46,836,234)	(4,593,117)
Unrealized valuation loss (gain) on financial assets at fair value through profit or loss	7, 23	4,612,107	(6,405,009)	323,662
Dividend income	24	(1,714,641)	(1,400,010)	(1,119,623)
Share in losses of associate and joint ventures	10	-	187,325,380	37,163,734
Loss from insurance claims	23	-	-	1,587,440
Gain on sale of financial assets	7, 23	-	(6,524,397)	-
Operating income before changes in working capital		21,302,457,517	19,275,357,197	19,324,532,734
Decrease (increase) in:				
Receivables		(1,507,485,973)	(1,046,361,968)	(1,282,972,367)
Merchandise inventories	1	(1,869,481,775)	973,603,762	(6,656,058,157)
Prepaid expenses and other current assets		(3,297,694,523)	2,820,437,626	(3,079,418,919)
Increase (decrease) in:				
Trade and other payables		4,147,248,040	(1,893,857,852)	7,059,118,773
Due to related parties		4,473,643	3,772,014	3,629,099
Other current liabilities		(289,892,612)	290,608,492	76,778,290
Cash generated from operations		18,489,624,317	20,423,559,271	15,445,609,453
Income taxes paid		(2,561,088,242)	(2,887,894,838)	(2,898,180,651)
Interest received		1,477,089,343	1,208,385,105	678,357,411
Retirement benefits paid	25	(7,376,461)	(5,050,016)	(10,401,509)
Net cash provided by operating activities		17,398,248,957	18,738,999,522	13,215,384,704

Forward

Years Ended December 31				
	Note	2024	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Financial assets at fair value through profit or loss	7	(P14,970,414,229)	(P1,300,000,000)	(P4,268,978,190)
Property and equipment	1, 11	(7,383,426,176)	(7,412,851,985)	(4,147,357,466)
Financial assets at amortized cost	8	(4,556,715,892)	-	-
Other noncurrent assets		(231,136,965)	(361,222,125)	(169,342,638)
Intangibles	13	(130,948,571)	(94,929,765)	(36,962,943)
Investment in associate and joint ventures	10	-	-	(62,500,000)
Cash paid on acquisition of business/assets, net of cash acquired	1	(567,516,384)	(613,740,541)	(102,918,152)
Dividends received	27	1,714,641	1,400,010	1,119,623
Proceeds from disposal of:				
Property and equipment	11	8,989	4,771,768	2,707,372
Computer software	13	-	-	71,512
Financial assets at fair value through profit or loss	7	-	986,169,776	-
Payment of direct costs on leases	12	-	-	(400,000,000)
Insurance claims	23	-	-	(1,587,440)
Net cash used in investing activities		(27,838,434,587)	(8,790,402,862)	(9,185,748,322)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availment of long-term loans	16	5,200,000,000	-	-
Repayments of lease:	20			
Interest expense		(2,878,994,118)	(P2,748,879,538)	(P2,389,133,602)
Principal amount		(1,602,626,020)	(1,157,494,319)	(1,452,214,242)
Payments of:				
Cash dividends	27	(5,358,646,587)	(2,464,404,309)	(1,434,268,203)
Interest expense		(675,629,576)	(552,096,159)	(503,349,112)
Liability on land purchase	25	(277,470,824)	(265,669,906)	-
Repayment of long-term loans	16	(120,000,000)	(120,000,000)	(120,000,000)
Acquisition of treasury shares	27	-	-	(97,003,983)
Net cash used in financing activities		(5,713,367,125)	(7,308,544,231)	(5,995,969,142)
EFFECT OF EXCHANGE RATE CHANGES ON CASH		(196,218)	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(16,153,748,973)	2,640,052,429	(1,966,332,760)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		41,985,314,006	39,345,261,577	41,311,594,337
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	P25,831,565,033	P41,985,314,006	P39,345,261,577

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	
	2024	2023
Kareila Management Corporation	100	100
S&R Pizza (Harbor Point), Inc. ^(a)	100	100
S&R Pizza, Inc. ^(a)	100	100
PSMT Philippines Inc. ^(a)	100	100
PPCI Subic, Inc.	100	100
Entenso Equities Incorporated	100	100
Melilla Management Corporation	100	100
Purepadala, Inc. ^(b)	100	100

(a) Indirect subsidiaries through Kareila Management Corporation

(b) Not yet started operations

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

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

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

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

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

Transactions During the Period

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

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

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

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

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

As at December 31, 2023, the consideration paid for 25 stores acquired amounted to P613.7million 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 ended December 1, 2022 are as follows:

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

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

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) Accounting Standards. PFRS Accounting Standards are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS Accounting Standards which are issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC), consist of PFRS Accounting Standards, Philippine Accounting Standards (PAS), and Philippine Interpretations.

The accompanying consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on April 8, 2025.

Historical cost is used as the measurement basis except for:

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

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

Functional and Presentation Currency

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

Significant Judgments, Estimates and Assumptions

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

Judgments

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

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

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

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

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

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

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

- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).

- Otherwise, the Group considers other factors, including historical lease durations, the costs and business disruption required to replace the leased asset, enforceability of the option, and business and other developments.

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

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

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

Rent income recognized in profit or loss amounted to P491.9 million, P472.0 million and P501.3 million in 2024, 2023 and 2022, respectively.

Estimates

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

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

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

The carrying amount of receivables amounted to P6.2 billion and P4.7 billion as at December 31, 2024 and 2023, 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 P29.4 billion and P27.3 billion as at December 31, 2024 and 2023, respectively.

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

The Group determines whether goodwill and other intangibles with indefinite lives are impaired at least annually. This requires the estimation of their recoverable amounts. Estimating recoverable amounts requires management to make an estimate of the expected future cash flows from the cash-generating unit to which they relate and to choose a suitable discount rate to calculate the present value of those cash flows.

The carrying amounts of goodwill and other intangibles with indefinite lives totaled P19.5 billion as at December 31, 2024 and 2023.

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

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

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

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

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

There are no impairment indicators affecting the Group's non-financial assets as at December 31, 2024 and 2023.

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

	<i>Note</i>	2024	2023
Right-of-use assets - net	12	P32,493,988,657	P31,676,080,984
Property and equipment - net	11	40,246,295,005	35,477,805,354
Investment in associate and joint ventures	10	523,169,163	523,169,163
Computer software and licenses, and leasehold rights	13	287,977,926	225,265,965

Estimating Realizability of Deferred Tax Assets (Note 26)

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

As at December 31, 2024 and 2023, the Group recognized deferred tax assets amounting to P2.3 billion and P2.0 billion, respectively.

Estimating Retirement Benefits Liability (Note 25)

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

Retirement benefits liability amounted to P2.0 billion as at December 31, 2024 and 2023.

3. Summary of Material Accounting Policies

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

Adoption of Amendments to Standards and Interpretations

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

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

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

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

- PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent - 2020 amendments and Non-Current Liabilities with Covenants - 2022 amendments (Amendments)*. To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
 - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
 - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.
- PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instruments: Disclosures - Supplier Finance Arrangements (Amendments)* introduce new disclosures about a company's supplier finance arrangements that would enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, a company discloses in aggregate for its supplier finance arrangements:
 - the terms and conditions of the arrangements;
 - beginning and ending carrying amounts and associated line items of the financial liabilities that are part of a supplier finance arrangement, distinguishing those for which suppliers were already paid, and range of payment due dates including those for comparable trade payables not part of a supplier finance arrangement; and
 - the type and effect of non-cash changes in the carrying amounts.

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

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

Standards Issued But Not Yet Adopted

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

Effective January 1, 2025

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

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

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

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

Effective January 1, 2026

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

Date of Recognition and Derecognition. The amendments clarified that:

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

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

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

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

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

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

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

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

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

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

- *Annual Improvements to PFRS Accounting Standards - Volume 11.* This cycle of improvements contains amendments to five standards:
 - PFRS 1, *First-time Adoption of International Financial Reporting Standards - Hedge Accounting by a First-time Adopter (Amendments)* were made to terminology on hedge accounting by a first-time adopter of PFRS to improve consistency with the requirements of PFRS 9, *Financial Instruments*. The term 'conditions' was updated to 'qualifying criteria' in line with the shift from PAS 39, *Financial Instruments: Recognition and Measurement* to PFRS 9. Specific cross-references to paragraphs in PFRS 9 containing guidance on the qualifying criteria were added to improve understandability.
 - PFRS 7, *Financial Instruments: Disclosure - Gain or Loss on Derecognition (Amendments)* replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13, *Fair Value Measurement*.
 - PFRS 7, *Financial Instruments: Disclosure - Introduction, Disclosure of Difference Between Fair Value and Transaction Price, and Credit Risk Disclosures (Amendments to Guidance on implementing PFRS 7)*. The amendments:
 - clarified that the Guidance on implementing PFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7;
 - made the wordings on the disclosure of deferred difference between fair value and transaction price in paragraph IG14 of PFRS 7 consistent with the requirements in paragraph 28 of PFRS 7 and with the concepts in PFRS 9, *Financial Instruments* and PFRS 13, *Fair Value Measurement*; and,
 - simplified the wordings on credit risk disclosures in paragraph IG20B that the illustration does not include financial assets that are purchased or originated credit impaired.
 - PFRS 9, *Financial Instruments - Derecognition of Lease Liabilities and Transaction Price (Amendments)*. The amendments:
 - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss; and
 - replaced the term 'their transaction price (as defined in IFRS 15)' with 'the amount determined by applying IFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

- PFRS 10, *Consolidated Financial Statements - Determination of 'De Facto Agent' (Amendments)* revised the wording on whether a party is a de facto agent when directed by 'those that direct the activities of the investor' to be non-conclusive given this may require judgement.
- PAS 7, *Statement of Cash Flows - Cost Method (Amendments)* replaced the term 'cost method' with 'at cost' given the definition of 'cost method' has previously been removed from PFRS Accounting Standards.

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

Effective January 1, 2027

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

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

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

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

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

- PFRS 18, *Presentation and Disclosure in Financial Statements* will replace PAS 1, *Presentation of Financial Statements* and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.
 - *A more Structured Income Statement.* PFRS 18 promotes a more structured income statement. It introduces a newly defined 'operating profit or loss' and 'profit or loss before financing and income tax' subtotals, and a requirement for all income and expenses to be classified into three new distinct categories operating, investing, and financing - based on a company's main business activities. PFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement - either by nature, by function or on a mixed basis. Companies need to choose the presentation method that provides the 'most useful structured summary' of those expenses. New disclosures apply if any operating expenses are presented by function.
 - *Management-defined performance measures.* PFRS 18 provides a definition for management-defined performance measures (MPMs) and introduces specific disclosure requirements. MPMs are subtotals of income and expenses that are used in public communications outside the financial statements, communicate management's view of an aspect of the financial performance of the entity as a whole and are not a required subtotal or a common income and expense subtotal listed in PFRS 18. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under PFRS Accounting Standards.
 - *Greater disaggregation of information.* PFRS 18 provides enhanced guidance on how companies group information in the financial statements, including newly defined roles of the primary financial statements and the notes, principles of aggregation and disaggregation based on shared and non-shared characteristics, and specific guidance for labelling and describing items in a way that faithfully represents an item's characteristics.

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

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

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

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

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

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

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

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

Consolidation

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

Business Combinations

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

Common Control Business Combinations

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

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

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

- The assets and liabilities of the acquired company for the reporting period in which the common control business combinations occur, are included in the Group's consolidated financial statements at their carrying amounts from the actual date of the acquisition. No adjustments are made to reflect the fair values or recognize any new assets or liabilities at the date of the combination. The only adjustments would be to harmonize accounting policies between the combining entities;
- No 'new' goodwill is recognized as a result of the business combination. The excess of the cost of business combinations over the net carrying amounts of the identifiable assets and liabilities of the acquired company is considered as equity adjustment from business combinations, included under "Additional Paid-in Capital" account in the equity section of the statements of financial position; and
- As a policy, no restatement of financial information in the Group's consolidated financial statements for periods prior to the transaction is made.

Asset Acquisition

Recognition and Initial Measurement

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

Measurement of Assets and Liabilities

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

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

Allocation of Acquisition Cost

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

Subsequent Measurement

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

Statement of Cash Flows

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

Segment Reporting

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

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

Financial Instruments

Financial Assets

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

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

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

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

Subsequent to initial recognition, financial assets are measured as described below. At each balance sheet date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes a loss allowance for expected credit losses for financial assets measured at either amortized costs or at fair value through other comprehensive income. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months of expected credit losses. If, at the reporting date, the credit risk on a financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses. The Group always measures the loss allowance at an amount equal to lifetime expected credit losses for receivables.

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

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

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

- actual and expected significant changes in the political, regulatory and technological environment of the debtor or in its business activities.

- payment record - this includes overdue status as well as a range of variables about payment ratios.
- existing and forecast changes in the business, financial and economic conditions.

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

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

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

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

Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction cost directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, less any impairment losses.

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

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

Financial Assets at FVTPL

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

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

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

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

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

As of December 31, 2024 and 2023, the Group has not designated any debt instrument that meets the amortized cost criteria as FVTPL.

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

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

Financial Liabilities

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

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

The Group classifies all financial liabilities as subsequently measured at amortized cost, except for:

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

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

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

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

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

Cash and Cash Equivalents

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

Merchandise Inventories

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

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

Property and Equipment

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

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

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

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

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

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

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

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

Investment in Associates and Joint Arrangements

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

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

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

Intangible Assets

Goodwill and Impairment of Goodwill

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

Other Intangible Assets

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

Impairment of Non-current Assets Other than Goodwill

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

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

A reversal of an impairment loss is recognized immediately as a credit to the Group's profit or loss. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years.

Employee Benefits

Short-term Employee Benefits

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

Retirement Benefits Cost

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

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

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

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

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

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

Equity

Capital Stock

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

Additional Paid-in Capital

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

Retained Earnings and Dividend Distribution

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

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

Treasury Stock

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

Other Comprehensive Income

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

Revenue Recognition

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

- *Merchandise Sales* - The Group generally recognizes sale of merchandise at the point of sale when customer takes possession of goods and tenders payment. At point of sale, the performance obligation is satisfied because control of the merchandise transfers to the customer. Revenue is recorded at the point of sale based on the transaction price on the merchandise tag, net of any applicable discounts, sales taxes and refunds. For e-commerce sales, the Group recognizes sales upon delivery of goods through its online channel.
- *Concession Fee Income* - The Group enters into certain agreements with concessionaires that offer goods to the Group's customers. In exchange, the Group receives payment in the form of commissions based on a specified percentage of the merchandise sales. The Group serves as agent in these contracts and recognizes the net amount earned as commissions in the period in which the event or condition that triggers the payment occurs.

- *Membership* - The Group charges a membership fee to its customers. The fee allows the customer to shop in the Group's stores for the duration of the membership, which is generally 1-2 years. The Group recognizes the fee in the period in which it occurs.
- *Gift Certificates* - The Group recognizes revenue from the sale of gift certificates when the gift certificate is redeemed by customer.
- *Other Income* - The Group recognizes various incidental income in the period in which the services/goods were rendered/delivered.
- *Reward Points* - The Group allocates a portion of the consideration received to loyalty points. This allocation is based on the relative stand-alone selling prices. The stand-alone selling price is estimated based on the equivalent value given when the points are redeemed by the customer and the likelihood of redemption, as evidenced by the Group's historical experience. A contract liability is recognized for revenue relating to the loyalty points at the time of the initial sales transaction. Revenue from the loyalty points is recognized when the points are redeemed by the customer. Revenue for loyalty points that are not expected to be redeemed is recognized in proportion to the pattern of rights exercised by customers.

Contract Balances

Receivables

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

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

Contract Liabilities

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

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

Cost and Expense Recognition

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

Vendor Rebates and Allowances

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

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

Operating Expenses

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

Leases

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

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

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

As a Lessee

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

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

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

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

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

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

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

Variable Lease Payments

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

Lease Modifications as a Lessee

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

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

COVID-19-Related Rent Concessions

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

Short-term Leases and Leases of Low-value Assets

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

As a Lessor

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

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

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

Borrowing Costs

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

Income Taxes

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

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

Current Tax

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

Deferred Tax

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

Value Added Tax (VAT)

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

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

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

Basic and Diluted Earnings Per Share (EPS)

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

Related Parties

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

Provisions and Contingencies

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

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

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

Events After the Reporting Date

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

4. Cash and Cash Equivalents

This account consists of:

	<i>Note</i>	2024	2023
Cash on hand		P1,188,869,181	P1,397,565,448
Cash in banks	30	18,753,754,097	16,394,013,918
Money market placements	30	5,888,941,755	24,193,734,640
		P25,831,565,033	P41,985,314,006

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

Money market placements are highly liquid investments that are readily convertible into cash and are subjected to insignificant risk of changes in value. These investments have maturity dates of an average of 30 days with annual interest rates ranging from 4.0% to 5.8% in 2024, 1.6% to 5.7% in 2023, and 0.2% to 7.0% in 2022.

Interest income earned from cash in banks and money market placements totaled P1.3 billion, P1.1 billion and P563.1 million in 2024, 2023 and 2022, respectively.

5. Receivables

This account consists of:

	<i>Note</i>	2024	2023
Trade receivables	24	P4,929,925,279	P2,685,739,566
Less allowance for impairment losses		7,462,327	7,462,327
		4,922,462,952	2,678,277,239
Nontrade receivables	24	1,254,313,530	1,991,013,270
	30	P6,176,776,482	P4,669,290,509

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

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

6. Merchandise Inventories

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

The Group's merchandise inventories at cost amounted to P29.4 billion and P27.3 billion as at December 31, 2024 and 2023, respectively.

Inventory charged to the cost of sales amounted to P179.7 billion, P163.6 billion and P150.5 billion in 2024, 2023 and 2022, respectively (see Note 19).

7. Financial Assets at Fair Value Through Profit or Loss

This account consists of:

	Note	2024	2023
Held-for-trading:			
Short-term investments	23, 30	P15,256,652,738	P -
Government securities	23, 30	4,579,062,733	4,588,450,000
Equity securities		42,465,103	37,689,942
		P19,878,180,574	P4,626,139,942

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

2024

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

2023

	January 1	Additions	Sale	Gain	(Loss)	December 31
Cost						
Short-term investments	P -	P -	P -	P -	P -	P -
Government securities	4,268,095,378	1,300,000,000	(979,645,378)	-	-	4,588,450,000
Equity securities	31,284,933	-	-	6,405,009	-	37,689,942
	P4,299,380,311	P1,300,000,000	(P979,645,378)	P6,405,009	P -	P4,626,139,942

The Group recognized a gain on sale of government securities amounting to nil in 2024 and P6.5 million in 2023 (see Note 23).

Interest income on government securities amounted to P197.8 million in 2024, P190.4 million in 2023, and P115.2 million in 2022.

Dividend income on equity securities amounted to P1.7 million in 2024, P1.4 million in 2023, and P1.1 million in 2022 (see Note 23).

8. Other Financial Assets at Amortized Cost

In 2024, the Group placed time deposits amounting to P4.6 billion with terms of more than three (3) months to less than one (1) year, which bears interest from 5.40% to 5.65% (see Note 30).

The Group recognized other financial assets at amortized cost amounting to P4.6 billion and nil as at December 31, 2024 and 2023, respectively.

9. Prepaid Expenses and Other Current Assets

This account consists of:

	2024	2023
Advances to suppliers	P2,558,254,912	P -
Prepaid expenses	506,376,483	472,393,220
Deferred input VAT	38,340,456	127,577,222
Input VAT	6,106,248	375,089
Creditable withholding tax	97,088	1,810,077
	P3,109,175,187	P602,155,608

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

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

The details of prepaid expenses are as follows:

	2024	2023
Taxes and licenses	P166,621,721	P182,732,640
Insurance	130,374,015	145,873,654
Advertising and promotion	90,378,827	49,045,850
Supplies	44,402,904	23,442,201
Repairs and maintenance	19,595,268	21,902,328
Others	55,003,748	49,396,547
	P506,376,483	P472,393,220

10. Investments in Associate and Joint Ventures

The details of this account are as follows:

	2024	2023
Associate	P422,745,311	P422,745,311
Joint ventures	100,423,852	100,423,852
	P523,169,163	P523,169,163

Investment in Associate

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

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

	2024	2023
Balance at beginning of the year	P422,745,311	P446,276,872
Share in net loss*	-	(23,531,561)
Balance at end of year	P422,745,311	P422,745,311

*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.

	2024	2023
Percentage of ownership	49.34%	49.34%
Current assets	P616,432,205	P674,615,728
Noncurrent assets	614,919,810	728,202,454
Current liabilities	(447,509,713)	(554,969,634)
Noncurrent liabilities	(490,065,792)	(546,259,147)
Net assets	293,776,510	301,589,401
Group's share in net assets	144,949,330	148,804,210
Goodwill	276,058,136	276,058,136
Unrecognized share in net loss in prior years	1,737,845	-
Other*	-	(2,117,035)
Carrying amount of interest in associate	P422,745,311	P422,745,311
Net sales	P3,756,605,107	P3,852,491,645
Net loss	(2,855,869)	(6,465,835)
Group's share in net loss	(P1,409,086)	(P3,190,243)

*Unrecognized prior period adjustments based on unaudited amounts

Investment in Joint Venture

AyaGold Retailers, Inc.

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

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

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

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

Pure Commerce, Inc.

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

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

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

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

	2024	2023
Balance at beginning of year	P100,423,852	P215,607,824
Share in net loss	-	(115,183,972)
Balance at end of year	P100,423,852	P100,423,852

In 2023, Entenso recognized share in net losses of Pure Commerce in excess of the cost of investment and advances 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 as at December 31, 2024 and 2023.

11. Property and Equipment

The movements in this account are as follows:

	Building	Furniture and Fixtures	Office and Store Equipment	Leasehold Improvements	Land	Construction in Progress	Total
Cost							
Balance, January 1, 2023	P7,534,625,576	P3,890,253,608	P13,228,241,182	P17,329,903,284	P6,698,385,230	P2,087,716,445	P50,769,125,325
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
Additions	521,178,233	279,450,767	1,047,693,766	642,464,599	-	5,160,429,252	7,651,216,617
Reclassifications/Adjustments	633,336,298	65,869,608	1,114,576,322	1,979,727,854	-	(3,771,592,607)	21,917,475
Disposals	-	(2,128,902)	(80,299,233)	-	-	-	(82,428,135)
Balance, December 31, 2024	9,224,770,964	4,685,622,495	17,237,234,408	22,543,779,593	7,570,827,145	4,315,171,319	65,577,405,924
Accumulated Depreciation							
Balance, January 1, 2023	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	-	(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
Depreciation	280,941,582	226,249,118	1,114,667,238	1,309,247,515	-	-	2,931,105,453
Reclassifications/Adjustments	(864,005)	(3,076,505)	(13,626,353)	(8,903,138)	-	-	(26,470,001)
Disposals	-	(2,120,209)	(80,298,937)	-	-	-	(82,419,146)
Balance, December 31, 2024	2,758,421,371	2,899,071,342	12,064,541,017	7,609,077,189	-	-	25,331,110,919
Carrying Amount							
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
December 31, 2024	P6,466,349,593	P1,786,551,153	P5,172,693,391	P14,934,702,404	P7,570,827,145	P4,315,171,319	P40,246,295,005

Interest expense on loans capitalized as part of property and equipment amounted to P12.1 million, P11.1 million and P10.9 million in 2024, 2023 and 2022, respectively (see Note 16).

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

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

The cost of fully depreciated property and equipment that are still being used in the Group's operations amounted to P10.4 billion and P9.8 billion as at December 31, 2024 and 2023, respectively.

12. Right-of-Use Assets

The movements in this account are as follows:

	2024	2023
Cost		
Balance at January 1	P49,253,060,461	P45,252,414,144
Additions	4,248,456,100	4,914,098,524
Terminated leases	(603,393,193)	(114,911,930)
Derecognition of right-of-use assets	(342,778,472)	(633,960,104)
Modifications to leases	(116,948,873)	(164,580,173)
Balance at December 31	52,438,396,023	49,253,060,461
Accumulated Depreciation		
Balance at January 1	17,576,979,477	15,302,839,734
Depreciation	2,766,985,285	2,640,856,225
Derecognition of right-of-use assets	(342,778,472)	(355,172,913)
Terminated leases	(56,778,924)	(28,248,910)
Other	-	16,705,341
Balance at December 31	19,944,407,366	17,576,979,477
Carrying Amount at December 31	P32,493,988,657	P31,676,080,984

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.

13. Goodwill and Other Intangibles

This account consists of:

	2024	2023
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	239,501,216	187,224,005
Leasehold rights - net	48,476,710	38,041,960
	P19,789,514,775	P19,726,802,814

Goodwill acquired in business combinations represents the excess of the purchase price over the fair value of net identifiable assets of acquired subsidiaries which represent the separate CGUs expected to benefit from that business combination.

The cost of goodwill allocated to the CGUs as at December 31, 2024 and 2023 follows:

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

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

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

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

VIU

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

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

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

As at December 31, 2024, 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:

	2024	2023
Cost		
Balance at January 1	P608,636,302	P514,306,537
Additions	115,948,571	94,329,765
Balance at December 31	724,584,873	608,636,302
Accumulated Amortization		
Balance at January 1	421,412,297	367,109,863
Amortization*	63,671,360	54,302,434
Balance at December 31	485,083,657	421,412,297
Carrying Amount At December 31	P239,501,216	P187,224,005

*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:

	2024	2023
Cost		
Balance at January 1	P75,955,005	P75,355,005
Additions	15,000,000	600,000
Balance at December 31	90,955,005	75,955,005
Accumulated Amortization		
Balance at January 1	37,913,045	34,037,794
Amortization*	4,565,250	3,875,251
Balance at December 31	42,478,295	37,913,045
Carrying Amount at December 31	P48,476,710	P38,041,960

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

On January 25, 2013, the Parent Company entered into a memorandum of agreement with various parties that paved the way for the acquisition of five stores previously owned and operated by the parties. Under the agreement, the parties agreed to sell to the Parent Company all merchandise inventories, equipment, furniture and fixtures as well as granting of rights to lease the buildings owned by parties for a period of 20 years. As a result of the transaction, the Parent Company recognized the excess of the purchase price over the fair value of tangible assets acquired as leasehold rights, which is amortized on a straight-line basis over the lease term.

14. Other Noncurrent Assets

This account consists of:

	Note	2024	2023
Security deposits	30	P2,809,245,853	P2,625,607,951
Advances to contractors		490,788,701	452,881,103
Accrued rent income		26,421,756	22,968,553
Others		7,879,160	7,879,160
		P3,334,335,470	P3,109,336,767

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

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

15. Trade and Other Payables

This account consists of:

	Note	2024	2023
Trade	24, 30	P21,569,506,577	17,561,775,652
Nontrade:	24, 30	1,918,853,278	2,026,205,064
Withholding taxes payable		265,908,951	288,000,534
Dividends payable	24	-	2,779,618,814
Accrued expenses:	30		
Manpower agency services		1,258,802,146	1,062,347,946
Fixed assets	25	769,473,614	881,161,832
Utilities		311,506,395	220,906,451
Rent		268,341,726	218,716,856
Supplies		69,271,924	118,848,880
Others		465,765,436	389,292,387
		P26,897,430,047	P25,546,874,423

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

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

16. Long-term Loans

This account consists of:

	Note	2024	2023
Unsecured Peso Denominated			
Fixed-rate Notes of Parent Company		P11,520,000,000	P11,640,000,000
Fixed-rate Notes of a subsidiary		5,200,000,000	-
		16,720,000,000	11,640,000,000
Unamortized Debt Issue Cost		(63,535,920)	(78,871,360)
	30	16,656,464,080	11,561,128,640
Current portion		(120,000,000)	(120,000,000)
Noncurrent portion		P16,536,464,080	P11,441,128,640

Fixed-rate Notes of Parent Company

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

The notes are subject to certain affirmative and negative covenants such as those relating to merger and consolidation, declaration of dividends and maintenance of financial ratios of at least 1.0x current ratio and not more than 2.5x debt-to-equity ratio, among others. The Parent Company is compliant with the loan covenants as at December 31, 2024 and 2023.

Long-term Loans of Subsidiary

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

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

The movements in debt issue cost are as follows:

	2024	2023
Balance at beginning of the year	P78,871,360	P94,206,800
Amortization	(15,335,440)	(15,335,440)
Balance at end of the year	P63,535,920	P78,871,360

Interest expense charged to profit or loss amounted to P691.0 million, P565.0 million and P518.7 million in 2024, 2023 and 2022, respectively.

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

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 27)	Lease Liabilities (Note 20)	Total
Balance at January 1, 2024	P11,561,128,640	P2,779,618,814	P41,725,797,212	P56,066,544,666
Changes from financing cash flows:				
Payment of loans	(120,000,000)	-	-	(120,000,000)
Lease payments	-	-	(4,481,620,138)	(4,481,620,138)
Payment of dividends	-	(5,358,646,587)	-	(5,358,646,587)
Total changes from financing cash flows	(120,000,000)	(5,358,646,587)	(4,481,620,138)	(9,960,266,725)
Other changes:				
<i>Liability-related</i>				
Additions	5,200,000,000	-	4,078,927,268	9,278,927,268
Transfer in	-	-	-	-
Amortization of debt issue cost	15,335,440	-	-	15,335,440
Other lease adjustments	-	-	2,168,181,479	2,168,181,479
Declaration of dividends	-	2,579,027,773	-	2,579,027,773
Total liability-related changes	5,215,335,440	2,579,027,773	6,247,108,747	14,041,471,960
Balance at December 31, 2024	P16,656,464,080	P -	P43,491,285,821	P60,147,749,901

	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

17. Other Current Liabilities

This account consists of:

	<i>Note</i>	2024	2023
Deposits from tenants	30	P303,610,308	P271,071,123
Unredeemed gift certificates		203,370,788	187,213,233
Unearned income from suppliers		131,169,143	177,793,421
VAT payable		77,711,655	307,898,418
Others	30	10,711,569	72,489,880
		P726,573,463	P1,016,466,075

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, 2024 and 2023. 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:

	2024	2023
Beginning balance	P187,213,233	P189,892,979
Add receipts	480,201,089	379,667,289
Less sales recognized	464,043,534	382,347,035
Ending balance	P203,370,788	P187,213,233

Others consist of commission payable and unearned rent income.

18. Revenue from Contract with Customers

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

	<i>Note</i>	2024	2023	2022
Net sales from stores		P219,171,530,016	P199,031,904,535	P184,302,944,650
Concession fee income	21	1,668,591,231	1,632,540,665	1,743,522,470
Membership fee income	21	857,442,735	778,436,637	670,476,386
Revenue from contract with customers		P221,697,563,982	P201,442,881,837	P186,716,943,506

19. Cost of Sales

This account for the years ended December 31 consists of:

	<i>Note</i>	2024	2023	2022
Beginning inventory	6	P27,308,803,049	P28,214,691,119	P21,558,632,962
Add purchases		181,765,704,623	162,711,785,898	157,139,330,617
Total goods available for sale		209,074,507,672	190,926,477,017	178,697,963,579
Less ending inventory	6	29,404,917,109	27,308,803,049	28,214,691,119
		P179,669,590,563	P163,617,673,968	P150,483,272,460

20. Leases

Lessee

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

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

	2024	2023
Due within one year	P1,360,069,036	P1,271,652,922
Due beyond one year	42,131,216,785	40,454,144,290
	P43,491,285,821	P41,725,797,212

The movements in lease liabilities are as follows:

	<i>Note</i>	2024	2023
Balance at January 1		P41,725,797,212	P39,219,731,431
Additions		4,078,927,268	4,120,812,073
Repayments		(4,481,620,138)	(3,906,373,857)
Accretion of interest expense		2,878,994,118	2,748,879,538
Terminations		(593,863,766)	(133,499,254)
Modifications		(116,948,873)	(323,752,719)
Balance at December 31	30	P43,491,285,821	P41,725,797,212

The Group derecognized right-of-use (ROU) assets amounting to P603 million and P115 million and the corresponding lease liabilities amounting to P594 million and P133 million, in 2024 and 2023, respectively. This is related to the termination of certain lease agreements in 2024 and 2023 due to closed stores and transition to new lessors.

Net gains of P54 million and P47 million resulting from these terminations were recognized under "Other Charges - net" in the consolidated statements of comprehensive income in 2024 and 2023, respectively (see Note 23).

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

	2024	2023
Less than one year	P4,466,017,547	P4,023,543,806
One to five years	17,937,490,129	15,804,458,793
More than five years	59,658,573,041	51,622,714,550
	P82,062,080,717	P71,450,717,149

The following are the amounts recognized in profit or loss:

	2024	2023
Variable lease payments not included in the measurement of lease liabilities	P394,017,064	P565,093,102
Expenses related to leases of low-value assets	165,791,931	25,271,464
Expenses related to short-term leases	23,125,276	20,448,762
Total rent expense	582,934,271	610,813,328
Interest accretion on lease liabilities	2,878,994,118	2,748,879,538
Depreciation charge for right-of-use assets	2,766,985,285	2,640,856,225
Gain from lease terminations	54,036,093	46,836,234

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

Security deposits under "Other noncurrent assets" in the consolidated statements of financial position amounted to P2.8 billion and P2.6 billion as at December 31, 2024 and 2023, respectively (see Note 14).

As Lessor

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

Rent income recognized in profit or loss amounted to P491.9 million, P472.0 million and P501.3 million in 2024, 2023 and 2022, respectively (see Note 21).

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

	2024	2023
Less than one year	P331,235,860	P315,926,540
One to two years	267,383,007	259,576,750
Two to three years	143,060,655	106,008,911
Three to four years	115,977,384	88,247,081
Four to five years	80,275,489	71,836,843
More than five years	1,178,716,572	1,187,250,601
	P2,116,648,967	P2,028,846,726

21. Other Revenue

This account consists of:

	<i>Note</i>	2024	2023	2022
Concession fee income	18	P1,668,591,231	P1,632,540,665	P1,743,522,470
Membership fee income	18	857,442,735	778,436,637	670,476,386
Rent income	20	491,934,220	472,034,786	501,337,594
Miscellaneous		491,125,127	392,159,939	268,451,975
		P3,509,093,313	P3,275,172,027	P3,183,788,425

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

22. Operating Expenses

This account consists of:

	<i>Note</i>	2024	2023	2022
Depreciation and amortization	11, 12, 13	P5,745,095,297	P5,020,019,254	P4,564,410,149
Manpower agency services		5,119,639,928	4,440,761,660	3,764,669,180
Communication, light and water		3,538,871,393	3,240,654,666	3,172,571,318
Salaries and wages		3,534,510,560	3,045,095,189	2,683,910,259
Taxes and licenses		1,264,254,433	1,143,057,821	1,018,664,555
Security services		1,164,644,733	1,140,059,725	1,040,650,849
Repairs and maintenance		981,858,160	861,921,252	706,700,802
Store and office supplies		789,073,069	866,390,052	819,558,765
Advertising and marketing		777,834,718	633,075,764	564,778,557
Transportation		655,545,914	578,654,742	507,247,761
Credit card charges		636,100,421	546,422,521	585,387,582
Rent	20	582,934,271	610,813,328	693,282,622
SSS/Medicare and HDMF contributions		375,878,180	306,726,922	247,187,601
Retirement benefits cost	25	336,493,750	904,911,727	272,768,815
Insurance		306,495,159	272,757,787	249,498,342
Janitorial and messengerial services		265,012,586	223,713,896	199,832,069
Other selling expenses		215,300,199	211,242,882	191,829,474
Input VAT on exempt sales		213,385,621	214,427,231	206,969,582
Fuel and oil		186,944,421	165,919,048	175,771,439
Representation and entertainment		179,012,312	181,699,709	152,851,109
Professional fees		83,239,939	70,075,359	43,684,770
Royalty	24	72,181,209	66,586,933	61,871,915
Donations and contributions		802,411	11,608,252	55,763,357
Miscellaneous		783,856,651	580,257,502	542,272,268
		P27,808,965,335	P25,336,853,222	P22,522,133,140

23. Others

This account consists of:

	Note	2024	2023	2022
Gain from lease terminations	20	P54,036,093	P46,836,234	P4,593,117
Unrealized valuation gain (loss) on financial assets at FVTPL	7	(4,612,107)	6,405,009	(323,662)
Bank charges		(2,008,108)	(2,348,379)	(2,307,233)
Dividend income	7	1,714,641	1,400,010	1,119,623
Gain (loss) from insurance claims		-	-	(1,587,440)
Gain (loss) from sale of financial assets	7	-	6,524,397	-
		P49,130,519	P58,817,271	P1,494,405

24. Related Party Transactions

Other than the items disclosed in Note 1, 9, 10, 11 and 14, the Group's significant transactions and balances with related parties 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 15)	Nontrade Payable, Loans and Lease Liabilities (see Notes 15, 16 and 20)	Due to Related Parties	Terms	Conditions
Parent										
Dividends	2024		P1,269,780,469	P -	P -	P -	P -	P -	Due and demandable	Unsecured
	2023		1,368,541,172	-	-	-	1,368,541,172	-	Due and demandable	Unsecured
Entities under Common Control										
Leases	2024	a	1,489,152,337	-	873,183	-	5,666,129,849	-	Due and demandable	Unsecured; no impairment
	2023		1,435,782,104	-	675,925	-	5,914,731,850	-	Due and demandable	Unsecured
Purchase of inventories	2024		4,662,496,369	-	-	734,478,746	-	-	Due and demandable	Unsecured
	2023		4,224,885,924	-	-	623,531,962	-	-	Due and demandable	Unsecured
Sale of merchandise	2024		228,376,010	279,155,948	-	-	-	-	Due and demandable	Unsecured; no impairment
	2023		219,362,017	297,220,752	-	-	-	-	Due and demandable	Unsecured; no impairment
Security deposits	2024	a	25,243,398	-	207,547,359	-	105,511	-	Due and demandable	Unsecured; no impairment
	2023		45,126,075	-	19,662	-	1,225,038	-	Due and demandable	Unsecured
Management fee	2024		22,479,409	-	-	-	3,461,542	-	Due and demandable	Unsecured
	2023		18,708,226	-	-	-	3,982,137	-	Due and demandable	Unsecured
Fixed asset	2024		5,242,182	-	133,315,395	-	148,661	-	Due and demandable	Unsecured
	2023		9,972,531	-	136,570,848	-	-	-	Due and demandable	Unsecured
Loans	2024	c	-	-	-	-	-	-	Due and demandable	Unsecured
	2023		2,491,576	-	-	-	2,491,576	-	Due and demandable	Unsecured
Expense reimbursement	2024		417,037,354	-	18,568,169	-	39,957,719	-	Due and demandable	Unsecured
	2023		331,678,813	-	16,796,025	-	45,403,052	-	Due and demandable	Unsecured
Stockholder										
Royalty expense	2024	b	72,181,209	-	-	-	-	57,743,189	30 years and subject to renewal	Unsecured
	2023		66,586,933	-	-	-	-	53,269,546	30 years and subject to renewal	Unsecured
Leases	2024	a	29,667,019	-	-	-	-	-	Due and demandable	Unsecured
	2023		27,978,752	-	-	-	-	-	Due and demandable	Unsecured
Key Management Personnel										
Short-term benefits	2024		57,679,084	-	-	-	-	-	Due and demandable	Unsecured
	2023		50,063,679	-	-	-	-	-	Due and demandable	Unsecured
Total	2024			P279,155,948	P360,304,106	P734,478,746	P5,709,803,282	P57,743,189		
Total	2023			P297,220,752	P154,062,460	P623,531,962	P7,336,374,825	P53,269,546		

a. Leases - Group as a Lessee

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

b. License Agreement

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

c. Loans

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

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

Significant Related Party Transactions and Balances Eliminated During Consolidation

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

	2024	2023
Sales	P3,125,378	P1,507,608
Trade receivable	3,125,378	1,507,608

b. Dividend received by the Parent Company from KMC:

	Amount of Transaction	2024	2023
Dividend received	P1,290,593,345	P1,290,593,345	P1,491,655,123

25. Other Noncurrent Liabilities

This account consists of:

	Note	2024	2023
Retirement benefits liability		P2,003,434,701	P2,020,732,372
Accrued fixed assets - net of current	15	289,808,552	567,279,376
		P2,293,243,253	P2,588,011,748

a. *Retirement Benefits*

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

Salient Provisions of the Retirement Plan

Normal Retirement (Minimum Retirement Law, RA 7641)

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

On January 23, 2023, the Parent entity adopted a formal retirement plan with updates on the compulsory retirement benefit and the voluntary retirement benefit scheme. The plan provides retirement benefits upon the compulsory retirement at the age of sixty-five (65) or upon voluntary retirement at age sixty (60) or more but not more than age sixty-five (65) with at least five (5) years in service. This is a multi-employer retirement plan, non-contributory, which provides a retirement benefit ranging from 22.5 days pay up to 45 days pay for every year of service.

The reconciliation of the liability recognized in the consolidated statements of financial position as at December 31 is as follows:

	2024	2023
Present value of defined benefit obligation	P2,035,674,814	P2,051,601,544
Fair value of plan assets	(32,240,113)	(30,869,172)
Retirement benefits liability	P2,003,434,701	P2,020,732,372

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

	2024	2023
Balance at January 1	P2,051,601,544	P1,029,323,469
Included in Profit or Loss		
Current service cost	223,241,318	236,633,376
Interest cost	115,141,625	109,207,808
Past service cost	-	561,386,378
	338,382,943	907,227,562
Benefits paid/Transfer to Affiliated Company	(7,376,461)	(5,050,016)
Included in Other Comprehensive Income		
Remeasurements gain:		
Actuarial losses (gains) arising from:		
Financial assumptions	(22,455,648)	357,183,550
Demographic assumptions	(232,067,563)	-
Experience adjustments	(92,410,001)	(237,083,021)
	(346,933,212)	120,100,529
Balance at December 31	P2,035,674,814	P2,051,601,544

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

	2024	2023
Beginning of the year	P30,869,172	P29,502,339
Interest income	1,889,193	2,130,069
Remeasurement loss	(518,252)	(763,236)
End of the year	P32,240,113	P30,869,172

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

	2024	2023
Beginning of year	(P641,137,633)	(P762,001,397)
Actuarial gain (losses) for the year	(346,414,960)	120,863,764
Ending balance	(P987,552,593)	(P641,137,633)

The cumulative actuarial gain or loss, net of income tax effect, amounted to P751.6 million and P491.3 million as at December 31, 2024 and 2023, 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:

	2024	2023
Cash in banks	P205,076	P591,957
Debt instruments - government securities	11,936,317	16,418,120
Trust fees payable	(6,679)	(9,813)
Other receivables	20,105,399	13,868,908
	P32,240,113	P30,869,172

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

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

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

	2024	2023
Discount rate	6.07%	6.12%
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, 2024 and 2023 are 23.0 years and 23.2 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:

2024

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

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)

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:

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

	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

b. Accrued Fixed Assets

Accrued fixed assets pertains to the remaining obligations for the purchase of a parcel of land, which is payable until 2027. The current portion amounting to P266.1 million and P276.6 million as at December 31, 2024 and 2023 is included in "Trade and other payables" account (see Note 15).

26. Income Taxes

The components of income tax expense are as follows:

	2024	2023	2022
Current tax expense	P3,340,384,187	P3,120,096,350	P3,192,461,050
Deferred tax benefit	(320,632,686)	(502,397,257)	(255,356,976)
	P3,019,751,501	P2,617,699,093	P2,937,104,074

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:

	2024	2023	2022
Income before income tax	P13,444,110,599	P11,213,220,428	P12,224,530,932
Income tax expense at the statutory income tax rates:			
Regular - 25%	P3,672,137,300	P3,159,833,695	P3,352,341,131
Special - 5%	1,799,976	1,778,211	3,048,313
Income tax effects of:			
Interest income subject to final tax	(364,157,405)	(321,768,228)	(167,896,798)
Dividend income exempt from tax	(326,351,018)	(376,792,451)	(313,023,209)
Nondeductible interest expense	90,163,764	77,554,584	36,097,624
Nontaxable income	(71,551,336)	(2,026,441)	(2,485,932)
Nondeductible other expenses	16,399,266	59,705,211	16,224,388
Changes in unrecognized DTA/DTL	1,310,954	21,045,611	12,798,557
Other income subject to final tax	-	(1,631,099)	-
	P3,019,751,501	P2,617,699,093	P2,937,104,074

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

The components of the Group's deferred tax assets (DTA) net of deferred tax liabilities (DTL) in respect to the following temporary differences are shown below:

	2024		2023	
	Amount	DTA (DTL)	Amount	DTA (DTL)
PFRS 16*	P11,473,517,165	P2,897,857,051	P10,643,953,381	P2,660,988,345
Retirement benefits liability	2,989,595,449	747,398,862	2,661,587,294	665,396,824
NOLCO	41,032,182	10,258,046	-	-
Allowance for impairment losses on receivables	7,462,327	1,865,582	7,462,327	1,865,582
MCIT	859,191	859,191	-	-
Recognition of DTA due to merger	389,731	97,433	389,731	97,433
DTA	14,512,856,045	3,658,336,165	13,313,392,733	3,328,348,184
Fair value of intangible assets from business combination	(4,599,113,528)	(1,149,778,382)	(4,599,113,528)	(1,149,778,382)
Actuarial gain	(982,687,883)	(245,671,971)	(638,299,344)	(159,574,836)
Accrued rent income	(26,421,756)	(6,605,439)	(13,482,940)	(3,370,735)
DTL	(5,608,223,167)	(1,402,055,792)	(5,250,895,812)	(1,312,723,953)
Net	P8,904,632,878	P2,256,280,373	P8,062,496,921	P2,015,624,231

*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 P2.9 billion and P2.6 billion in 2024 and 2023, 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.

27. 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:

	2024	2023	2022
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)	(38,627,680)
	2,865,586,406	2,865,586,406	2,865,586,406

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

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

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

Treasury Stock

The movement on this account is as follows:

	2024	2023	2022
Balance at beginning of year	38,627,680	38,627,680	35,677,680
Additions	-	-	2,950,000
Balance at end of year	38,627,680	38,627,680	38,627,680

The Group's treasury stock consists of:

	2024	2023	2022
Parent Company's treasury stock	24,076,471	24,076,471	24,076,471
Treasury stock due to merger	14,551,209	14,551,209	14,551,209
Balance at end of year	38,627,680	38,627,680	38,627,680

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

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

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

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

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

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

Retained Earnings

Dividends Declaration

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

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

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

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

Appropriation

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

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

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

28. Segment Information

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

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

29. Basic/Diluted EPS

Basic/Diluted EPS is computed as follows:

	<i>Note</i>	2024	2023	2022
Net income (a)		P10,424,359,098	P8,595,521,335	P9,287,426,858
Weighted average number of ordinary shares (b)	27	2,865,586,406	2,865,586,406	2,866,536,406
Basic/diluted EPS (a/b)		P3.64	P3.00	P3.24

As at December 31, 2024, 2023 and 2022, the Group has no dilutive debt or equity instruments.

30. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

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

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

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

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

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

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

Credit Risk

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

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

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

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

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

	Note	2024	2023
Cash in banks and cash equivalents	4	P24,642,695,852	P40,587,748,558
Receivables - net	5	6,176,776,482	4,669,290,509
Short-term investments	7	15,256,652,738	-
Government securities	7	4,579,062,733	4,588,450,000
Time deposits	8	4,556,715,889	-
Security deposits*	14	2,809,245,853	2,625,607,951
		P58,021,149,547	P52,471,097,018

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

**Included under noncurrent assets.*

	As of December 31, 2023			Total
	Grade A	Grade B	Grade C	
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
Government securities	4,588,450,000	-	-	4,588,450,000
Security deposits*	2,625,607,951	-	-	2,625,607,951
	P51,572,755,882	P898,341,136	P -	P52,471,097,018

*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:

- 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.
- 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.
- 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.
- 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:

	2024		2023	
	Gross Amount	Impairment	Gross Amount	Impairment
Current	P4,211,303,124	P -	P3,769,863,323	P -
Past due 1 - 30 days	660,629,594	-	427,763,286	-
Past due 31 - 60 days	415,211,323	-	9,947,767	-
More than 60 days	897,094,768	7,462,327	469,178,460	7,462,327
	P6,184,238,809	P7,462,327	P4,676,752,836	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, 2024					
	Carrying Amount	Contractual Cash Flows	1 Year or Less	More than 1 Year - 5 Years	More than 5 Years
Financial Liabilities					
Trade and other payables*	P26,365,404,166	P26,365,404,166	P26,365,404,166	P -	P -
Due to related parties	57,743,189	57,743,189	57,743,189	-	-
Lease liabilities	43,491,285,821	82,062,080,717	4,466,017,547	17,937,490,129	59,658,573,041
Long-term loans including current portion**	16,656,464,080	19,534,029,299	900,887,829	13,926,853,773	4,706,287,697
Accrued fixed assets	555,925,480	720,956,160	320,424,960	400,531,200	-
Other current liabilities***	314,321,877	314,321,877	314,321,877	-	-

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

**contractual cash flows include future interest payment

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

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 Notes 15 and 25)

**contractual cash flows include future interest payment

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

Interest Rate Risk

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

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

	2024	2023	2022
Financial assets at amortized cost:			
Cash in banks	P18,753,754,097	P16,394,013,918	P12,567,230,455
Money market placements	5,888,941,755	24,193,734,640	25,071,732,805
Time deposits	4,556,715,889	-	-
Financial assets at fair value through profit or loss:			
Short-term investments	15,256,652,738	-	-
Government securities	4,579,062,733	4,588,450,000	4,268,095,378
	P49,035,127,212	P45,176,198,558	P41,907,058,638

Sensitivity Analysis

A 2.0% increase in interest rates would have increased equity and net income by P43.8 million, P67.8 million and P62.9 million in 2024, 2023 and 2022, respectively. A 2.0% decrease in interest rates would have had the equal but opposite effect. Assuming a 10.0% interest rate and on the basis that all other variables remain constant.

Other Market Price Risk

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

Capital Management

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

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

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

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

The Group is not subject to externally imposed requirements.

Fair Values of Financial Assets and Liabilities

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

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

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

Financial Assets at FVTPL

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

Security Deposits

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

Long-term Loans, Lease Liabilities and Accrued Fixed Assets

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

Fair Value Hierarchy

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

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

As at December 31, 2024 and 2023, the Group's investments in equity securities classified as financial assets at fair value through profit or loss (FVTPL) are categorized under Level 1 of the fair value hierarchy, while the investments in government securities and short-term investments are classified under Level 2.



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Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

**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, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 included in this Form 17-A, and have issued our report thereon dated April 15, 2025.

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

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

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 read 'Darwin P. Virocel', written over a horizontal line.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

SEC Accreditation No. 94495-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and up to audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2022

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

PTR No. MKT 10467159

Issued January 2, 2025 at Makati City

April 15, 2025

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	P24,642,695,852	P24,642,695,852	P384,513,280
Various banks/Time deposits	N/A	4,556,715,889	4,556,715,889	98,851,854
Various banks/Short-term investments	N/A	15,256,652,738	15,256,652,738	795,950,455
Various customers and suppliers/Receivables - net	N/A	6,176,776,483	6,176,776,483	-
Various lessors/Security deposit	N/A	2,809,245,853	2,809,245,853	-
Bureau of Treasury (BTR)/Government securities	4,588,450,000	4,579,062,733	4,579,062,733	197,773,754
Various publicly-listed companies/Equity securities	959,578	42,465,103	42,465,103	(4,612,107)**
		P58,063,614,651	P58,063,614,651	P1,472,477,236

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	P4,529,846	P69,740	(P4,504,921)	P -	P94,665	P -	P94,665
Various employees	8,920,754	444,919	(5,823,239)	-	3,542,434	-	3,542,434
	P13,450,600	P514,659	(P10,328,160)	P -	P3,637,099	P -	P3,637,099

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	P1,544,289,784	P51,575,804	(P1,544,289,784)	P -	P51,575,804	P -	P51,575,804
Puregold Price Club, Inc.	109,149,710	96,153,955	(109,149,710)	-	96,153,955	-	96,153,955
	P1,653,439,494	P147,729,759	(P1,653,439,494)	P -	P147,729,759	P -	P147,729,759

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	P3,360,000,000	P35,000,000	P3,325,000,000	4.5%	N/A	September 30, 2030
	Development Bank of the Philippines	2,880,000,000	30,000,000	2,850,000,000	4.0%	N/A	September 30, 2027
	Keb Hana Bank	480,000,000	5,000,000	475,000,000	4.0%	N/A	September 30, 2027
	Land Bank of the Philippines	1,440,000,000	15,000,000	1,425,000,000	4.0%	N/A	September 30, 2027
	Land Bank of the Philippines	1,440,000,000	15,000,000	1,425,000,000	4.5%	N/A	September 30, 2030
	Metropolitan Bank & Trust Co.	960,000,000	10,000,000	950,000,000	4.0%	N/A	September 30, 2027
	Shinhan Bank	480,000,000	5,000,000	475,000,000	4.0%	N/A	September 30, 2027
	The Insular Life Assurance Company, Ltd.	480,000,000	5,000,000	475,000,000	4.0%	N/A	September 30, 2027
	BDO Unibank	400,000,000	-	400,000,000	5.2%	N/A	March 25, 2027
	BDO Unibank	600,000,000	-	600,000,000	5.2%	N/A	April 8, 2027
	BDO Unibank	600,000,000	-	600,000,000	5.2%	N/A	May 7, 2027
	BDO Unibank	800,000,000	-	800,000,000	5.2%	N/A	June 4, 2027
	Metropolitan Bank & Trust Co.	1,600,000,000	-	1,600,000,000	5.3%	N/A	June 4, 2027
	BDO Unibank	500,000,000	-	500,000,000	5.2%	N/A	August 14, 2029
	BDO Unibank	350,000,000	-	350,000,000	5.2%	N/A	November 16, 2029
	BDO Unibank	350,000,000	-	350,000,000	5.2%	N/A	November 30, 2029
Totals		P16,720,000,000	P120,000,000	P16,600,000,000			

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

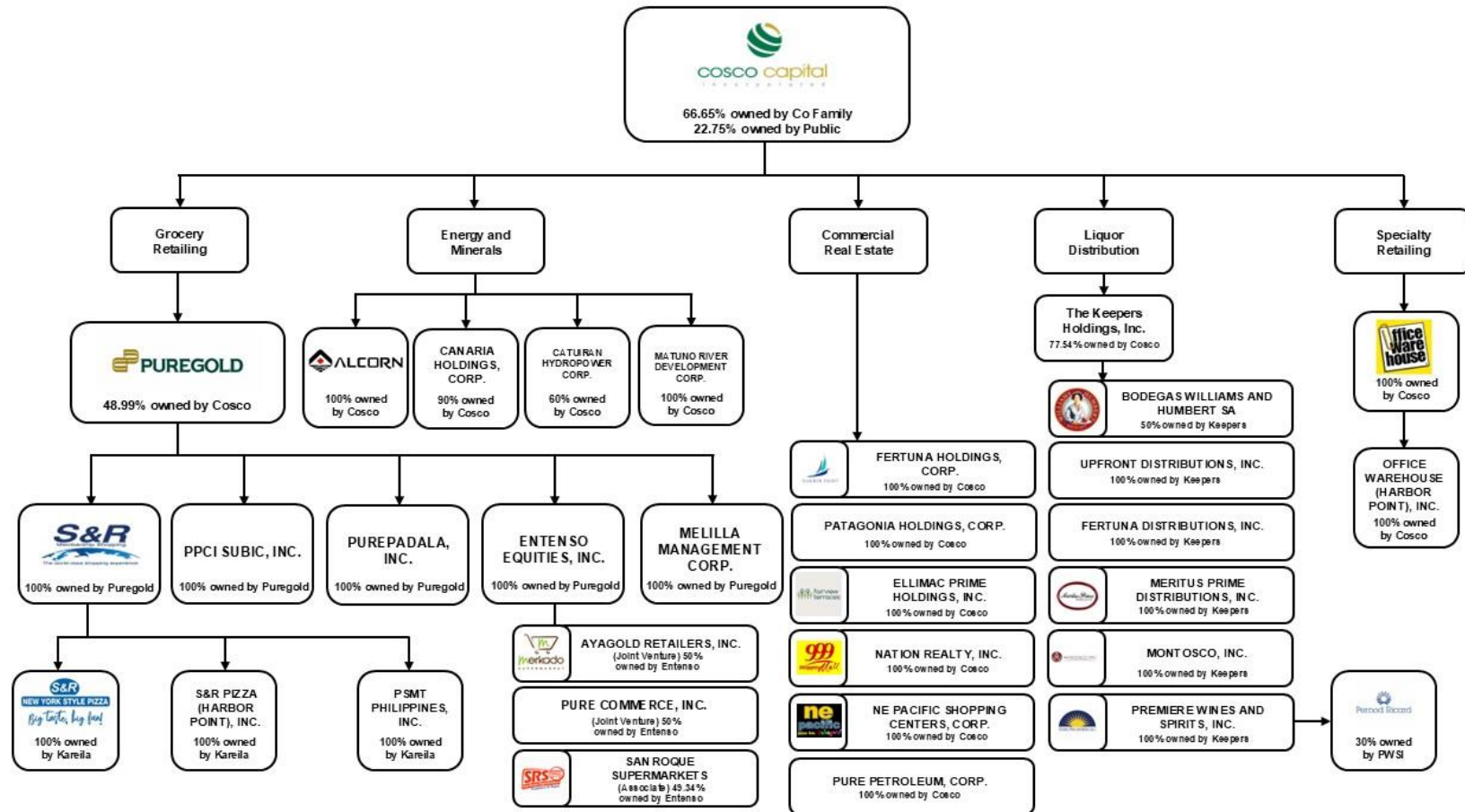
Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee
--	---	---	---	---------------------

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	453,148,567	-

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES
Map of Group of Companies Within which the Company Belongs
As at December 31, 2024



**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024**

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

Unappropriated Retained Earnings, beginning of the reporting period		P33,257,729,263
Add: <u>Category A</u>: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings		
Appropriation/s		
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	(P2,592,123,855)	
Retained Earnings appropriated during the reporting period	(15,000,000,000)	
Effects of restatements or prior-period adjustments		
Others (describe nature)		(17,592,123,855)
Unappropriated Retained Earnings, as adjusted		15,665,605,408
Add: Net Income for the current year		6,485,671,942
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	(286,401,563)	
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		(286,401,563)

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

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

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

P6,199,270,379

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	
Total amount of reporting relief granted during the year	
Others (describe nature)	
Sub-total	
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	(P68,740,963)
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	(134,948,807)
Adjustment due to deviation from PFRS/GAAP - gain (loss)	
Others (describe nature)	
Sub-total	(P203,689,770)
Total Retained Earnings, end of the reporting period available for dividend	P21,661,186,017



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Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

**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 and for the years ended December 31, 2024 and 2023, and have issued our report thereon dated April 15, 2025.

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) Accounting Standards 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

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

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 (SRC) 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 Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the years ended December 31, 2024 and 2023 and no material exceptions were noted.

R.G. MANABAT & CO.

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

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

SEC Accreditation No. 94495-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and up to audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2022

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

PTR No. MKT 10467159

Issued January 2, 2025 at Makati City

April 15, 2025

Makati City, Metro Manila

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS FOR
ALL SECONDARY LICENSEES AND PUBLIC COMPANIES
DECEMBER 31, 2024 AND 2023

	2024	2023
Current Assets	P88,957,330,274	P79,191,703,114
Current Liabilities	30,164,476,927	28,867,356,556
Current Ratio	2.95:1.00	2.74:1.00
Total Liabilities	P91,125,401,045	P83,350,641,234
Shareholder's Equity	96,475,512,672	88,369,881,193
Debt to Equity Ratio	0.94:1.00	0.94:1.00
Total Asset	P187,600,913,717	P171,720,522,427
Total Liabilities	91,125,401,045	83,350,641,234
Asset to Liability Ratio	2.06:1.00	2.06:1.00
Total Assets	P187,600,913,717	P171,720,522,427
Shareholder's Equity	96,475,512,672	88,369,881,193
Asset to Equity Ratio	1.94:1.00	1.94:1.00
Earnings before Interest Expense and Taxes	P15,202,067,431	P13,352,549,372
Interest Expense	3,569,959,134	3,313,825,011
Interest Rate Coverage Ratio	4:26:1.00	4.03:1.00
Net Income	P10,424,359,098	P8,595,521,335
Average Total Assets	179,660,718,072	167,759,018,379
Return on Asset Ratio	0.06:1.00	0.05:1.00
Net Income	P10,424,359,098	P8,595,521,335
Average Shareholder's Equity	92,422,696,933	85,507,241,246
Return on Equity	0.11:1.00	0.10:1.00
Gross Profit	P39,501,939,453	P35,414,230,567
Net Sales	219,171,530,016	199,031,904,535
Gross Profit Ratio	0.18:1.00	0.18:1.00
Net Income	P10,424,359,098	P8,595,521,335
Net Sales	219,171,530,016	199,031,904,535
Net Profit Ratio	0.05:1.00	0.04:1.00

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF EXTERNAL
AUDITOR FEE-RELATED INFORMATION
December 31, 2024

	2024	2023
Total Audit Fees	P7,549,500	P6,570,000
Non-audit services fees:		
Other assurance services	-	P6,100,000
Tax services	-	-
All other services	-	-
Total Non-audit Fees	-	6,100,000
Total Audit and Non-audit Fees	P7,549,500	P12,670,000
Audit and Non-audit Fees of Other Related Entities		
Audit fees	P -	P -
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Audit and Non-audit Fees of Other Related Entities	P -	P -



SECURITIES AND EXCHANGE COMMISSION

THE SEC HEADQUARTERS 7907 Makati Avenue, Salcedo Village, Bel-Air, Makati City
1209 Trunk Line No:02-5322-7696 Email Us:www.sec.gov.ph/imessagemo@sec.gov.ph



The following document has been received:

ANNEX "J"

Receiving: Ma. Theresa Mabuyo

Receipt Date and Time: April 15, 2025 11:25:43 PM

Company Information

SEC Registration No.: A199813754

Company Name: PUREGOLD PRICE CLUB, INC.

Industry Classification: G51399

Company Type: Stock Corporation

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April 15, 2025

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

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

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

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

Gentlemen:

For submission is the attached Annual Report (SEC Form 17-A) of Puregold Price Club, Inc. for the year 2024.

Very truly yours,


Atty. Jewelyn A. Jumalon
Assistant Corporate Secretary and
Compliance Officer

COVER SHEET

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SEC Registration Number

[illegible]

(Company's Full Name)

[illegible]

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

JEWELYN A. JUMALON

(Contact Person)

(63) 917 861 2459

(Company Telephone Number)

1	2
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Month

3	1
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Day

SEC FORM 17-A

(Form Type)

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Month

1	3
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Day

(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

	Total

Domestic

Foreign

/ SEC Personnel concerned

[illegible]

File Number

LCU

[illegible]

Document ID

Cashier

STAMPS

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, 2024**

For the fiscal year ended December 31, 2024

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, Philippine**

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, 2024	Market Value per Share as of December 31, 2024 (Non-Affiliates)	Total Market Value as of December 31, 2024
1,001,570,651	P30,898,454,583.30	P88,852,245,422.70

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.
- 2024 Consolidated Audited Financial Statements (**Annex "B"**) – incorporated as reference for Items 2 (viii), 7, and 12.
- 2024 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).



TABLE OF CONTENTS

Items	Page
Part 1: Business and General Information	
1 Business	4
2 Properties	14
3 Legal Proceedings	14
4 Submission of Matters to a Vote of Security Holders	14
Part 2: Operational and Financial Information	
5 Market for Issuer's Common Equity and Related Stockholder Matters	15
6 Management's Discussion and Analysis of Financial Position and Results of Operation	16
7 Financial Statements	17
8 Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	17
Part 3: Control and Compensation Information	
9 Directors and Executive Officers of the Issuer	17
10 Executive Compensation	19
11 Security Ownership of Certain Beneficial Owners and Management	20
12 Certain Relationships and Related Transactions	23
13 Part 4: Corporate Governance	23
Part 5: Exhibits And Schedules	
14 Exhibits and Reports on SEC Form 17-C	24
Signature Page	28
Annexes	
Management Discussion and Analysis of Financial Position	Annex "A"
2024 Audited Financial Statements	Annex "B"
2024 Sustainability Report	Annex "C"
Business Profile of Directors and Key Officers	Annex "D"
List of Registered Trademarks	Annex "E"

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 637 retail stores carrying the brand names "Puregold" or "S&R," with a combined 719,575 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, 2024, the Company has a total of 637 retail stores consisting of:

511	Puregold Stores
29	S&R Membership Shopping Warehouse
62	S&R New York Style Pizza (QSR)
32	San Roque Supermarkets
3	Merkado Supermarkets

They are divided into four store models:

349	Hypermarket
131	Supermarket
30	Extras
36	Minimart
29	Membership Warehouses
62	Quick-Service Restaurants

The Company is present all over the Philippines:

32%	201 stores	National Capital Region
26%	168 stores	North Luzon
29%	185 stores	South Luzon
10%	64 stores	Visayas
3%	19 stores	Mindanao

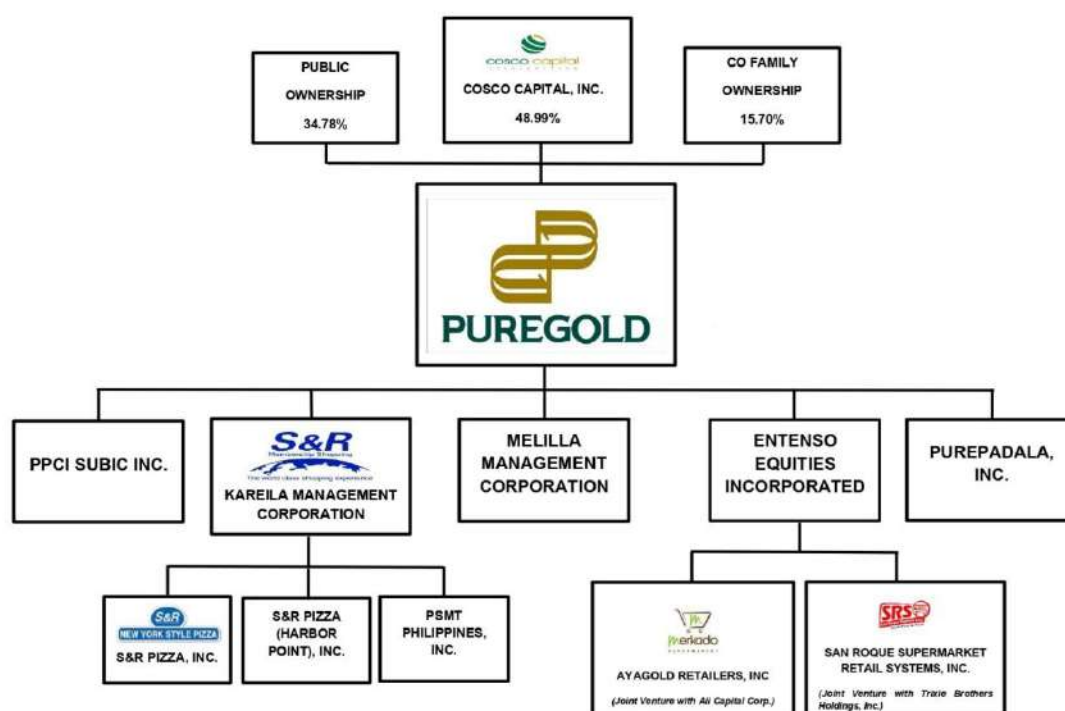
The Company has five wholly-owned subsidiaries:

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 32 nd Street, 5 th 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 2024, 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 15,000 to 18,000 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
- 10,000 to 15,000 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 2,000 to 3,000
- 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 5,000 average net selling space
- also sells locally produced products that provides value to members. These products maybe locally produced or imported, and mostly in bigger packs

S&R New York Style Pizza (Quick-Service Restaurants)

- with 90 square meters average net selling space
- works like an extension of S&R warehouse club that has a food service section that sells fast food style pizza and other food products
- added concept and expanded into malls and stand-alone locations nationwide

Merkado

- with up to 2,000 square meters of the selling area
- offers up to 20,000 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 75% 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 25% 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 50% of its products. It currently operates nine (9) distribution centers.

(iv) New Products or Services

On December 27, 2024, Puregold acquired Puremart stores, including its leasehold improvements, furniture and fixtures, equipment and merchandise inventory from Tower 6789 Corporation, which consists of one hundred fifty-three (153) stores located across Metro Manila, CAMANAVA, Rizal, Bulacan, and South Luzon

(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, and continue to work with Local community manufacturers and suppliers. In this regard, a collaboration was made with vendors and manufacturers to produce the products using quality specifications that will provide best value to the members.

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” (Above P130,000 income) and also the upper middle class (upper C class) market segments with an average income of over P76,000 - P130,000 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 2024 Consolidated Audited Financial Statements (Annex “B”).

(ix) Trademarks

As of December 31, 2024, the Company has secured the registration of 82 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

The Company has 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.

The Company has also secured the necessary permits to sell products that require special inspection permits from various government agencies such as, but not limited to, 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.

(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 P52.4 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, 2024. The following table sets out specific details of the employees by location and functions:

Location	Puregold	Merkado	San Roque	Entenso	S&R
Stores	7,926	36	56	-	4,217
Head Office	951	-	95	5	560
Total	8,872	36	151	5	4,777

Rank	Puregold	Merkado	San Roque	Entenso	S&R
Executive	12	-	3	-	27
Senior Manager	28	-	-	-	124
Manager	390	1	4	2	339
Officer	870	3	3	1	39
Supervisor	4,122	13	18	2	1,357
Rank & File	3,450	19	118	-	2,881
Consultant	8	-	5	-	10
Total	8,880	36	151	5	4,777

Puregold anticipates employing approximately 1,025 employees within the next 12 months for the planned 25 to 30 Puregold stores. S&R plans to hire 360 new employees for the planned 12 QSRs and 450 employees for 3 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 2024 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, 2024, 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	30	32	131
South Luzon	8	33	39	115
Metro Manila	2	34	37	124
Visayas	2	3	4	52
Mindanao	-	3	3	18
Total Number	14	103	115	440
Total Square Meters	37,328.57	356,598.77	348,075.83	847,573.40

(b) S&R's real properties:

Location	Owned parcels of land	Owned buildings	Leased parcels of land	Leased buildings
North Luzon	-	5	5	-
South Luzon	1	8	7	-
Metro Manila	-	12	12	-
Visayas	-	3	3	-
Mindanao	-	2	2	-
Total Number	1	30	29	-
Total Square Meters	20,871	291,999.23	516,976.58	-

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 2024 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 2024 are stated below:

Period	2022		2023		2024	
	High	Low	High	Low	High	Low
1 st Quarter	39.35	31.80	36.20	31.80	28.00	25.50
2 nd Quarter	37.75	30.10	33.40	30.10	26.70	22.80
3 rd Quarter	36.00	28.25	30.00	28.25	32.05	24.20
4 th Quarter	35.50	26.70	29.75	26.70	34.45	29.30

As of December 31, 2024, the Company's share is trading at P30.85 per share.

(B) Stockholders

The Company's top 20 stockholders as of December 31, 2024:

1	Cosco Capital, Inc.	1,410,867,188	48.58%
2	PCD Nominee Corp. (Non-Filipino)	538,723,487	18.55%
3	PCD Nominee Corp. (Filipino)	463,099,395	15.94%
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	1,226,000	0.04%
11	Leonardo B. Dayao and/or Marcosa B. Dayao	739,925	0.02%
12	Edwin U. Lim	25,000	0.00%
13	Elvira M. Cruz and/or Bernardo A. Cruz	12,000	0.00%
14	Mary Rose M. Ong	3,000	0.00%
15	Henry C. Ong ITF Enrico Luis M. Ong	2,000	0.00%
	Regina Capital Dev. Corp. 000351	2,000	0.00%
16	Pacifico B. Tacub	1,600	0.00%
17	Antonio B. Ramos	1,000	0.00%
	Theresita O. Tan	1,000	0.00%
18	Racquel Joy O. Young	1,000	0.00%
	Stephen G. Soliven	500	0.00%
19	Anthony G. Sy	450	0.00%
20	Atty. Jesus P. Wisco or Cresencia B. Wisco	400	0.00%

(C) Dividends

The Company's dividends from 2012 to 2024 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 10, 2019	R – P0.20 and S – P0.20 per share	December 27, 2019	January 24, 2020
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
May 14, 2024	R – P0.90 per share	May 29, 2024	June 21, 2024

The Company's Cash Dividends are declared upon the approval of the board of directors, depending on the Company's available cash and profitability. This declaration does not require the assent of the Stockholders.

Declaration of Stock or Property Dividends require prior approval of the stockholders and the SEC. To date, the Company has not yet declared any stock or property dividends.

(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 2024 Consolidated Audited Financial Statements of the Company (Annex “B”).

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

None.

(a) Audit Fees

Puregold Price Club, Inc. and Subsidiaries	2023	2024
	P6,576,000	P7,549,500

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	67	Filipino	Chairman of the Board
2	Mr. Lucio Co	70	Filipino	Regular / Executive Director
3	Mr. Ferdinand Vincent Co	43	Filipino	President
4	Ms. Pamela Justine Co - Yuyitung	40	Filipino	Regular / Executive Director
5	Mr. Leonardo Dayao	81	Filipino	Regular / Executive Director
6	Mr. Jack Huang	71	Filipino	Regular / Non-Executive Director
7	Mr. Jaime Dela Rosa	80	Filipino	Independent Director
8	Mr. Gil Genio	65	Filipino	Independent Director
9	Mr. Emmanuel Herbosa	71	Filipino	Independent Director

The Company appointed Mr. Levi Labra as its Board Adviser.

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	67	Filipino	Chairman of the Board
2	Mr. Ferdinand Vincent Co	43	Filipino	President
3	Mr. Lucio Co	70	Filipino	Executive Director
4	Mr. Anthony Sy	64	Filipino	President - S&R
5	Mr. Antonio Delos Santos	52	Filipino	Vice – President for Operations
6	Mr. Joseph Sy	61	Filipino	Vice – President for Operations
7	Mr. Renato Bechayda	57	Filipino	Vice – President for Operations
8	Ms. Denise Maria Carolino	61	Filipino	Vice – President for Administration
9	Ms. Maricel Cambe	51	Filipino	Vice – President for Financial Accounting
10	Mr. Kenneth Tiu	49	Filipino	Vice – President for Financial Accounting
11	Ms. Emelda Bechayda	58	Filipino	Vice – President for Treasury
12	Ms. Gisela Altura	55	Filipino	S&R Financial Comptroller
13	Ms. Katrina Marie Co - Go	31	Filipino	Treasurer
14	Ms. Elvira Gutierrez	54	Filipino	Vice – President for Human Resources
15	Mr. Edgar Tacorda	48	Filipino	Internal Auditor & Risk Officer
16	Atty. Andres Santos	74	Filipino	Legal Counsel
17	Ms. Baby Gerlie Sacro	45	Filipino	Corporate Secretary
18	Atty. Jewelyn Jumalon	30	Filipino	Assistant Corporate Secretary, Compliance Officer and Data Protection Officer
19	Mr. John Marson Hao	42	Filipino	Investor Relations Officer and Sustainability Officer
20	Ms. Rossel Rivera	40	Filipino	Data Protection Officer

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

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, Ms. Pamela Justine P. Co – Yuyitung, and Ms Katrina Marie P. Co - Go are the children of Mr. and Mrs. Co.

Involvement in Certain Legal Proceedings

As of December 31, 2024, 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 2024 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 P32,921,667 in 2023 and P33,289,953 in 2024. Please see the table below:

(A) Summary Compensation Table

Name and Position	Year	Salary	Bonus	Other Annual Compensation
Susan P. Co (Chairman)				
Lucio L. Co (Regular Director)				
Ferdinand Vincent P. Co (President)				
Antonio E. Delos Santos (Vice- President)				
Jenny L. Jacintos (Merchandising Manager)				

- -

Aggregate compensation of the President and the four most highly compensated officers	2023	32,921,667		
	2024	33,289,953	-	-
	2025			
	Projected	39,525,717	-	-
Aggregate compensation paid to all other officers and managers	2023	180,541,097	-	-
	2024	212,202,780	-	-
	2025			
	Projected	253,254,594	-	-

(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, 2024, 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, 2024:

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	%
Common	Cosco Capital, Inc. No. 900 Romualdez St., Paco, Manila	Stockholder/ Parent Company	Parent Company	Filipino	1,410,867,188	48.58%

Common	Lucio L. Co, No. 22 Pili Avenue, South Forbes Park, Makati City	Stockholder/ Chairman	Record owner himself	Filipino	211,088,022	7.26%
Common	Susan P. Co No. 22 Pili Avenue, South Forbes Park, Makati City	Stockholder/ Vice- Chairman	Record owner herself	Filipino	178,242,585	6.13%
Common	PCD Nominee Corp. (Non-Filipino)	Stockholder/ Not related	Acting for various clients	Non-Filipino	538,723,487	18.55%
Common	PCD Nominee Corp. (Filipino)	Stockholder/ Not related	Acting for various clients	Filipino	463,099,395	15.94%

2. Security Ownership of Directors and Executive Officers of the Company as of December 31, 2024:

Title of Class	Name of Beneficial Owner	Nature of beneficial ownership	Citizenship	Number of shares	% of Outstanding Voting Shares
Common	Susan Co Chairman	Direct	Filipino	178,242,585	6.13%
Common	Lucio Co Director	Direct	Filipino	211,088,022	7.26%
Common	Ferdinand Vincent Co President	Direct	Filipino	26,709,460	0.92%
Common	Leonardo Dayao Executive Director	Direct	Filipino	779,925	0.02%
Common	Pamela Justine Co Executive Director	Direct	Filipino	26,709,460	0.92%
Common	Jack Huang Non-Executive Director	Direct	Filipino	15,000	0.00%
Common	Jaime Dela Rosa Independent Director	Direct	Filipino	1	0.00%
Common	Emmanuel Herbosa Independent Director	Direct	Filipino	100	0.00%
Common	Gil Genio Independent Director	Direct	Filipino	161,100	0.01%
Common	Kenneth Tiu VP for Accounts Payables	Direct	Filipino	10,000	0.00%

Common	Jewelyn Jumalon Assistant Corporate Secretary & Compliance Officer	Direct	Filipino	-	-
Common	Anthony Sy S&R President	Direct	Filipino	450	0.00%
Common	Antonio Delos Santos VP for Operations	Direct	Filipino	-	-
Common	Joseph Sy VP for Operations	Direct	Filipino	-	-
Common	Renato Bechayda VP for Operations	Direct	Filipino	-	-
Common	Denise Maria Carolino VP for Administration	Direct	Filipino	-	-
Common	Maricel Cambe VP for Financial Accounting	Direct	Filipino	-	-
Common	Emelda Bechayda VP for Treasury	Direct	Filipino	-	-
Common	Gisela Altura S&R Comptroller	Direct	Filipino	-	-
Common	Ms. Grace Sy Treasurer	Direct	Filipino	-	-
Common	Elvira Gutierrez VP for Human Resources	Direct	Filipino	-	-
Common	Edgar Tacorda Internal Auditor and Risk Officer	Direct	Filipino	-	-
Common	Andres Santos Legal Counsel	Direct	Filipino	-	-
Common	Baby Gerlie Sacro Corporate Secretary	Direct	Filipino	-	-
Common	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, 2024:

538,723,487 common shares, or 18.70% of the outstanding capital stock

Item 12. Certain Relationships and Related Transactions

For the Company's Related Party Transactions, please refer to the 2024 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) In August 2024, the Board of Directors formally approved the Company's Environmental, Social, and Governance (ESG) Policies. These policies serve as a comprehensive framework, outlining the Company's commitment to responsible and ethical business practices across several key areas. The ESG Policies encompass a wide range of principles, including Business Conduct and Ethics, Anti-Bribery and Anti-Corruption, Data Privacy and Cybersecurity, Enterprise Risk

Management, Environmental, Human Rights, Supplier Code of Conduct, and the management of Material Related Party Transactions.

- (e) The Company will continue to strengthen its compliance with the principles and leading practices of good corporate governance.

In 2024, the Company held seven (7) board meetings; five (5) audit committee meetings; fourteen (14) executive committee meetings; and two (2) corporate governance meetings. The record of attendance of the directors is as follows:

	No. of Board Meetings Attended/Held	No. of Executive Committee Meetings Attended/Held	No. of Audit Committee Meetings Attended/Held	No. of Corporate Governance Committee Meetings Attended/Held	Total
Susan P. Co	7/7	14/14	Not a member	1/1	100%
Lucio L. Co	6/7	14/14	Not a member	0/1	90%
Ferdinand Vincent P. Co	7/7	14/14	Not a member	Not a member	100%
Leonardo B. Dayao	7/7	14/14	5/5	2/2	100%
Pamela Justine P. Co - Yuyitung	7/7	14/14	5/5	1/1	100%
Jack E. Huang	7/7	Not a member	Not a member	Not Member	100%
Jaime S. Dela Rosa (ID)	7/7	Not a member	5/5	2/2	100%
Emmanuel G. Herbosa (ID)	7/7	Not a member	3/5	2/2	86%
Gil B. Genio (ID)	7/7	Not a member	5/5	2/2	100%

Mr. Lucio L. Co and Ms. Pamela Justine P. Co – Yuyitung were members of the Corporate Governance Committee between the period of May 2023 to April 2024. During such period, only one (1) Corporate Governance Committee meeting was held.

Ms. Susan P. Co was only appointment as a member of the Corporate Governance Committee in May 2024, to serve until May 2025. In 2024 and during her assumption of office in the Committee, only one (1) Corporate Governance Committee meeting was held.

On 26 September 2024, 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” - Management Discussion and Analysis of Financial Position
- Annex “B” – 2024 Consolidated Audited Financial Statements
- Annex “C” – 2024 Sustainability Report
- Annex “D” – Business Profiles of Directors and Key Officers
- Annex “E” – List of Trademarks

Summary of 2024 material Board Resolutions and Management Actions reported through SEC Form 17-C:

Date of Meeting:

April 4, 2024

Transactions approved by the Board:

- (1) Corporate Governance Committee Charter
- (2) Nominees for the 2024 Annual Election of Directors: Mr. Lucio L. Co, Ms. Susan P. Co, Mr. Ferdinand Vincent P. Co, Mr. Leonardo B. Dayao, Ms. Pamela Justine P. Co, Mr. Jack Huang are the nominees for regular directors in the forthcoming Annual Stockholders' Meeting and Mr. Jaime S. Dela Rosa, Mr. Gil B. Genio and Mr. Emmanuel G. Herbosa are the nominees for the election of independent directors.
- (3) Details of the Company's 2024 Annual Stockholders Meeting:
 Date: May 14, 2024
 Time: 10:00 AM
 Manner: Virtual Meeting
 Record Date: April 22, 2024
 Agenda:
 - a. Call to Order
 - b. Approval of the minutes of the Previous Meeting
 - c. Ratification of Previous Acts and Resolutions of the Board of Directors
 - d. Annual Report and Audited Financial Statements
 - e. Election of Directors
 - f. Appointment of an External Auditor and Fixing Remuneration
 - g. Other Matters
- (4) Adjournment

May 7, 2024

- (1) Financial Report for the 1st Quarter of CY 2024

May 14, 2024

- (1) Declaration of cash dividend:
 Regular Cash Dividend: P0.90 per share
 Declaration Date: May 14, 2024
 Record Date: May 29, 2024
 Payment Date: June 21, 2024
 Total Pay-Out: P2.59 billion
 2023 Year Net Income: P8.6 billion
 Pay-Out Ratio: 30%
 Dividend Yield: 3.7%
- (2) Result of Annual Stockholders Meeting:

- a. Approval of the Minutes of the previous meeting and ratification of acts and resolutions of the Board of Directors and Management in 2023
- b. Approval of the 2023 Annual Report and Audited Financial Statements
- c. Re-Appointment of RG Manabat & Company as External Auditor of the Company and subsidiaries with up to P10.5 million fees.
- d. Election of Ms. Susan P. Co, Mr. Lucio L. Co, Mr. Ferdinand Vincent P. Co, Ms. Pamela Justine P. Co-Yuyitung, Mr. Leonardo B. Dayao, Mr. Jack T. Huang as regular directors
- e. Election of Mr. Jaime S. Dela Rosa, Mr. Gil B. Genio and Mr. Emmanuel G. Herbosa. as independent directors.

(3) Result of Organizational Meeting:
Approval of the appointment of the following officers for the year 2024-2025:

Chairman of the Board: Ms. Susan P. Co

President: Mr. Ferdinand Vincen P. Co

Treasurer: Ms. Katrina Marie P. Co-Go

Corporate Secretary: Ms. Baby Gerlie I. Sacro

Asst. Corporate Secretary & Compliance Officer: Ms. Jewelyn A. Jumalon

Lead Independent Director: Mr. Jaime S. Dela Rosa

Board Consultant: Mr. Levi B. Labra

Investor Relations Officer & Sustainability Officer: Mr. John Marson T. Hao

Vice-President for Administration: Ms. Denise Maria Carolino

Vice-President for Operations: Mr. Antonio Delos Santos

Vice-President for Operations: Mr. Joseph Sy

Vice-President for Operations: Mr. Renato T. Bechayda

Vice-President for Financial Accounting: Ms. Maricel Cambe

Vice-President for Accounts Payable: Mr. Kenneth N. Tiu

Vice-President for Treasury: Ms. Emelda Bechayda

Vice-President for Human Resources: Ms. Elvira Gutierrez

Internal Auditor (Puregold): Edgar Tacorda

Internal Auditor (S&R): John Noblezada

Committee Member

Executive Committee:

Chairman – Ms. Susan P. Co

Members – Mr. Lucio L. Co, Mr. Ferdinand Vincent P. Co, Ms. Pamela Justine P. Co-Yuyitung, and Mr. Leonardo Dayao

Audit Committee:

Chairman – Mr. Jaime Dela Rosa

Members – Mr. Gil Genio, Mr. Emmanuel Herbosa, Mr. Leonardo Dayao and Ms. Pamela Justine Co-Yuyitung

Corporate Governance Committee:

Chairman – Mr. Emmanuel Herbosa

Members – Mr. Gil Genio, Mr. Jaime Dela Rosa, Mr. Leonardo Dayao and Ms. Susan Co

July 25, 2024

- (1) Appointment of Ms. Rosell Rivera as Data Protection Officer and Mr. Edgar Tacorda as Risk Officer.

August 8, 2024

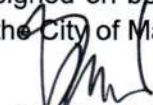
- (1) 2nd Quarter Financial Report for the year 2024

November 7, 2024

- (1) 3rd Quarter Financial Report for the year 2024
- (2) Acquisition of Puremart stores, including its leasehold improvements, furniture and fixtures, equipment and merchandise inventory from Tower 6789 Corporation with up to Php567.5 million book value, which consists of at least 120 to 130 stores located across Metro Manila, CAMANAVA, Rizal, Bulacan and South Luzon.
- (3) Non-Renewal of Buy Back Program

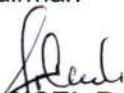
SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this **2024 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 13, 2025.



SUSAN P. CO

Chairman



MARICEL R. CAMBE

Vice-President for Financial Accounting



EMELDA T. BECHAYDA

Vice-President for Treasury



BABY GERLIE I. SACRO

Corporate Secretary



ATTY. JEWELYN A. JUMALON

Assistant Corporate Secretary &
Compliance Officer

SUBSCRIBED AND SWORN to before me this 15 APR 2025 in the City of Manila, Philippines, affiants exhibited to me competent proof of their respective identities.

SUSAN P. CO
MARICEL R. CAMBE
EMELDA T. BECHAYDA
BABY GERLIE I. SACRO
JEWELYN A. JUMALON

Passport No. P9820213A valid until 04 Dec 2028
SSS ID No. 33-2448409-5
SSS ID No. 04-0649915-0
Passport No. P5803963A valid until 28 Jan 2028
Passport No. P4726263B valid until 06 Feb 2030

Doc. No. 117
Page No. 25
Book No. 16
Series of 2025


ROXANNE G. DOMINGO-MAUR
Notary Public for the City of Manila
Commission No. 2025-086 until December 31, 2026
Roll No. 69155
IBP Lifetime Member No. 018547
PTR No. MLA 2041455 / 01-02-2025
MCLE Compliance No. VIII-0019791 / 01-15-2025
2nd Floor Tabacalera Building, 900 D. Romualdez Street,
Barangay 664-A, Zone 71, District V, Paco, Manila, 1007

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 2024 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:

	2024	2023	2022
Current Ratio ⁽¹⁾	2.95:1	2.74:1	2.64:1
Asset to Equity Ratio ⁽²⁾	1.94:1	1.94:1	1.98:1
Debt to Equity Ratio ⁽³⁾	0.94:1	0.94:1	0.98:1
Debt to Total Assets ⁽⁴⁾	0.49:1	0.49:1	0.50:1
Book Value per Share ⁽⁵⁾	P33.67	P30.84	P28.84
	2024	2023	2022
Earnings per Share ⁽⁶⁾	P3.64	P3.00	P3.24
Price Earnings Ratio ⁽⁷⁾	8.48x	8.97x	10.77x
Return on Assets ⁽⁸⁾	5.8%	5.1%	6.1%
Return on Equity ⁽⁹⁾	11.3%	10.1%	11.7%

(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, 2024, the Group earned a consolidated net income of P10,424 million at 4.8% net margin and an increase of 21.3% from P8,596 million at 4.3% net margin in 2023, driven by strong topline growth and complemented by the improvement in gross margins for the S&R business.

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

(In millions)	2024			2023			2022	
		% to Sales	% Change		% to Sales	% Change		% to Sales
Net Sales	P219,172	100.0%	10.1%	P199,032	100.0%	8.0%	P184,303	100.0%
Cost of Sales	179,670	82.0%	9.8%	163,618	82.2%	8.7%	150,483	81.6%
Gross Profit	39,502	18.0%	11.5%	35,414	17.8%	4.7%	33,820	18.4%
Other Operating Income	3,509	1.6%	7.1%	3,275	1.6%	2.9%	3,184	1.7%
Gross Income	43,011	19.6%	11.2%	38,689	19.4%	4.6%	37,003	20.1%
Operating Expenses	27,809	12.7%	9.8%	25,337	12.7%	12.5%	22,522	12.2%
Operating Income	15,202	6.9%	13.9%	13,353	6.7%	-7.8%	14,481	7.9%
Other income(expenses)	(1,758)	-0.8%	-17.8%	(2,139)	-1.1%	-5.2%	(2,257)	-1.2%
Net Income before tax	13,444	6.1%	19.9%	11,213	5.6%	-8.3%	12,225	6.6%
Income tax expense	3,020	1.4%	15.4%	2,618	1.3%	-10.9%	2,937	1.6%
Net Income after tax	P10,424	4.8%	21.3%	P8,596	4.3%	-7.4%	P9,287	5.0%

Comparative years 2024 and 2023

Net Sales

For the year ended December 31, 2024, the Group posted a consolidated net sales of P219,172 million for an increase of P20,140 million or 10.1% from P199,032 million in 2023. Net sales grew due to sales contribution from full operation of 2023 new stores (37 PGOLD stores and 4 S&R Warehouses) and revenue contribution from 2024 newly opened stores (26 PGOLD stores and 4 S&R warehouses) of both Puregold and S&R. Same store sales growth (SSSG) is also up, for both Puregold and S&R, by 4.5% and 6.4%, respectively.

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

	PGOLD	S&R
Net Sales ^(a)	4.5%	6.4%
Net Ticket ^(b)	2.8%	1.4%
Traffic ^(c)	1.7%	4.9%

Note:

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

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

*Traffic is the number of people buying on the stores

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

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

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

Gross Profit

For the year ended December 31, 2024, the Group realized an increase of 11.5% in consolidated gross profit from P35,414 million in 2023 at 17.8% margin to P39,502 million at 18.0% margin in 2024, driven by strong suppliers' support through rebates and discounts granted during the year.

Other Operating Income

Other operating income increased by P234 million or 7.1% from P3,275 million in 2023 to P3,509 million in 2024. This is attributable to increase in membership and other miscellaneous income during the year.

Operating Expenses

Operating expenses increased by P2,472 million or 9.8% from P25,337 million in December 31, 2023 to P27,809 million in 2024. Increase in the account is primarily due to full operation of 2023 new stores and expenses from the 2024 newly opened stores, specifically manpower, depreciation, taxes and repair and maintenance expenses.

Other Expense - net

Other expenses net of other income amounted to P1,758 million and P2,139 million in December 31, 2024 and 2023, 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 unrealized gain on foreign exchange from short term investments during the year.

Net Income

For the year ended December 31, 2024, the Group earned a consolidated net income of P10,424 million at 4.8% net margin and an increase of 21.3% from P8,596 million at 4.3% net margin in 2023, driven by strong topline growth and complemented by the improvement in gross margins for the S&R business.

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 (24 PGOLD stores) and revenue contribution from 2023 newly opened stores (37 PGOLD stores and 4 S&R warehouses) 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 ^(a)	3.4%	0.6%
Net Ticket ^(b)	-1.0%	-3.2%
Traffic ^(c)	4.4%	4.0%

Note:

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

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

*Traffic is the number of people buying on the stores

- (a) Current year net sales minus prior year net sales divided by prior year net sales
- (b) Current year ticket minus prior year ticket divided by prior year ticket
- (c) Current year traffic minus prior year traffic divided by prior year traffic

Gross Profit

For the 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 2023, 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.

Financial Position

The Group's consolidated financial position as at December 31, 2024, 2023 and 2022 are presented below:

(In millions)	2024			2023			2022	
		% to Total Assets	% Change		% to Total Assets	% Change		% to Total Assets
Cash & Cash Equivalents	P25,832	13.8%	-38.5%	P41,985	24.4%	6.7%	P39,345	24.0%
Receivables – net	6,177	3.3%	32.3%	4,669	2.7%	32.3%	3,529	2.2%
Merchandise inventory	29,405	15.7%	7.7%	27,309	15.9%	-3.2%	28,215	17.2%
Financial assets - FVPL	19,878	10.6%	329.7%	4,626	2.7%	7.6%	4,299	2.6%
Financial assets – amortized cost	4,557	2.4%	0.0%	-	-	-	-	-
Prepaid expenses and other current assets	3,109	1.7%	416.3%	602	0.4%	-83.3%	3,610	2.2%
Total Current Assets	88,957	47.4%	12.3%	79,192	46.1%	0.2%	78,998	48.2%
Investments in associate and joint ventures	523	0.3%	0.0%	523	0.3%	-21.0%	662	0.4%
Property and equipment- net	40,246	21.5%	13.4%	35,478	20.7%	17.3%	30,235	18.5%
Intangibles and goodwill	19,790	10.5%	0.3%	19,727	11.5%	0.2%	19,690	12.0%
Right-of-use assets – net	32,494	17.3%	2.6%	31,676	18.4%	5.8%	29,950	18.3%
Deferred tax assets – net	2,256	1.2%	11.9%	2,016	1.2%	33.1%	1,515	0.9%
Other noncurrent assets	3,334	1.8%	7.2%	3,109	1.8%	13.1%	2,748	1.7%
Total Noncurrent Assets	98,644	52.6%	6.6%	92,529	53.9%	9.1%	84,799	51.8%
	P187,601	100.0%	9.2%	P171,721	100.0%	4.8%	P163,798	100.0%
Accounts payable and accrued expenses	P26,897	14.3%	5.3%	P25,547	14.9%	-4.7%	P26,793	16.4%
Short-term loans payable	-	0.0%	0.0%	-	0.0%	0.0%	-	0.0%
Income tax payable	1,003	0.5%	16.7%	859	0.5%	-0.8%	866	0.5%
Due to related parties	58	0.0%	8.4%	53	0.0%	7.6%	49	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	1,360	0.7%	7.0%	1,272	0.7%	-3.9%	1,323	0.8%
Other current liabilities	727	0.4%	-28.5%	1,016	0.6%	40.0%	726	0.4%
Total Current Liabilities	30,164	16.1%	4.5%	28,867	16.8%	-3.4%	29,877	18.2%
Long-term loans - net of current maturities and debt issue costs	16,536	8.8%	44.5%	11,441	6.7%	-0.9%	11,546	7.0%
Lease liabilities	42,131	22.5%	4.1%	40,454	23.6%	6.7%	37,897	23.1%
Other noncurrent liabilities	2,293	1.2%	-11.4%	2,588	1.5%	41.2%	1,833	1.1%
Total Noncurrent Liabilities	60,961	32.5%	11.9%	54,483	31.7%	6.3%	51,276	31.3%
Total Liabilities	91,125	48.6%	9.3%	83,351	48.5%	2.7%	81,153	49.5%
Capital stock	2,904	1.5%	0.0%	2,904	1.7%	0.0%	2,904	1.8%
Additional paid in capital	25,374	13.5%	0.0%	25,374	14.8%	0.0%	25,374	15.5%
Remeasurements of retirement liability - net of tax	752	0.4%	53.0%	491	0.3%	-15.6%	582	0.4%
Treasury stock, at cost	(210)	-0.1%	0.0%	(210)	-0.1%	0.0%	(210)	-0.1%
Retained earnings	67,656	36.1%	13.1%	59,810	34.8%	10.8%	53,994	33.0%
Total Equity	96,476	51.4%	9.2%	88,370	51.5%	6.9%	82,645	50.5%
	P187,601	100.0%	9.2%	P171,721	100.0%	4.8%	P163,798	100.0%

Comparative Years 2024 and 2023

Current Assets

As at December 31, 2024 and 2023, total current assets amounted to P88,957 million or 47.4% of total assets and P79,192 million or 46.1% of total assets, respectively, for an increase of P9,766 million or 12.3%.

Cash and cash equivalents as at December 31, 2024 amounted to P25,832 million or 13.8% of total assets and decreased by P16,154 million or 38.5% compared to previous year-end balance. Decrease in the Group's cash position was attributable mainly to various short term investments in time deposits, partially offset by increase in cash generated from operations during the year, net of settlement of trade and non-trade payables, payment for cash dividend and capital expenditures for 2024 new organic stores.

Receivables amounted to P6,177 million and P4,669 million as at December 31, 2024 and 2023 or 3.3% and 2.7% of total assets, respectively. The increase was due to strong topline growth during the year.

Merchandise inventory amounted to P29,405 million or 15.7% of total assets at the end of 2024 and P27,309 million or 15.9% of total assets in 2023.

Financial assets at FVPL amounted to P19,878 million and P4,626 million as at December 31, 2024 and 2023, respectively. The increase was due to various short-term investments in time deposits amounting to P20.0 billion, made during the year. A total amount of P4,557 million was recognized as Financial asset at amortized cost.

Prepaid expenses and other current assets amounted to P3,109 million and P602 million as at December 31, 2024 and 2023, respectively. The increase was mainly due to advance payment made to suppliers to be applied in inventory purchases in 2025.

Noncurrent Assets

As at December 31, 2024 and 2023, total noncurrent assets amounted to P98,644 million or 52.6% of total assets and P92,529 million or 53.9% of total assets, respectively, for an increase of P6,115 million or 6.6% as at December 31, 2024.

Investments in associate and joint ventures amounted to P523 million as at December 31, 2024 and 2023.

Net book values of property and equipment increased by P4,768 million or 13.4% from P35,478 million in December 2023 to P40,246 million in December 2024. The increase was mainly due to additions made during the year intended for newly established/operating stores.

Intangibles and goodwill amounted to P19,790 million as at December 31, 2024 and P19,727 million as at December 31, 2023.

Right-of-use asset amounted to P32,494 million or 17.3% of total assets and P31,676 million or 18.4% of total assets as at December 31, 2024 and 2023, respectively. The increase was mainly due to new lease contracts for newly opened stores..

Deferred tax assets – net amounted to P2,256 million or 1.2% of total assets and P2,016 million or 1.2% of total assets as at December 31, 2024 and 2023, respectively, for an increase of 11.9% or P241 million. The increase was due to recognition of deferred tax in retirement expense and compliance with PFRS 16 – Leases.

Other noncurrent assets amounted P3,334 million as at December 31, 2024 and P3,109 million as at December 31, 2023. Increase in the account was mainly due to increase in security deposits for new stores lease.

Current Liabilities

As at December 31, 2024 and 2023, total current liabilities amounted to P30,164 million or 16.1% of total assets and P28,867 million or 16.8% of total assets, respectively, for an increase of P1,297 million or 4.5% as at December 31, 2024.

Accounts payable and accrued expenses amounted to P26,897 million and P25,547 million as at December 31, 2024 and 2023, respectively, and increased by P1,351 million or 5.3%. The increase was primarily due to unreleased payments to suppliers brought about by longer holidays at year end and net of settlement of trade and nontrade liabilities and payment of dividends declared in previous year.

Income tax payable amounted to P1,003 million and P859 million as at December 31, 2024 and 2023, respectively.

Due to related parties, representing royalty fees, amounted to P58 million for the year ended December 2024 and P53 million for the year ended December 2023.

Lease liabilities due within one year amounted to P1,360 million and P1,272 million as at December 31, 2024 and 2023, respectively. This pertains to current portion of lease liabilities.

Other current liabilities decreased by P290 million or 28.5% from P1,016 million in December 2023 to P727 million in December 2024. The decrease was mainly due to lower VAT liability for the year ended December 2024 as a result of increase in input VAT applied.

Noncurrent Liabilities

As at December 31, 2024 and 2023, total noncurrent liabilities amounted to P60,961 million or 32.5% of total assets and P54,483 million or 31.7% of total assets, respectively, for an increase of P6,478 million or 11.9%.

Long-term debt – net of current maturities and debt issue costs amounted to P16,536 million and P11,441 million as at December 31, 2024 and 2023, respectively, for an increase of P5,095 million. During the year, the Group availed a total of P5,200 million loan from banks, payable in 3 years.

Lease liabilities amounted to P42,131 million or 22.5% of total assets and P40,454 million or 23.6% of total assets as at December 31, 2024 and 2023, respectively, or an increase of P1,677 million or 4.1% due to new stores opened during the year.

Other noncurrent liabilities amounted to P2,293 million and P2,588 million as at December 31, 2024 and 2023, respectively. The decrease was mainly due to partial settlement of liability due for the purchased of land.

Equity

As at December 31, 2024 and 2023, total equity amounted to P96,476 million and P88,370 million, respectively, for an increase of P8,106 million or 9.2%.

Capital stock amounted to P2,904 million as at December 31, 2024 and 2023.

Additional paid in capital amounted to P25,374 million as at December 31, 2024 and 2023.

Retained earnings amounted to P67,656 million and P59,810 million as at December 31, 2024 and 2023, respectively, or an increase of P7,845 million or 13.1% due to income made during the year, net of dividend declared.

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.

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>	2024	2023	2022
Net cash provided by operating activities	P17,398	P18,739	P13,215
Net cash used in investing activities	(27,838)	(8,790)	(9,186)
Net cash used in financing activities	(5,713)	(7,309)	(5,996)
Net increase (decrease) in cash and cash equivalents	(P16,153)	P2,640	(P1,967)

Cash flows from operating activities

Net cash provided by operating activities amounted to P17,398 million, P18,739 million and P13,215 million for the years ended December 31, 2024, 2023 and 2022, 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 P27,838 million, P8,790 million and P9,186 million for the years ended December 31, 2024, 2023 and 2022, respectively. Capital expenditures for acquisitions of equipment, furniture & fixtures, lands, construction of buildings and improvements on leased assets amounted to P7,673 million in 2024 and P7,632 million in 2023.

Cash flows from (used in) financing activities

Net cash used in financing activities amounted to P5,713 million, P7,309 million and P5,996 million for the years ended December 2024, 2023 and 2022, respectively. This pertains to lease payments and dividends paid.

Capital Expenditures

The table below sets out the Group's capital expenditures in 2024, 2023 and 2022 (note 10 of AFS).

<i>(In millions)</i>	For the years ended December 31,		
	2024	2023	2022
Office and store equipment	P1,048	P1,028	P692
Furniture and fixtures	279	362	199
Leasehold improvements	642	1,000	337
Building	521	319	211
Land	-	872	1,442
Construction in progress	5,160	4,051	2,388
Total	P7,650	P7,632	P5,269

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 30 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.

The Group has a good financial condition and remains to be profitable in the past and expected to remain the same in the near future.

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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GROUP NAME

[illegible]**PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)**[illegible]

Form Type

A	A	F	S
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Department requiring the report

Secondary License Type, If Applicable

GROUP INFORMATION

Group's email Address

www.puregold.com.ph

Group's Telephone Number/s

(02) 548-7110

Mobile Number

No. of Stockholders

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Annual Meeting (Month / Day)

2nd Tuesday of May

Fiscal Year (Month / Day)December 31

CONTACT PERSON INFORMATION

The designated contact person *MUST* be an Officer of the Corporation

Name of Contact Person

Maricel R. Cambe

Email Addressmrcambe@puregold.com.ph**Telephone Number/s**

(02) 548-7110

Mobile Number

CONTACT PERSON'S ADDRESS

900 Romualdez, Street, Paco, Manila

Note 1: In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

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

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

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, 2024, 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.

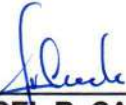
R. G. Manabat & Co., the independent auditor appointed by the Board of Directors, has audited the financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the Board of Directors, has expressed its opinion on the fairness of presentation upon completion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



SUSAN P. CO
Chairman



FERDINAND VINCENT P. CO
President



MARICEL R. CAMBE
Vice-President for Financial Accounting

Signed this 15th day of April 2025

SUBSCRIBED AND SWORN to before me this day of APR 15 2025 2025, affiants exhibiting to me their respective TIN as follows

Name	TIN
Susan P. Co	100-053-331
Ferdinand Vincent P. Co	208-381-185
Maricel R. Cambe	184-996-223

Doc No. 32
Page No. 9
Book No. 17
Series of 2025


ATTORNEY ERNEST S. DAYOG
Notary Public Manila, Dec. 31, 2026
Notarial Commission No. 2025-075
Merchant Bldg. 509 Padre Faura St. Ermita, Manila
Roll of Attorney's No. 77572
PTR NO. MLA 2041417 Jan. 2, 2025: City of Manila
IBP O.R No. 476665: Nov. 12, 2024
MCLE Compliance No. VIII-0023702
Valid until April 14, 2028



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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, 2024 and 2023, 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, 2024, 2023, and 2022, 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, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024, 2023, and 2022, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Firm Regulatory Registration & Accreditation:

PRC-BOA Registration No. 0003, valid until September 20, 2026

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

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)



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.

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 13 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 evaluated and assessed the design and implementation of key controls over the impairment testing process.
- We obtained the Group's discounted cash flow model used to test the recoverable amounts of goodwill and other intangibles with indefinite lives.
- We evaluated the reasonableness of key assumptions used by management in deriving the recoverable amounts. 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 performed independent impairment test for goodwill and other intangibles with indefinite lives.



- 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 (P221.7 billion)

Refer to Note 18 to the consolidated financial statements.

The risk

Revenue recognition is not complex for the Group 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, 2024, 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, 2024 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 Accounting Standards, 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.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group 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 Darwin P. Virocel.

R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read "D. Virocel", written over a horizontal line.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

SEC Accreditation No. 94495-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and up to audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2022

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

PTR No. MKT 10467159

Issued January 2, 2025 at Makati City

April 15, 2025

Makati City, Metro Manila

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

		December 31	
	Note	2024	2023
ASSETS			
Current Assets			
Cash and cash equivalents	4	P25,831,565,033	P41,985,314,006
Receivables - net	5	6,176,776,482	4,669,290,509
Merchandise inventories	6	29,404,917,109	27,308,803,049
Financial assets at fair value through profit or loss	7	19,878,180,574	4,626,139,942
Other financial assets at amortized cost	8	4,556,715,889	-
Prepaid expenses and other current assets	9	3,109,175,187	602,155,608
Total Current Assets		88,957,330,274	79,191,703,114
Noncurrent Assets			
Investments in associate and joint ventures - net	10	523,169,163	523,169,163
Property and equipment - net	11	40,246,295,005	35,477,805,354
Goodwill and other intangibles	13	19,789,514,775	19,726,802,814
Right-of-use assets - net	12	32,493,988,657	31,676,080,984
Deferred tax assets - net	26	2,256,280,373	2,015,624,231
Other noncurrent assets	14	3,334,335,470	3,109,336,767
Total Noncurrent Assets		98,643,583,443	92,528,819,313
		P187,600,913,717	P171,720,522,427
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	15	P26,897,430,047	P25,546,874,423
Lease liabilities due within one year	20	1,360,069,036	1,271,652,922
Income tax payable		1,002,661,192	859,093,590
Current portion of long-term loans	16	120,000,000	120,000,000
Due to related parties	24	57,743,189	53,269,546
Other current liabilities	17	726,573,463	1,016,466,075
Total Current Liabilities		30,164,476,927	28,867,356,556
Noncurrent Liabilities			
Lease liabilities due beyond one year	20	42,131,216,785	40,454,144,290
Noncurrent portion of long-term loans	16	16,536,464,080	11,441,128,640
Other noncurrent liabilities	25	2,293,243,253	2,588,011,748
Total Noncurrent Liabilities		60,960,924,118	54,483,284,678
Total Liabilities		91,125,401,045	83,350,641,234
Equity			
Capital stock	27	2,904,214,086	2,904,214,086
Additional paid-in capital		25,373,547,130	25,373,547,130
Retirement benefits reserve		751,615,763	491,315,609
Treasury stock		(209,597,201)	(209,597,201)
Retained earnings		67,655,732,894	59,810,401,569
Total Equity		96,475,512,672	88,369,881,193
		P187,600,913,717	P171,720,522,427

See Notes to the Consolidated Financial Statements.

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

Years Ended December 31				
	Note	2024	2023	2022
NET SALES	18	P219,171,530,016	P199,031,904,535	P184,302,944,650
COST OF SALES	6, 19	179,669,590,563	163,617,673,968	150,483,272,460
GROSS INCOME		39,501,939,453	35,414,230,567	33,819,672,190
OTHER REVENUE	18, 20, 21	3,509,093,313	3,275,172,027	3,183,788,425
TOTAL GROSS INCOME AND OTHER REVENUE		43,011,032,766	38,689,402,594	37,003,460,615
OPERATING EXPENSES	22	27,808,965,335	25,336,853,222	22,522,133,140
INCOME FROM OPERATIONS		15,202,067,431	13,352,549,372	14,481,327,475
OTHER CHARGES - Net				
Interest expense	16, 20	3,569,959,134	3,313,825,011	2,907,818,153
Interest income	4, 7	(1,477,089,343)	(1,302,778,953)	(678,357,411)
Foreign exchange gain		(285,782,440)	(225,223)	(8,333,528)
Share in losses of associate and joint ventures	10	-	187,325,380	37,163,734
Others - net	23	(49,130,519)	(58,817,271)	(1,494,405)
		1,757,956,832	2,139,328,944	2,256,796,543
INCOME BEFORE INCOME TAX		13,444,110,599	11,213,220,428	12,224,530,932
PROVISION FOR INCOME TAX				
Current		3,340,384,187	3,120,096,350	3,192,461,050
Deferred		(320,632,686)	(502,397,257)	(255,356,976)
	26	3,019,751,501	2,617,699,093	2,937,104,074
NET INCOME		10,424,359,098	8,595,521,335	9,287,426,858
OTHER COMPREHENSIVE INCOME				
<i>Item that will not be reclassified subsequently to profit or loss</i>				
Remeasurements of retirement benefits	25	346,414,960	(120,863,764)	560,492,711
Tax effect		(86,114,806)	30,241,137	(129,778,755)
		260,300,154	(90,622,627)	430,713,956
TOTAL COMPREHENSIVE INCOME		P10,684,659,252	P8,504,898,708	P9,718,140,814
Basic and diluted earnings per share	29	P3.64	P3.00	P3.24

See Notes to the Consolidated Financial Statements.

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

Years Ended December 31

		Capital Stock	Additional Paid-in Capital	Retirement Benefits Reserve	Treasury Stock	Retained Earnings Appropriated	Unappropriated	Total Equity
	<i>Note</i>							
Balance at January 1, 2022		P2,904,214,086	P25,361,670,581	P151,224,280	(P112,593,218)	P -	P47,171,476,499	P75,475,992,228
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	27							
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	27							
Cash dividends		-	-	-	-	-	(2,779,618,814)	(2,779,618,814)
Balance at December 31, 2023		2,904,214,086	25,373,547,130	491,315,609	(209,597,201)	-	59,810,401,569	88,369,881,193
Total Comprehensive Income for the Year								
Net income for the year		-	-	-	-	-	10,424,359,098	10,424,359,098
Other comprehensive income		-	-	260,300,154	-	-	-	260,300,154
		-	-	260,300,154	-	-	10,424,359,098	10,684,659,252
Appropriation of retained earnings		-	-	-	-	41,574,000,000	(41,574,000,000)	-
Transaction with Owners of the Parent Company	27							
Cash dividends		-	-	-	-	-	(2,579,027,773)	(2,579,027,773)
Balance at December 31, 2024		P2,904,214,086	P25,373,547,130	P751,615,763	(P209,597,201)	P41,574,000,000	P26,081,732,894	P96,475,512,672

See Notes to the Consolidated Financial Statements.

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

		Years Ended December 31		
	Note	2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		P13,444,110,599	P11,213,220,428	P12,224,530,932
Adjustments for:				
Depreciation and amortization	11, 12, 13, 22	5,766,327,349	5,020,019,254	4,564,410,149
Interest expense	16, 20	3,569,959,134	3,313,825,011	2,907,818,153
Interest income	4, 7	(1,477,089,343)	(1,302,778,953)	(678,357,411)
Retirement benefits cost	22, 25	336,493,750	904,911,727	272,768,815
Unrealized foreign exchange gain		(286,205,345)	-	-
Gain from lease terminations	20, 23	(54,036,093)	(46,836,234)	(4,593,117)
Unrealized valuation loss (gain) on financial assets at fair value through profit or loss	7, 23	4,612,107	(6,405,009)	323,662
Dividend income	24	(1,714,641)	(1,400,010)	(1,119,623)
Share in losses of associate and joint ventures	10	-	187,325,380	37,163,734
Loss from insurance claims	23	-	-	1,587,440
Gain on sale of financial assets	7, 23	-	(6,524,397)	-
Operating income before changes in working capital		21,302,457,517	19,275,357,197	19,324,532,734
Decrease (increase) in:				
Receivables		(1,507,485,973)	(1,046,361,968)	(1,282,972,367)
Merchandise inventories	1	(1,869,481,775)	973,603,762	(6,656,058,157)
Prepaid expenses and other current assets		(3,297,694,523)	2,820,437,626	(3,079,418,919)
Increase (decrease) in:				
Trade and other payables		4,147,248,040	(1,893,857,852)	7,059,118,773
Due to related parties		4,473,643	3,772,014	3,629,099
Other current liabilities		(289,892,612)	290,608,492	76,778,290
Cash generated from operations		18,489,624,317	20,423,559,271	15,445,609,453
Income taxes paid		(2,561,088,242)	(2,887,894,838)	(2,898,180,651)
Interest received		1,477,089,343	1,208,385,105	678,357,411
Retirement benefits paid	25	(7,376,461)	(5,050,016)	(10,401,509)
Net cash provided by operating activities		17,398,248,957	18,738,999,522	13,215,384,704

Forward

Years Ended December 31				
	Note	2024	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Financial assets at fair value through profit or loss	7	(P14,970,414,229)	(P1,300,000,000)	(P4,268,978,190)
Property and equipment	1, 11	(7,383,426,176)	(7,412,851,985)	(4,147,357,466)
Financial assets at amortized cost	8	(4,556,715,892)	-	-
Other noncurrent assets		(231,136,965)	(361,222,125)	(169,342,638)
Intangibles	13	(130,948,571)	(94,929,765)	(36,962,943)
Investment in associate and joint ventures	10	-	-	(62,500,000)
Cash paid on acquisition of business/assets, net of cash acquired	1	(567,516,384)	(613,740,541)	(102,918,152)
Dividends received	27	1,714,641	1,400,010	1,119,623
Proceeds from disposal of:				
Property and equipment	11	8,989	4,771,768	2,707,372
Computer software	13	-	-	71,512
Financial assets at fair value through profit or loss	7	-	986,169,776	-
Payment of direct costs on leases	12	-	-	(400,000,000)
Insurance claims	23	-	-	(1,587,440)
Net cash used in investing activities		(27,838,434,587)	(8,790,402,862)	(9,185,748,322)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availment of long-term loans	16	5,200,000,000	-	-
Repayments of lease:				
Interest expense	20	(2,878,994,118)	(P2,748,879,538)	(P2,389,133,602)
Principal amount		(1,602,626,020)	(1,157,494,319)	(1,452,214,242)
Payments of:				
Cash dividends	27	(5,358,646,587)	(2,464,404,309)	(1,434,268,203)
Interest expense		(675,629,576)	(552,096,159)	(503,349,112)
Liability on land purchase	25	(277,470,824)	(265,669,906)	-
Repayment of long-term loans	16	(120,000,000)	(120,000,000)	(120,000,000)
Acquisition of treasury shares	27	-	-	(97,003,983)
Net cash used in financing activities		(5,713,367,125)	(7,308,544,231)	(5,995,969,142)
EFFECT OF EXCHANGE RATE CHANGES ON CASH				
		(196,218)	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS				
		(16,153,748,973)	2,640,052,429	(1,966,332,760)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR				
		41,985,314,006	39,345,261,577	41,311,594,337
CASH AND CASH EQUIVALENTS AT END OF YEAR				
	4	P25,831,565,033	P41,985,314,006	P39,345,261,577

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	
	2024	2023
Kareila Management Corporation	100	100
S&R Pizza (Harbor Point), Inc. ^(a)	100	100
S&R Pizza, Inc. ^(a)	100	100
PSMT Philippines Inc. ^(a)	100	100
PPCI Subic, Inc.	100	100
Entenso Equities Incorporated	100	100
Melilla Management Corporation	100	100
Purepadala, Inc. ^(b)	100	100

(a) Indirect subsidiaries through Kareila Management Corporation

(b) Not yet started operations

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

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

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

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

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

Transactions During the Period

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

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

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

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

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

As at December 31, 2023, the consideration paid for 25 stores acquired amounted to P613.7million 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 ended December 1, 2022 are as follows:

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

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

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) Accounting Standards. PFRS Accounting Standards are based on International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). PFRS Accounting Standards which are issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC), consist of PFRS Accounting Standards, Philippine Accounting Standards (PAS), and Philippine Interpretations.

The accompanying consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on April 8, 2025.

Historical cost is used as the measurement basis except for:

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

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

Functional and Presentation Currency

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

Significant Judgments, Estimates and Assumptions

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

Judgments

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

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

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

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

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

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

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

- If any leasehold improvements are expected to have a significant remaining value, the Group is typically reasonably certain to extend (or not terminate).
- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).

- Otherwise, the Group considers other factors, including historical lease durations, the costs and business disruption required to replace the leased asset, enforceability of the option, and business and other developments.

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

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

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

Rent income recognized in profit or loss amounted to P491.9 million, P472.0 million and P501.3 million in 2024, 2023 and 2022, respectively.

Estimates

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

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

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

The carrying amount of receivables amounted to P6.2 billion and P4.7 billion as at December 31, 2024 and 2023, 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 P29.4 billion and P27.3 billion as at December 31, 2024 and 2023, respectively.

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

The Group determines whether goodwill and other intangibles with indefinite lives are impaired at least annually. This requires the estimation of their recoverable amounts. Estimating recoverable amounts requires management to make an estimate of the expected future cash flows from the cash-generating unit to which they relate and to choose a suitable discount rate to calculate the present value of those cash flows.

The carrying amounts of goodwill and other intangibles with indefinite lives totaled P19.5 billion as at December 31, 2024 and 2023.

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

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

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

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

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

There are no impairment indicators affecting the Group's non-financial assets as at December 31, 2024 and 2023.

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

	Note	2024	2023
Right-of-use assets - net	12	P32,493,988,657	P31,676,080,984
Property and equipment - net	11	40,246,295,005	35,477,805,354
Investment in associate and joint ventures	10	523,169,163	523,169,163
Computer software and licenses, and leasehold rights	13	287,977,926	225,265,965

Estimating Realizability of Deferred Tax Assets (Note 26)

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

As at December 31, 2024 and 2023, the Group recognized deferred tax assets amounting to P2.3 billion and P2.0 billion, respectively.

Estimating Retirement Benefits Liability (Note 25)

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

Retirement benefits liability amounted to P2.0 billion as at December 31, 2024 and 2023.

3. Summary of Material Accounting Policies

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

Adoption of Amendments to Standards and Interpretations

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

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

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

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

- PAS 1, *Presentation of Financial Statements - Classification of Liabilities as Current or Noncurrent - 2020 amendments and Non-Current Liabilities with Covenants - 2022 amendments (Amendments)*. To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:
 - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
 - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
 - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
 - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.
- PAS 7, *Statement of Cash Flows* and PFRS 7, *Financial Instruments: Disclosures - Supplier Finance Arrangements (Amendments)* introduce new disclosures about a company's supplier finance arrangements that would enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, a company discloses in aggregate for its supplier finance arrangements:
 - the terms and conditions of the arrangements;
 - beginning and ending carrying amounts and associated line items of the financial liabilities that are part of a supplier finance arrangement, distinguishing those for which suppliers were already paid, and range of payment due dates including those for comparable trade payables not part of a supplier finance arrangement; and
 - the type and effect of non-cash changes in the carrying amounts.

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

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

Standards Issued But Not Yet Adopted

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

Effective January 1, 2025

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

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

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

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

Effective January 1, 2026

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

Date of Recognition and Derecognition. The amendments clarified that:

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

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

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

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

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

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

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

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

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

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

- *Annual Improvements to PFRS Accounting Standards - Volume 11.* This cycle of improvements contains amendments to five standards:
 - PFRS 1, *First-time Adoption of International Financial Reporting Standards - Hedge Accounting by a First-time Adopter (Amendments)* were made to terminology on hedge accounting by a first-time adopter of PFRS to improve consistency with the requirements of PFRS 9, *Financial Instruments*. The term 'conditions' was updated to 'qualifying criteria' in line with the shift from PAS 39, *Financial Instruments: Recognition and Measurement* to PFRS 9. Specific cross-references to paragraphs in PFRS 9 containing guidance on the qualifying criteria were added to improve understandability.
 - PFRS 7, *Financial Instruments: Disclosure - Gain or Loss on Derecognition (Amendments)* replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13, *Fair Value Measurement*.
 - PFRS 7, *Financial Instruments: Disclosure - Introduction, Disclosure of Difference Between Fair Value and Transaction Price, and Credit Risk Disclosures (Amendments to Guidance on implementing PFRS 7)*. The amendments:
 - clarified that the Guidance on implementing PFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7;
 - made the wordings on the disclosure of deferred difference between fair value and transaction price in paragraph IG14 of PFRS 7 consistent with the requirements in paragraph 28 of PFRS 7 and with the concepts in PFRS 9, *Financial Instruments* and PFRS 13, *Fair Value Measurement*; and,
 - simplified the wordings on credit risk disclosures in paragraph IG20B that the illustration does not include financial assets that are purchased or originated credit impaired.
 - PFRS 9, *Financial Instruments - Derecognition of Lease Liabilities and Transaction Price (Amendments)*. The amendments:
 - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss; and
 - replaced the term 'their transaction price (as defined in IFRS 15)' with 'the amount determined by applying IFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

- PFRS 10, *Consolidated Financial Statements - Determination of 'De Facto Agent' (Amendments)* revised the wording on whether a party is a de facto agent when directed by 'those that direct the activities of the investor' to be non-conclusive given this may require judgement.
- PAS 7, *Statement of Cash Flows - Cost Method (Amendments)* replaced the term 'cost method' with 'at cost' given the definition of 'cost method' has previously been removed from PFRS Accounting Standards.

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

Effective January 1, 2027

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

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

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

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

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

- PFRS 18, *Presentation and Disclosure in Financial Statements* will replace PAS 1, *Presentation of Financial Statements* and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.
 - *A more Structured Income Statement.* PFRS 18 promotes a more structured income statement. It introduces a newly defined 'operating profit or loss' and 'profit or loss before financing and income tax' subtotals, and a requirement for all income and expenses to be classified into three new distinct categories operating, investing, and financing - based on a company's main business activities. PFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement - either by nature, by function or on a mixed basis. Companies need to choose the presentation method that provides the 'most useful structured summary' of those expenses. New disclosures apply if any operating expenses are presented by function.
 - *Management-defined performance measures.* PFRS 18 provides a definition for management-defined performance measures (MPMs) and introduces specific disclosure requirements. MPMs are subtotals of income and expenses that are used in public communications outside the financial statements, communicate management's view of an aspect of the financial performance of the entity as a whole and are not a required subtotal or a common income and expense subtotal listed in PFRS 18. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under PFRS Accounting Standards.
 - *Greater disaggregation of information.* PFRS 18 provides enhanced guidance on how companies group information in the financial statements, including newly defined roles of the primary financial statements and the notes, principles of aggregation and disaggregation based on shared and non-shared characteristics, and specific guidance for labelling and describing items in a way that faithfully represents an item's characteristics.

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

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

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

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

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

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

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

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

Consolidation

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

Business Combinations

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

Common Control Business Combinations

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

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

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

- The assets and liabilities of the acquired company for the reporting period in which the common control business combinations occur, are included in the Group's consolidated financial statements at their carrying amounts from the actual date of the acquisition. No adjustments are made to reflect the fair values or recognize any new assets or liabilities at the date of the combination. The only adjustments would be to harmonize accounting policies between the combining entities;
- No 'new' goodwill is recognized as a result of the business combination. The excess of the cost of business combinations over the net carrying amounts of the identifiable assets and liabilities of the acquired company is considered as equity adjustment from business combinations, included under "Additional Paid-in Capital" account in the equity section of the statements of financial position; and
- As a policy, no restatement of financial information in the Group's consolidated financial statements for periods prior to the transaction is made.

Asset Acquisition

Recognition and Initial Measurement

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

Measurement of Assets and Liabilities

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

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

Allocation of Acquisition Cost

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

Subsequent Measurement

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

Statement of Cash Flows

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

Segment Reporting

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

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

Financial Instruments

Financial Assets

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

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

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

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

Subsequent to initial recognition, financial assets are measured as described below. At each balance sheet date, the Group assesses whether there is objective evidence that a financial asset or a group of financial assets is impaired and recognizes a loss allowance for expected credit losses for financial assets measured at either amortized costs or at fair value through other comprehensive income. If, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12 months of expected credit losses. If, at the reporting date, the credit risk on a financial instrument has increased significantly since initial recognition, the Group measures the loss allowance for the financial instrument at an amount equal to the lifetime expected credit losses. The Group always measures the loss allowance at an amount equal to lifetime expected credit losses for receivables.

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

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

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

- actual and expected significant changes in the political, regulatory and technological environment of the debtor or in its business activities.

- payment record - this includes overdue status as well as a range of variables about payment ratios.
- existing and forecast changes in the business, financial and economic conditions.

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

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

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

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

Financial Assets at Amortized Cost

Financial assets are measured at amortized cost if both i) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset measured at amortized cost is initially recognized at fair value plus transaction cost directly attributable to the asset. After initial recognition, the carrying amount of the financial asset measured at amortized cost is determined using the effective interest method, less any impairment losses.

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

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

Financial Assets at FVTPL

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

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

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

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

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

As of December 31, 2024 and 2023, the Group has not designated any debt instrument that meets the amortized cost criteria as FVTPL.

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

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

Financial Liabilities

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

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

The Group classifies all financial liabilities as subsequently measured at amortized cost, except for:

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

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

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

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

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the most advantageous market for the asset or liability. The principal or most advantageous market must be accessible to the Group.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

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

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

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

Cash and Cash Equivalents

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

Merchandise Inventories

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

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

Property and Equipment

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

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

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

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

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

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

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

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

Investment in Associates and Joint Arrangements

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

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

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

Intangible Assets

Goodwill and Impairment of Goodwill

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

Other Intangible Assets

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

Impairment of Non-current Assets Other than Goodwill

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

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

A reversal of an impairment loss is recognized immediately as a credit to the Group's profit or loss. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. The increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization, had no impairment loss been recognized for the asset in prior years.

Employee Benefits

Short-term Employee Benefits

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

Retirement Benefits Cost

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

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

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

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

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

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

Equity

Capital Stock

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

Additional Paid-in Capital

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

Retained Earnings and Dividend Distribution

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

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

Treasury Stock

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

Other Comprehensive Income

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

Revenue Recognition

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

- *Merchandise Sales* - The Group generally recognizes sale of merchandise at the point of sale when customer takes possession of goods and tenders payment. At point of sale, the performance obligation is satisfied because control of the merchandise transfers to the customer. Revenue is recorded at the point of sale based on the transaction price on the merchandise tag, net of any applicable discounts, sales taxes and refunds. For e-commerce sales, the Group recognizes sales upon delivery of goods through its online channel.
- *Concession Fee Income* - The Group enters into certain agreements with concessionaires that offer goods to the Group's customers. In exchange, the Group receives payment in the form of commissions based on a specified percentage of the merchandise sales. The Group serves as agent in these contracts and recognizes the net amount earned as commissions in the period in which the event or condition that triggers the payment occurs.

- *Membership* - The Group charges a membership fee to its customers. The fee allows the customer to shop in the Group's stores for the duration of the membership, which is generally 1-2 years. The Group recognizes the fee in the period in which it occurs.
- *Gift Certificates* - The Group recognizes revenue from the sale of gift certificates when the gift certificate is redeemed by customer.
- *Other Income* - The Group recognizes various incidental income in the period in which the services/goods were rendered/delivered.
- *Reward Points* - The Group allocates a portion of the consideration received to loyalty points. This allocation is based on the relative stand-alone selling prices. The stand-alone selling price is estimated based on the equivalent value given when the points are redeemed by the customer and the likelihood of redemption, as evidenced by the Group's historical experience. A contract liability is recognized for revenue relating to the loyalty points at the time of the initial sales transaction. Revenue from the loyalty points is recognized when the points are redeemed by the customer. Revenue for loyalty points that are not expected to be redeemed is recognized in proportion to the pattern of rights exercised by customers.

Contract Balances

Receivables

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

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

Contract Liabilities

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

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

Cost and Expense Recognition

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

Vendor Rebates and Allowances

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

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

Operating Expenses

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

Leases

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

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

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

As a Lessee

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

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

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

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

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

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

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

Variable Lease Payments

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

Lease Modifications as a Lessee

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

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

COVID-19-Related Rent Concessions

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

Short-term Leases and Leases of Low-value Assets

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

As a Lessor

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

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

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

Borrowing Costs

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

Income Taxes

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

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

Current Tax

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

Deferred Tax

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

Value Added Tax (VAT)

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

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

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

Basic and Diluted Earnings Per Share (EPS)

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

Related Parties

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

Provisions and Contingencies

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

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

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

Events After the Reporting Date

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

4. Cash and Cash Equivalents

This account consists of:

	<i>Note</i>	2024	2023
Cash on hand		P1,188,869,181	P1,397,565,448
Cash in banks	30	18,753,754,097	16,394,013,918
Money market placements	30	5,888,941,755	24,193,734,640
		P25,831,565,033	P41,985,314,006

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

Money market placements are highly liquid investments that are readily convertible into cash and are subjected to insignificant risk of changes in value. These investments have maturity dates of an average of 30 days with annual interest rates ranging from 4.0% to 5.8% in 2024, 1.6% to 5.7% in 2023, and 0.2% to 7.0% in 2022.

Interest income earned from cash in banks and money market placements totaled P1.3 billion, P1.1 billion and P563.1 million in 2024, 2023 and 2022, respectively.

5. Receivables

This account consists of:

	<i>Note</i>	2024	2023
Trade receivables	24	P4,929,925,279	P2,685,739,566
Less allowance for impairment losses		7,462,327	7,462,327
		4,922,462,952	2,678,277,239
Nontrade receivables	24	1,254,313,530	1,991,013,270
	30	P6,176,776,482	P4,669,290,509

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

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

6. Merchandise Inventories

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

The Group's merchandise inventories at cost amounted to P29.4 billion and P27.3 billion as at December 31, 2024 and 2023, respectively.

Inventory charged to the cost of sales amounted to P179.7 billion, P163.6 billion and P150.5 billion in 2024, 2023 and 2022, respectively (see Note 19).

7. Financial Assets at Fair Value Through Profit or Loss

This account consists of:

	Note	2024	2023
Held-for-trading:			
Short-term investments	23, 30	P15,256,652,738	P -
Government securities	23, 30	4,579,062,733	4,588,450,000
Equity securities		42,465,103	37,689,942
		P19,878,180,574	P4,626,139,942

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

2024

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

2023

	January 1	Additions	Sale	Gain	(Loss)	December 31
Cost						
Short-term investments	P -	P -	P -	P -	P -	P -
Government securities	4,268,095,378	1,300,000,000	(979,645,378)	-	-	4,588,450,000
Equity securities	31,284,933	-	-	6,405,009	-	37,689,942
	P4,299,380,311	P1,300,000,000	(P979,645,378)	P6,405,009	P -	P4,626,139,942

The Group recognized a gain on sale of government securities amounting to nil in 2024 and P6.5 million in 2023 (see Note 23).

Interest income on government securities amounted to P197.8 million in 2024, P190.4 million in 2023, and P115.2 million in 2022.

Dividend income on equity securities amounted to P1.7 million in 2024, P1.4 million in 2023, and P1.1 million in 2022 (see Note 23).

8. Other Financial Assets at Amortized Cost

In 2024, the Group placed time deposits amounting to P4.6 billion with terms of more than three (3) months to less than one (1) year, which bears interest from 5.40% to 5.65% (see Note 30).

The Group recognized other financial assets at amortized cost amounting to P4.6 billion and nil as at December 31, 2024 and 2023, respectively.

9. Prepaid Expenses and Other Current Assets

This account consists of:

	2024	2023
Advances to suppliers	P2,558,254,912	P -
Prepaid expenses	506,376,483	472,393,220
Deferred input VAT	38,340,456	127,577,222
Input VAT	6,106,248	375,089
Creditable withholding tax	97,088	1,810,077
	P3,109,175,187	P602,155,608

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

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

The details of prepaid expenses are as follows:

	2024	2023
Taxes and licenses	P166,621,721	P182,732,640
Insurance	130,374,015	145,873,654
Advertising and promotion	90,378,827	49,045,850
Supplies	44,402,904	23,442,201
Repairs and maintenance	19,595,268	21,902,328
Others	55,003,748	49,396,547
	P506,376,483	P472,393,220

10. Investments in Associate and Joint Ventures

The details of this account are as follows:

	2024	2023
Associate	P422,745,311	P422,745,311
Joint ventures	100,423,852	100,423,852
	P523,169,163	P523,169,163

Investment in Associate

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

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

	2024	2023
Balance at beginning of the year	P422,745,311	P446,276,872
Share in net loss*	-	(23,531,561)
Balance at end of year	P422,745,311	P422,745,311

*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.

	2024	2023
Percentage of ownership	49.34%	49.34%
Current assets	P616,432,205	P674,615,728
Noncurrent assets	614,919,810	728,202,454
Current liabilities	(447,509,713)	(554,969,634)
Noncurrent liabilities	(490,065,792)	(546,259,147)
Net assets	293,776,510	301,589,401
Group's share in net assets	144,949,330	148,804,210
Goodwill	276,058,136	276,058,136
Unrecognized share in net loss in prior years	1,737,845	-
Other*	-	(2,117,035)
Carrying amount of interest in associate	P422,745,311	P422,745,311
Net sales	P3,756,605,107	P3,852,491,645
Net loss	(2,855,869)	(6,465,835)
Group's share in net loss	(P1,409,086)	(P3,190,243)

*Unrecognized prior period adjustments based on unaudited amounts

Investment in Joint Venture

AyaGold Retailers, Inc.

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

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

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

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

Pure Commerce, Inc.

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

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

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

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

	2024	2023
Balance at beginning of year	P100,423,852	P215,607,824
Share in net loss	-	(115,183,972)
Balance at end of year	P100,423,852	P100,423,852

In 2023, Entenso recognized share in net losses of Pure Commerce in excess of the cost of investment and advances 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 as at December 31, 2024 and 2023.

11. Property and Equipment

The movements in this account are as follows:

	Building	Furniture and Fixtures	Office and Store Equipment	Leasehold Improvements	Land	Construction in Progress	Total
Cost							
Balance, January 1, 2023	P7,534,625,576	P3,890,253,608	P13,228,241,182	P17,329,903,284	P6,698,385,230	P2,087,716,445	P50,769,125,325
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
Additions	521,178,233	279,450,767	1,047,693,766	642,464,599	-	5,160,429,252	7,651,216,617
Reclassifications/Adjustments	633,336,298	65,869,608	1,114,576,322	1,979,727,854	-	(3,771,592,607)	21,917,475
Disposals	-	(2,128,902)	(80,299,233)	-	-	-	(82,428,135)
Balance, December 31, 2024	9,224,770,964	4,685,622,495	17,237,234,408	22,543,779,593	7,570,827,145	4,315,171,319	65,577,405,924
Accumulated Depreciation							
Balance, January 1, 2023	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	-	(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
Depreciation	280,941,582	226,249,118	1,114,667,238	1,309,247,515	-	-	2,931,105,453
Reclassifications/Adjustments	(864,005)	(3,076,505)	(13,626,353)	(8,903,138)	-	-	(26,470,001)
Disposals	-	(2,120,209)	(80,298,937)	-	-	-	(82,419,146)
Balance, December 31, 2024	2,758,421,371	2,899,071,342	12,064,541,017	7,609,077,189	-	-	25,331,110,919
Carrying Amount							
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
December 31, 2024	P6,466,349,593	P1,786,551,153	P5,172,693,391	P14,934,702,404	P7,570,827,145	P4,315,171,319	P40,246,295,005

Interest expense on loans capitalized as part of property and equipment amounted to P12.1 million, P11.1 million and P10.9 million in 2024, 2023 and 2022, respectively (see Note 16).

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

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

The cost of fully depreciated property and equipment that are still being used in the Group's operations amounted to P10.4 billion and P9.8 billion as at December 31, 2024 and 2023, respectively.

12. Right-of-Use Assets

The movements in this account are as follows:

	2024	2023
Cost		
Balance at January 1	P49,253,060,461	P45,252,414,144
Additions	4,248,456,100	4,914,098,524
Terminated leases	(603,393,193)	(114,911,930)
Derecognition of right-of-use assets	(342,778,472)	(633,960,104)
Modifications to leases	(116,948,873)	(164,580,173)
Balance at December 31	52,438,396,023	49,253,060,461
Accumulated Depreciation		
Balance at January 1	17,576,979,477	15,302,839,734
Depreciation	2,766,985,285	2,640,856,225
Derecognition of right-of-use assets	(342,778,472)	(355,172,913)
Terminated leases	(56,778,924)	(28,248,910)
Other	-	16,705,341
Balance at December 31	19,944,407,366	17,576,979,477
Carrying Amount at December 31	P32,493,988,657	P31,676,080,984

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.

13. Goodwill and Other Intangibles

This account consists of:

	2024	2023
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	239,501,216	187,224,005
Leasehold rights - net	48,476,710	38,041,960
	P19,789,514,775	P19,726,802,814

Goodwill acquired in business combinations represents the excess of the purchase price over the fair value of net identifiable assets of acquired subsidiaries which represent the separate CGUs expected to benefit from that business combination.

The cost of goodwill allocated to the CGUs as at December 31, 2024 and 2023 follows:

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

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

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

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

VIU

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

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

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

As at December 31, 2024, 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:

	2024	2023
Cost		
Balance at January 1	P608,636,302	P514,306,537
Additions	115,948,571	94,329,765
Balance at December 31	724,584,873	608,636,302
Accumulated Amortization		
Balance at January 1	421,412,297	367,109,863
Amortization*	63,671,360	54,302,434
Balance at December 31	485,083,657	421,412,297
Carrying Amount At December 31	P239,501,216	P187,224,005

*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:

	2024	2023
Cost		
Balance at January 1	P75,955,005	P75,355,005
Additions	15,000,000	600,000
Balance at December 31	90,955,005	75,955,005
Accumulated Amortization		
Balance at January 1	37,913,045	34,037,794
Amortization*	4,565,250	3,875,251
Balance at December 31	42,478,295	37,913,045
Carrying Amount at December 31	P48,476,710	P38,041,960

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

On January 25, 2013, the Parent Company entered into a memorandum of agreement with various parties that paved the way for the acquisition of five stores previously owned and operated by the parties. Under the agreement, the parties agreed to sell to the Parent Company all merchandise inventories, equipment, furniture and fixtures as well as granting of rights to lease the buildings owned by parties for a period of 20 years. As a result of the transaction, the Parent Company recognized the excess of the purchase price over the fair value of tangible assets acquired as leasehold rights, which is amortized on a straight-line basis over the lease term.

14. Other Noncurrent Assets

This account consists of:

	Note	2024	2023
Security deposits	30	P2,809,245,853	P2,625,607,951
Advances to contractors		490,788,701	452,881,103
Accrued rent income		26,421,756	22,968,553
Others		7,879,160	7,879,160
		P3,334,335,470	P3,109,336,767

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

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

15. Trade and Other Payables

This account consists of:

	Note	2024	2023
Trade	24, 30	P21,569,506,577	17,561,775,652
Nontrade:	24, 30	1,918,853,278	2,026,205,064
Withholding taxes payable		265,908,951	288,000,534
Dividends payable	24	-	2,779,618,814
Accrued expenses:	30		
Manpower agency services		1,258,802,146	1,062,347,946
Fixed assets	25	769,473,614	881,161,832
Utilities		311,506,395	220,906,451
Rent		268,341,726	218,716,856
Supplies		69,271,924	118,848,880
Others		465,765,436	389,292,387
		P26,897,430,047	P25,546,874,423

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

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

16. Long-term Loans

This account consists of:

	Note	2024	2023
Unsecured Peso Denominated			
Fixed-rate Notes of Parent Company		P11,520,000,000	P11,640,000,000
Fixed-rate Notes of a subsidiary		5,200,000,000	-
		16,720,000,000	11,640,000,000
Unamortized Debt Issue Cost		(63,535,920)	(78,871,360)
	30	16,656,464,080	11,561,128,640
Current portion		(120,000,000)	(120,000,000)
Noncurrent portion		P16,536,464,080	P11,441,128,640

Fixed-rate Notes of Parent Company

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

The notes are subject to certain affirmative and negative covenants such as those relating to merger and consolidation, declaration of dividends and maintenance of financial ratios of at least 1.0x current ratio and not more than 2.5x debt-to-equity ratio, among others. The Parent Company is compliant with the loan covenants as at December 31, 2024 and 2023.

Long-term Loans of Subsidiary

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

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

The movements in debt issue cost are as follows:

	2024	2023
Balance at beginning of the year	P78,871,360	P94,206,800
Amortization	(15,335,440)	(15,335,440)
Balance at end of the year	P63,535,920	P78,871,360

Interest expense charged to profit or loss amounted to P691.0 million, P565.0 million and P518.7 million in 2024, 2023 and 2022, respectively.

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

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 27)	Lease Liabilities (Note 20)	Total
Balance at January 1, 2024	P11,561,128,640	P2,779,618,814	P41,725,797,212	P56,066,544,666
Changes from financing cash flows:				
Payment of loans	(120,000,000)	-	-	(120,000,000)
Lease payments	-	-	(4,481,620,138)	(4,481,620,138)
Payment of dividends	-	(5,358,646,587)	-	(5,358,646,587)
Total changes from financing cash flows	(120,000,000)	(5,358,646,587)	(4,481,620,138)	(9,960,266,725)
Other changes:				
<i>Liability-related</i>				
Additions	5,200,000,000	-	4,078,927,268	9,278,927,268
Transfer in	-	-	-	-
Amortization of debt issue cost	15,335,440	-	-	15,335,440
Other lease adjustments	-	-	2,168,181,479	2,168,181,479
Declaration of dividends	-	2,579,027,773	-	2,579,027,773
Total liability-related changes	5,215,335,440	2,579,027,773	6,247,108,747	14,041,471,960
Balance at December 31, 2024	P16,656,464,080	P -	P43,491,285,821	P60,147,749,901

	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

17. Other Current Liabilities

This account consists of:

	<i>Note</i>	2024	2023
Deposits from tenants	30	P303,610,308	P271,071,123
Unredeemed gift certificates		203,370,788	187,213,233
Unearned income from suppliers		131,169,143	177,793,421
VAT payable		77,711,655	307,898,418
Others	30	10,711,569	72,489,880
		P726,573,463	P1,016,466,075

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, 2024 and 2023. 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:

	2024	2023
Beginning balance	P187,213,233	P189,892,979
Add receipts	480,201,089	379,667,289
Less sales recognized	464,043,534	382,347,035
Ending balance	P203,370,788	P187,213,233

Others consist of commission payable and unearned rent income.

18. Revenue from Contract with Customers

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

	<i>Note</i>	2024	2023	2022
Net sales from stores		P219,171,530,016	P199,031,904,535	P184,302,944,650
Concession fee income	21	1,668,591,231	1,632,540,665	1,743,522,470
Membership fee income	21	857,442,735	778,436,637	670,476,386
Revenue from contract with customers		P221,697,563,982	P201,442,881,837	P186,716,943,506

19. Cost of Sales

This account for the years ended December 31 consists of:

	<i>Note</i>	2024	2023	2022
Beginning inventory	6	P27,308,803,049	P28,214,691,119	P21,558,632,962
Add purchases		181,765,704,623	162,711,785,898	157,139,330,617
Total goods available for sale		209,074,507,672	190,926,477,017	178,697,963,579
Less ending inventory	6	29,404,917,109	27,308,803,049	28,214,691,119
		P179,669,590,563	P163,617,673,968	P150,483,272,460

20. Leases

Lessee

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

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

	2024	2023
Due within one year	P1,360,069,036	P1,271,652,922
Due beyond one year	42,131,216,785	40,454,144,290
	P43,491,285,821	P41,725,797,212

The movements in lease liabilities are as follows:

	<i>Note</i>	2024	2023
Balance at January 1		P41,725,797,212	P39,219,731,431
Additions		4,078,927,268	4,120,812,073
Repayments		(4,481,620,138)	(3,906,373,857)
Accretion of interest expense		2,878,994,118	2,748,879,538
Terminations		(593,863,766)	(133,499,254)
Modifications		(116,948,873)	(323,752,719)
Balance at December 31	30	P43,491,285,821	P41,725,797,212

The Group derecognized right-of-use (ROU) assets amounting to P603 million and P115 million and the corresponding lease liabilities amounting to P594 million and P133 million, in 2024 and 2023, respectively. This is related to the termination of certain lease agreements in 2024 and 2023 due to closed stores and transition to new lessors.

Net gains of P54 million and P47 million resulting from these terminations were recognized under "Other Charges - net" in the consolidated statements of comprehensive income in 2024 and 2023, respectively (see Note 23).

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

	2024	2023
Less than one year	P4,466,017,547	P4,023,543,806
One to five years	17,937,490,129	15,804,458,793
More than five years	59,658,573,041	51,622,714,550
	P82,062,080,717	P71,450,717,149

The following are the amounts recognized in profit or loss:

	2024	2023
Variable lease payments not included in the measurement of lease liabilities	P394,017,064	P565,093,102
Expenses related to leases of low-value assets	165,791,931	25,271,464
Expenses related to short-term leases	23,125,276	20,448,762
Total rent expense	582,934,271	610,813,328
Interest accretion on lease liabilities	2,878,994,118	2,748,879,538
Depreciation charge for right-of-use assets	2,766,985,285	2,640,856,225
Gain from lease terminations	54,036,093	46,836,234

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

Security deposits under "Other noncurrent assets" in the consolidated statements of financial position amounted to P2.8 billion and P2.6 billion as at December 31, 2024 and 2023, respectively (see Note 14).

As Lessor

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

Rent income recognized in profit or loss amounted to P491.9 million, P472.0 million and P501.3 million in 2024, 2023 and 2022, respectively (see Note 21).

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

	2024	2023
Less than one year	P331,235,860	P315,926,540
One to two years	267,383,007	259,576,750
Two to three years	143,060,655	106,008,911
Three to four years	115,977,384	88,247,081
Four to five years	80,275,489	71,836,843
More than five years	1,178,716,572	1,187,250,601
	P2,116,648,967	P2,028,846,726

21. Other Revenue

This account consists of:

	<i>Note</i>	2024	2023	2022
Concession fee income	18	P1,668,591,231	P1,632,540,665	P1,743,522,470
Membership fee income	18	857,442,735	778,436,637	670,476,386
Rent income	20	491,934,220	472,034,786	501,337,594
Miscellaneous		491,125,127	392,159,939	268,451,975
		P3,509,093,313	P3,275,172,027	P3,183,788,425

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

22. Operating Expenses

This account consists of:

	<i>Note</i>	2024	2023	2022
Depreciation and amortization	11, 12, 13	P5,745,095,297	P5,020,019,254	P4,564,410,149
Manpower agency services		5,119,639,928	4,440,761,660	3,764,669,180
Communication, light and water		3,538,871,393	3,240,654,666	3,172,571,318
Salaries and wages		3,534,510,560	3,045,095,189	2,683,910,259
Taxes and licenses		1,264,254,433	1,143,057,821	1,018,664,555
Security services		1,164,644,733	1,140,059,725	1,040,650,849
Repairs and maintenance		981,858,160	861,921,252	706,700,802
Store and office supplies		789,073,069	866,390,052	819,558,765
Advertising and marketing		777,834,718	633,075,764	564,778,557
Transportation		655,545,914	578,654,742	507,247,761
Credit card charges		636,100,421	546,422,521	585,387,582
Rent	20	582,934,271	610,813,328	693,282,622
SSS/Medicare and HDMF contributions		375,878,180	306,726,922	247,187,601
Retirement benefits cost	25	336,493,750	904,911,727	272,768,815
Insurance		306,495,159	272,757,787	249,498,342
Janitorial and messengerial services		265,012,586	223,713,896	199,832,069
Other selling expenses		215,300,199	211,242,882	191,829,474
Input VAT on exempt sales		213,385,621	214,427,231	206,969,582
Fuel and oil		186,944,421	165,919,048	175,771,439
Representation and entertainment		179,012,312	181,699,709	152,851,109
Professional fees		83,239,939	70,075,359	43,684,770
Royalty	24	72,181,209	66,586,933	61,871,915
Donations and contributions		802,411	11,608,252	55,763,357
Miscellaneous		783,856,651	580,257,502	542,272,268
		P27,808,965,335	P25,336,853,222	P22,522,133,140

23. Others

This account consists of:

	Note	2024	2023	2022
Gain from lease terminations	20	P54,036,093	P46,836,234	P4,593,117
Unrealized valuation gain (loss) on financial assets at FVTPL	7	(4,612,107)	6,405,009	(323,662)
Bank charges		(2,008,108)	(2,348,379)	(2,307,233)
Dividend income	7	1,714,641	1,400,010	1,119,623
Gain (loss) from insurance claims		-	-	(1,587,440)
Gain (loss) from sale of financial assets	7	-	6,524,397	-
		P49,130,519	P58,817,271	P1,494,405

24. Related Party Transactions

Other than the items disclosed in Note 1, 9, 10, 11 and 14, the Group's significant transactions and balances with related parties 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 15)	Nontrade Payable, Loans and Lease Liabilities (see Notes 15, 16 and 20)	Due to Related Parties	Terms	Conditions
Parent										
Dividends	2024		P1,269,780,469	P -	P -	P -	P -	P -	Due and demandable	Unsecured
	2023		1,368,541,172	-	-	-	1,368,541,172	-	Due and demandable	Unsecured
Entities under Common Control										
Leases	2024	a	1,489,152,337	-	873,183	-	5,666,129,849	-	Due and demandable	Unsecured; no impairment
	2023		1,435,782,104	-	675,925	-	5,914,731,850	-	Due and demandable	Unsecured
Purchase of inventories	2024		4,662,496,369	-	-	734,478,746	-	-	Due and demandable	Unsecured
	2023		4,224,885,924	-	-	623,531,962	-	-	Due and demandable	Unsecured; no impairment
Sale of merchandise	2024		228,376,010	279,155,948	-	-	-	-	Due and demandable	Unsecured; no impairment
	2023		219,362,017	297,220,752	-	-	-	-	Due and demandable	Unsecured; no impairment
Security deposits	2024	a	25,243,398	-	207,547,359	-	105,511	-	Due and demandable	Unsecured; no impairment
	2023		45,126,075	-	19,662	-	1,225,038	-	Due and demandable	Unsecured
Management fee	2024		22,479,409	-	-	-	3,461,542	-	Due and demandable	Unsecured
	2023		18,708,226	-	-	-	3,982,137	-	Due and demandable	Unsecured
Fixed asset	2024		5,242,182	-	133,315,395	-	148,661	-	Due and demandable	Unsecured
	2023		9,972,531	-	136,570,848	-	-	-	Due and demandable	Unsecured
Loans	2024	c	-	-	-	-	-	-	Due and demandable	Unsecured
	2023		2,491,576	-	-	-	2,491,576	-	Due and demandable	Unsecured
Expense reimbursement	2024		417,037,354	-	18,568,169	-	39,957,719	-	Due and demandable	Unsecured
	2023		331,678,813	-	16,796,025	-	45,403,052	-	Due and demandable	Unsecured
Stockholder										
Royalty expense	2024	b	72,181,209	-	-	-	-	57,743,189	30 years and subject to renewal	Unsecured
	2023		66,586,933	-	-	-	-	53,269,546	30 years and subject to renewal	Unsecured
Leases	2024	a	29,667,019	-	-	-	-	-	Due and demandable	Unsecured
	2023		27,978,752	-	-	-	-	-	Due and demandable	Unsecured
Key Management Personnel										
Short-term benefits	2024		57,679,084	-	-	-	-	-	Due and demandable	Unsecured
	2023		50,063,679	-	-	-	-	-	Due and demandable	Unsecured
Total	2024			P279,155,948	P360,304,106	P734,478,746	P5,709,803,282	P57,743,189		
Total	2023			P297,220,752	P154,062,460	P623,531,962	P7,336,374,825	P53,269,546		

a. Leases - Group as a Lessee

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

b. License Agreement

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

c. Loans

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

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

Significant Related Party Transactions and Balances Eliminated During Consolidation

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

	2024	2023
Sales	P3,125,378	P1,507,608
Trade receivable	3,125,378	1,507,608

b. Dividend received by the Parent Company from KMC:

	Amount of Transaction	2024	2023
Dividend received	P1,290,593,345	P1,290,593,345	P1,491,655,123

25. Other Noncurrent Liabilities

This account consists of:

	Note	2024	2023
Retirement benefits liability		P2,003,434,701	P2,020,732,372
Accrued fixed assets - net of current	15	289,808,552	567,279,376
		P2,293,243,253	P2,588,011,748

a. *Retirement Benefits*

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

Salient Provisions of the Retirement Plan

Normal Retirement (Minimum Retirement Law, RA 7641)

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

On January 23, 2023, the Parent entity adopted a formal retirement plan with updates on the compulsory retirement benefit and the voluntary retirement benefit scheme. The plan provides retirement benefits upon the compulsory retirement at the age of sixty-five (65) or upon voluntary retirement at age sixty (60) or more but not more than age sixty-five (65) with at least five (5) years in service. This is a multi-employer retirement plan, non-contributory, which provides a retirement benefit ranging from 22.5 days pay up to 45 days pay for every year of service.

The reconciliation of the liability recognized in the consolidated statements of financial position as at December 31 is as follows:

	2024	2023
Present value of defined benefit obligation	P2,035,674,814	P2,051,601,544
Fair value of plan assets	(32,240,113)	(30,869,172)
Retirement benefits liability	P2,003,434,701	P2,020,732,372

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

	2024	2023
Balance at January 1	P2,051,601,544	P1,029,323,469
Included in Profit or Loss		
Current service cost	223,241,318	236,633,376
Interest cost	115,141,625	109,207,808
Past service cost	-	561,386,378
	338,382,943	907,227,562
Benefits paid/Transfer to Affiliated Company	(7,376,461)	(5,050,016)
Included in Other Comprehensive Income		
Remeasurements gain:		
Actuarial losses (gains) arising from:		
Financial assumptions	(22,455,648)	357,183,550
Demographic assumptions	(232,067,563)	-
Experience adjustments	(92,410,001)	(237,083,021)
	(346,933,212)	120,100,529
Balance at December 31	P2,035,674,814	P2,051,601,544

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

	2024	2023
Beginning of the year	P30,869,172	P29,502,339
Interest income	1,889,193	2,130,069
Remeasurement loss	(518,252)	(763,236)
End of the year	P32,240,113	P30,869,172

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

	2024	2023
Beginning of year	(P641,137,633)	(P762,001,397)
Actuarial gain (losses) for the year	(346,414,960)	120,863,764
Ending balance	(P987,552,593)	(P641,137,633)

The cumulative actuarial gain or loss, net of income tax effect, amounted to P751.6 million and P491.3 million as at December 31, 2024 and 2023, 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:

	2024	2023
Cash in banks	P205,076	P591,957
Debt instruments - government securities	11,936,317	16,418,120
Trust fees payable	(6,679)	(9,813)
Other receivables	20,105,399	13,868,908
	P32,240,113	P30,869,172

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

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

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

	2024	2023
Discount rate	6.07%	6.12%
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, 2024 and 2023 are 23.0 years and 23.2 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:

2024

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

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)

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:

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

	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

b. Accrued Fixed Assets

Accrued fixed assets pertains to the remaining obligations for the purchase of a parcel of land, which is payable until 2027. The current portion amounting to P266.1 million and P276.6 million as at December 31, 2024 and 2023 is included in "Trade and other payables" account (see Note 15).

26. Income Taxes

The components of income tax expense are as follows:

	2024	2023	2022
Current tax expense	P3,340,384,187	P3,120,096,350	P3,192,461,050
Deferred tax benefit	(320,632,686)	(502,397,257)	(255,356,976)
	P3,019,751,501	P2,617,699,093	P2,937,104,074

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:

	2024	2023	2022
Income before income tax	P13,444,110,599	P11,213,220,428	P12,224,530,932
Income tax expense at the statutory income tax rates:			
Regular - 25%	P3,672,137,300	P3,159,833,695	P3,352,341,131
Special - 5%	1,799,976	1,778,211	3,048,313
Income tax effects of:			
Interest income subject to final tax	(364,157,405)	(321,768,228)	(167,896,798)
Dividend income exempt from tax	(326,351,018)	(376,792,451)	(313,023,209)
Nondeductible interest expense	90,163,764	77,554,584	36,097,624
Nontaxable income	(71,551,336)	(2,026,441)	(2,485,932)
Nondeductible other expenses	16,399,266	59,705,211	16,224,388
Changes in unrecognized DTA/DTL	1,310,954	21,045,611	12,798,557
Other income subject to final tax	-	(1,631,099)	-
	P3,019,751,501	P2,617,699,093	P2,937,104,074

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

The components of the Group's deferred tax assets (DTA) net of deferred tax liabilities (DTL) in respect to the following temporary differences are shown below:

	2024		2023	
	Amount	DTA (DTL)	Amount	DTA (DTL)
PFRS 16*	P11,473,517,165	P2,897,857,051	P10,643,953,381	P2,660,988,345
Retirement benefits liability	2,989,595,449	747,398,862	2,661,587,294	665,396,824
NOLCO	41,032,182	10,258,046	-	-
Allowance for impairment losses on receivables	7,462,327	1,865,582	7,462,327	1,865,582
MCIT	859,191	859,191	-	-
Recognition of DTA due to merger	389,731	97,433	389,731	97,433
DTA	14,512,856,045	3,658,336,165	13,313,392,733	3,328,348,184
Fair value of intangible assets from business combination	(4,599,113,528)	(1,149,778,382)	(4,599,113,528)	(1,149,778,382)
Actuarial gain	(982,687,883)	(245,671,971)	(638,299,344)	(159,574,836)
Accrued rent income	(26,421,756)	(6,605,439)	(13,482,940)	(3,370,735)
DTL	(5,608,223,167)	(1,402,055,792)	(5,250,895,812)	(1,312,723,953)
Net	P8,904,632,878	P2,256,280,373	P8,062,496,921	P2,015,624,231

*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 P2.9 billion and P2.6 billion in 2024 and 2023, 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.

27. 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:

	2024	2023	2022
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)	(38,627,680)
	2,865,586,406	2,865,586,406	2,865,586,406

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

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

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

Treasury Stock

The movement on this account is as follows:

	2024	2023	2022
Balance at beginning of year	38,627,680	38,627,680	35,677,680
Additions	-	-	2,950,000
Balance at end of year	38,627,680	38,627,680	38,627,680

The Group's treasury stock consists of:

	2024	2023	2022
Parent Company's treasury stock	24,076,471	24,076,471	24,076,471
Treasury stock due to merger	14,551,209	14,551,209	14,551,209
Balance at end of year	38,627,680	38,627,680	38,627,680

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

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

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

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

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

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

Retained Earnings

Dividends Declaration

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

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

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

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

Appropriation

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

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

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

28. Segment Information

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

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

29. Basic/Diluted EPS

Basic/Diluted EPS is computed as follows:

	<i>Note</i>	2024	2023	2022
Net income (a)		P10,424,359,098	P8,595,521,335	P9,287,426,858
Weighted average number of ordinary shares (b)	27	2,865,586,406	2,865,586,406	2,866,536,406
Basic/diluted EPS (a/b)		P3.64	P3.00	P3.24

As at December 31, 2024, 2023 and 2022, the Group has no dilutive debt or equity instruments.

30. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

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

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

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

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

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

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

Credit Risk

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

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

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

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

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

	Note	2024	2023
Cash in banks and cash equivalents	4	P24,642,695,852	P40,587,748,558
Receivables - net	5	6,176,776,482	4,669,290,509
Short-term investments	7	15,256,652,738	-
Government securities	7	4,579,062,733	4,588,450,000
Time deposits	8	4,556,715,889	-
Security deposits*	14	2,809,245,853	2,625,607,951
		P58,021,149,547	P52,471,097,018

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

**Included under noncurrent assets.*

	As of December 31, 2023			Total
	Grade A	Grade B	Grade C	
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
Government securities	4,588,450,000	-	-	4,588,450,000
Security deposits*	2,625,607,951	-	-	2,625,607,951
	P51,572,755,882	P898,341,136	P -	P52,471,097,018

*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:

- 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.
- 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.
- 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.
- 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:

	2024		2023	
	Gross Amount	Impairment	Gross Amount	Impairment
Current	P4,211,303,124	P -	P3,769,863,323	P -
Past due 1 - 30 days	660,629,594	-	427,763,286	-
Past due 31 - 60 days	415,211,323	-	9,947,767	-
More than 60 days	897,094,768	7,462,327	469,178,460	7,462,327
	P6,184,238,809	P7,462,327	P4,676,752,836	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, 2024					
	Carrying Amount	Contractual Cash Flows	1 Year or Less	More than 1 Year - 5 Years	More than 5 Years
Financial Liabilities					
Trade and other payables*	P26,365,404,166	P26,365,404,166	P26,365,404,166	P -	P -
Due to related parties	57,743,189	57,743,189	57,743,189	-	-
Lease liabilities	43,491,285,821	82,062,080,717	4,466,017,547	17,937,490,129	59,658,573,041
Long-term loans including current portion**	16,656,464,080	19,534,029,299	900,887,829	13,926,853,773	4,706,287,697
Accrued fixed assets	555,925,480	720,956,160	320,424,960	400,531,200	-
Other current liabilities***	314,321,877	314,321,877	314,321,877	-	-

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

**contractual cash flows include future interest payment

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

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 Notes 15 and 25)

**contractual cash flows include future interest payment

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

Interest Rate Risk

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

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

	2024	2023	2022
Financial assets at amortized cost:			
Cash in banks	P18,753,754,097	P16,394,013,918	P12,567,230,455
Money market placements	5,888,941,755	24,193,734,640	25,071,732,805
Time deposits	4,556,715,889	-	-
Financial assets at fair value through profit or loss:			
Short-term investments	15,256,652,738	-	-
Government securities	4,579,062,733	4,588,450,000	4,268,095,378
	P49,035,127,212	P45,176,198,558	P41,907,058,638

Sensitivity Analysis

A 2.0% increase in interest rates would have increased equity and net income by P43.8 million, P67.8 million and P62.9 million in 2024, 2023 and 2022, respectively. A 2.0% decrease in interest rates would have had the equal but opposite effect. Assuming a 10.0% interest rate and on the basis that all other variables remain constant.

Other Market Price Risk

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

Capital Management

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

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

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

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

The Group is not subject to externally imposed requirements.

Fair Values of Financial Assets and Liabilities

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

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

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

Financial Assets at FVTPL

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

Security Deposits

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

Long-term Loans, Lease Liabilities and Accrued Fixed Assets

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

Fair Value Hierarchy

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

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

As at December 31, 2024 and 2023, the Group's investments in equity securities classified as financial assets at fair value through profit or loss (FVTPL) are categorized under Level 1 of the fair value hierarchy, while the investments in government securities and short-term investments are classified under Level 2.



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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, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 included in this Form 17-A, and have issued our report thereon dated April 15, 2025.

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

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

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 read 'Darwin P. Virocel', written over a horizontal line.

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

SEC Accreditation No. 94495-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and up to audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2022

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

PTR No. MKT 10467159

Issued January 2, 2025 at Makati City

April 15, 2025

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	P24,642,695,852	P24,642,695,852	P384,513,280
Various banks/Time deposits	N/A	4,556,715,889	4,556,715,889	98,851,854
Various banks/Short-term investments	N/A	15,256,652,738	15,256,652,738	795,950,455
Various customers and suppliers/Receivables - net	N/A	6,176,776,483	6,176,776,483	-
Various lessors/Security deposit	N/A	2,809,245,853	2,809,245,853	-
Bureau of Treasury (BTR)/Government securities	4,588,450,000	4,579,062,733	4,579,062,733	197,773,754
Various publicly-listed companies/Equity securities	959,578	42,465,103	42,465,103	(4,612,107)**
		P58,063,614,651	P58,063,614,651	P1,472,477,236

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	P4,529,846	P69,740	(P4,504,921)	P -	P94,665	P -	P94,665
Various employees	8,920,754	444,919	(5,823,239)	-	3,542,434	-	3,542,434
	P13,450,600	P514,659	(P10,328,160)	P -	P3,637,099	P -	P3,637,099

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	P1,544,289,784	P51,575,804	(P1,544,289,784)	P -	P51,575,804	P -	P51,575,804
Puregold Price Club, Inc.	109,149,710	96,153,955	(109,149,710)	-	96,153,955	-	96,153,955
	P1,653,439,494	P147,729,759	(P1,653,439,494)	P -	P147,729,759	P -	P147,729,759

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	P3,360,000,000	P35,000,000	P3,325,000,000	4.5%	N/A	September 30, 2030
	Development Bank of the Philippines	2,880,000,000	30,000,000	2,850,000,000	4.0%	N/A	September 30, 2027
	Keb Hana Bank	480,000,000	5,000,000	475,000,000	4.0%	N/A	September 30, 2027
	Land Bank of the Philippines	1,440,000,000	15,000,000	1,425,000,000	4.0%	N/A	September 30, 2027
	Land Bank of the Philippines	1,440,000,000	15,000,000	1,425,000,000	4.5%	N/A	September 30, 2030
	Metropolitan Bank & Trust Co.	960,000,000	10,000,000	950,000,000	4.0%	N/A	September 30, 2027
	Shinhan Bank	480,000,000	5,000,000	475,000,000	4.0%	N/A	September 30, 2027
	The Insular Life Assurance Company, Ltd.	480,000,000	5,000,000	475,000,000	4.0%	N/A	September 30, 2027
	BDO Unibank	400,000,000	-	400,000,000	5.2%	N/A	March 25, 2027
	BDO Unibank	600,000,000	-	600,000,000	5.2%	N/A	April 8, 2027
	BDO Unibank	600,000,000	-	600,000,000	5.2%	N/A	May 7, 2027
	BDO Unibank	800,000,000	-	800,000,000	5.2%	N/A	June 4, 2027
	Metropolitan Bank & Trust Co.	1,600,000,000	-	1,600,000,000	5.3%	N/A	June 4, 2027
	BDO Unibank	500,000,000	-	500,000,000	5.2%	N/A	August 14, 2029
	BDO Unibank	350,000,000	-	350,000,000	5.2%	N/A	November 16, 2029
	BDO Unibank	350,000,000	-	350,000,000	5.2%	N/A	November 30, 2029
Totals		P16,720,000,000	P120,000,000	P16,600,000,000			

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

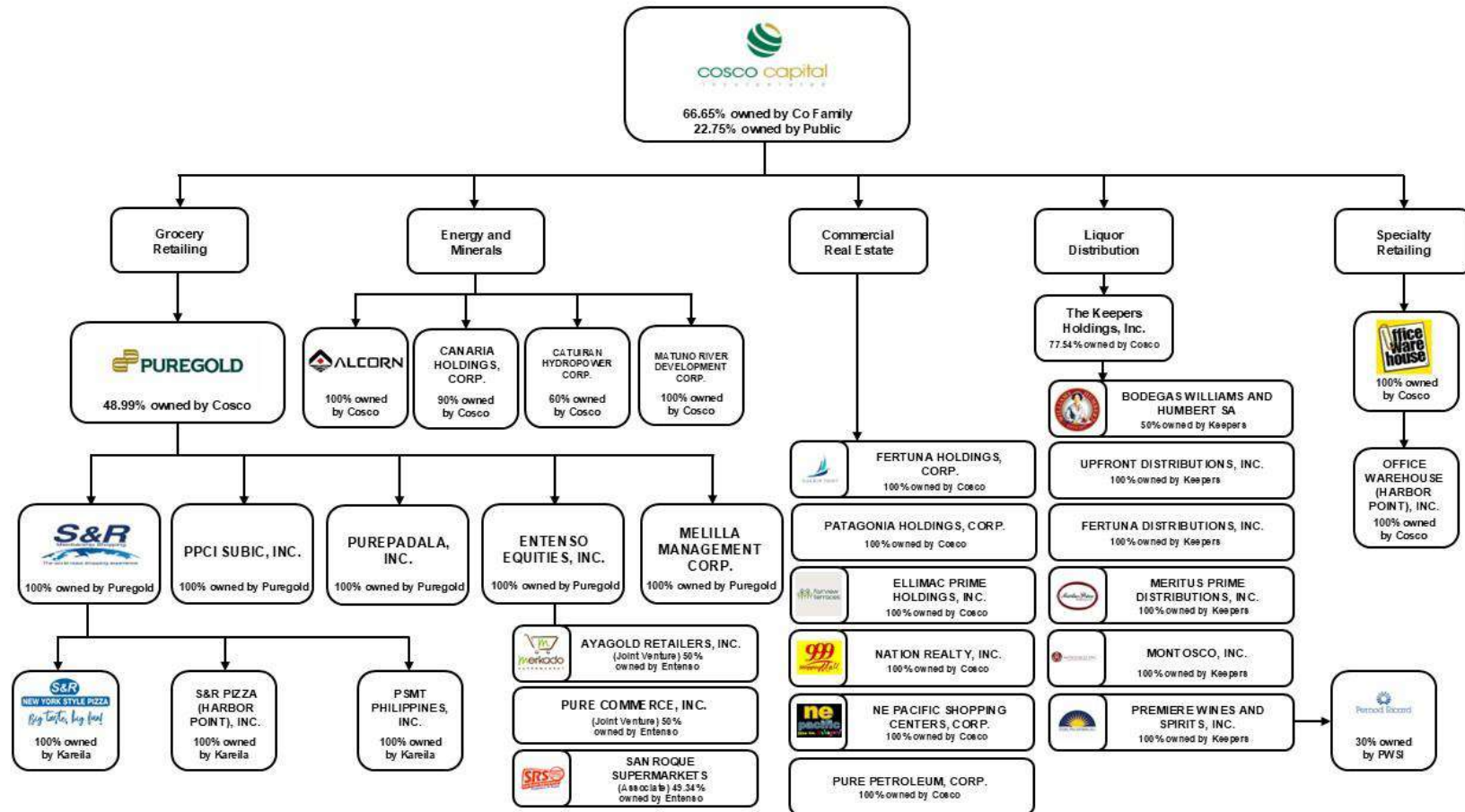
Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding (i)	Amount owned by person for which statement is filed	Nature of guarantee
--	---	---	---	---------------------

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	453,148,567	-

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES
Map of Group of Companies Within which the Company Belongs
As at December 31, 2024



**RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2024**

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

Unappropriated Retained Earnings, beginning of the reporting period		P33,257,729,263
Add: <u>Category A</u>: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings		
Appropriation/s		
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	(P2,592,123,855)	
Retained Earnings appropriated during the reporting period	(15,000,000,000)	
Effects of restatements or prior-period adjustments		
Others (describe nature)		(17,592,123,855)
Unappropriated Retained Earnings, as adjusted		15,665,605,408
Add: Net Income for the current year		6,485,671,942
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	(286,401,563)	
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		(286,401,563)

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

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

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

P6,199,270,379

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	
Total amount of reporting relief granted during the year	
Others (describe nature)	
Sub-total	
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	(P68,740,963)
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	(134,948,807)
Adjustment due to deviation from PFRS/GAAP - gain (loss)	
Others (describe nature)	
Sub-total	(P203,689,770)
Total Retained Earnings, end of the reporting period available for dividend	P21,661,186,017



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The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
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Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

**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 and for the years ended December 31, 2024 and 2023, and have issued our report thereon dated April 15, 2025.

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) Accounting Standards 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

SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

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 (SRC) 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 Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the years ended December 31, 2024 and 2023 and no material exceptions were noted.

R.G. MANABAT & CO.

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

DARWIN P. VIROCEL

Partner

CPA License No. 0094495

SEC Accreditation No. 94495-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and up to audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025

Tax Identification No. 912-535-864

BIR Accreditation No. 08-001987-031-2022

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

PTR No. MKT 10467159

Issued January 2, 2025 at Makati City

April 15, 2025

Makati City, Metro Manila

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES
SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS FOR
ALL SECONDARY LICENSEES AND PUBLIC COMPANIES
DECEMBER 31, 2024 AND 2023

	2024	2023
Current Assets	P88,957,330,274	P79,191,703,114
Current Liabilities	30,164,476,927	28,867,356,556
Current Ratio	2.95:1.00	2.74:1.00
Total Liabilities	P91,125,401,045	P83,350,641,234
Shareholder's Equity	96,475,512,672	88,369,881,193
Debt to Equity Ratio	0.94:1.00	0.94:1.00
Total Asset	P187,600,913,717	P171,720,522,427
Total Liabilities	91,125,401,045	83,350,641,234
Asset to Liability Ratio	2.06:1.00	2.06:1.00
Total Assets	P187,600,913,717	P171,720,522,427
Shareholder's Equity	96,475,512,672	88,369,881,193
Asset to Equity Ratio	1.94:1.00	1.94:1.00
Earnings before Interest Expense and Taxes	P15,202,067,431	P13,352,549,372
Interest Expense	3,569,959,134	3,313,825,011
Interest Rate Coverage Ratio	4:26:1.00	4.03:1.00
Net Income	P10,424,359,098	P8,595,521,335
Average Total Assets	179,660,718,072	167,759,018,379
Return on Asset Ratio	0.06:1.00	0.05:1.00
Net Income	P10,424,359,098	P8,595,521,335
Average Shareholder's Equity	92,422,696,933	85,507,241,246
Return on Equity	0.11:1.00	0.10:1.00
Gross Profit	P39,501,939,453	P35,414,230,567
Net Sales	219,171,530,016	199,031,904,535
Gross Profit Ratio	0.18:1.00	0.18:1.00
Net Income	P10,424,359,098	P8,595,521,335
Net Sales	219,171,530,016	199,031,904,535
Net Profit Ratio	0.05:1.00	0.04:1.00

PUREGOLD PRICE CLUB, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF EXTERNAL
AUDITOR FEE-RELATED INFORMATION
December 31, 2024

	2024	2023
Total Audit Fees	P7,549,500	P6,570,000
Non-audit services fees:		
Other assurance services	-	P6,100,000
Tax services	-	-
All other services	-	-
Total Non-audit Fees	-	6,100,000
Total Audit and Non-audit Fees	P7,549,500	P12,670,000
Audit and Non-audit Fees of Other Related Entities		
Audit fees	P -	P -
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
Total Audit and Non-audit Fees of Other Related Entities	P -	P -



Sustainability Report 2024

SEC 17-A Annex

About the Report

2-3

This publication marks the first standalone Sustainability Report of Puregold Price Club Inc., which in previous years was disclosed as part of Cosco Capital Inc.'s group-wide sustainability report. With this dedicated report, Puregold affirms its commitment to strengthening transparency, deepening stakeholder engagement, and driving accountability across its retail operations.

This report covers the performance of Puregold Price Club Inc., including its key subsidiaries: S&R Membership Shopping and S&R New York Style Quick Service Restaurants (QSRs), from January 1 to December 31, 2024. It has been prepared in accordance with the GRI Standards 2021 (Core option) and follows the Philippine SEC's Sustainability Reporting Guidelines for Publicly Listed Companies, ensuring the quality and comparability of reported information.

As this is our first independent sustainability disclosure, we recognize opportunities to further enhance our data quality, systems, and stakeholder engagement mechanisms in future reporting cycles.

For questions, feedback, or clarifications regarding this report, please contact:

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

Table of Contents

About the Report	2
About Puregold	4
Sustainability at a Glance	7
Awards and Recognitions	8
Our Sustainability Strategy	9
Stakeholder Engagement	12
Materiality Assessment	14
Our Material Topics UN SDG Mapping	15
Business and Economic Viability	22
Economic Growth	22
Local Procurement	23
Local Wage Equality	23
Disaster Preparedness	24
Infrastructure Development and Economic Impact	25
Conscious Conduct of Operations	26
Management of Sustainable Materials	26
Energy and Emissions	27
Waste Management	34
Optimizing Water Use	36
Sustainable Supply Chain	38
Product Safety and Customer Well-being	38
Value for Our People	39
Employee Engagement and Diversity Inclusion	39
Occupational Health and Safety	51
Training and Education	53
Customer Health and Safety	56
Customer Privacy and Cybersecurity	56
Fair Marketing and Labelling Practices	57
Communities and Livelihoods	57
Respect to the Rule of the Land	59
Governance and Anti-Corruption	59
Compliance to the Law	60
GRI Content Index	61

About Puregold

2-1, 2-2, 2-6

Puregold Price Club Inc. is a leading grocery retail chain in the Philippines, operating a total of 602 stores nationwide comprising 511 Puregold stores, 29 S&R Membership Shopping Warehouses, and 62 S&R New York Style Quick Service Restaurants (QSRs). This 2024 Sustainability Report marks Puregold's first standalone disclosure and covers both Puregold and S&R operations. In line with its commitment to expanding nationwide reach, the company targets the opening of at least 25 new grocery stores annually to bring quality products and convenience to more Filipino communities. Puregold, a flagship brand of Cosco Capital, Inc., was established in Mandaluyong City in 1998 and has since expanded to many branches offering various consumer goods nationwide, both on a wholesale and retail basis.

OUR VISION:

To be the Most Customer-Oriented Hypermart offering a One-Stop Shopping convenience and Best Value to our Customers.

Sa Puregold, Always Panalo!

OUR MISSION:

Our Mission is to provide products, services and business opportunities to every Filipino Family We establish lasting relationship with our Suppliers and Business Partners We strive to promote the personal and professional development of our Employees

Sa bawat araw, Puregold kasama mo!

Our Core Values



Sense of Belonging

Feeling that one has an essential role to play as part of the PUREGOLD family.



Sense of Service

Providing products and services that meet the demands and expectations of customers.



Dynamism

Open, adaptive and responsive to the changing environment.



Commitment

Dedicated and conscientious focus on work.



Loyalty and Integrity

Honor, credibility, "palabra de honor", "walking the talk".

Puregold serves a wide range of customers by operating its business in three different retail formats:

Puregold Hypermarkets are located in major commercial centers and transit hubs, offering food and non-food products to retail customers and small business owners, including Tindahan ni Aling Puring (TNAP) members. With their average net selling space, they offer between 15,000 to 18,000 stock-keeping units (SKU).

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

Puregold Supermarkets are smaller compared to hypermarkets. Primarily located in residential areas, they offer targeted consumer items and a limited variety of general merchandise, focusing more on food and fresh products. With their average net selling space, they offer between 10,000 to 15,000 stock-keeping units (SKU).

Selling space: around 800 sqm to 1,000 sqm

Puregold Minimarts, as the smallest store format, are designed as a convenient community store that sells fast-moving essential goods to high-density neighborhoods. With their average net selling space, they offer top-selling stock-keeping units (SKU) ranging from 2,000 to 3,000, providing customers with quick access to everyday essentials.

Selling space: around 250 sqm to 400 sqm

The following are Puregold's two flagship programs:

Tindahan ni Aling Puring (TNAP)

Tindahan ni Aling Puring (TNAP) was launched in 2003 as Puregold's exclusive membership program, intended for micro, small, and medium enterprises (MSMEs) such as sari-sari stores, minimarts, restaurants, caterers, and resellers. With this flagship program, small businesses are given opportunities to vital business support services, rewards, and cost-saving benefits. Members, referred to as Puregold Ka-Asensos, can enjoy special benefits to help them grow and expand their businesses.

TNAP offers two membership tiers:

- Green Card – entry-level card of new and active members of Tindahan ni Aling Puring; valid at any Puregold Price Club or Puregold Extra stores
- Gold Card – exclusive to members with an annual purchase of at least Php 1.3 million; offers additional perks such as:
 - Gold Plus Points & Rewards – incentives for reaching purchase targets
 - Gold WIN (Welfare Insurance) – a grant and access to Accident, Death, Disablement & Calamity Insurance for Welfare and Business Continuity

PERKS Card

The Puregold “Perks” Card is a loyalty card program that rewards shoppers with points every time they shop at Puregold Price Club, Puregold Junior, and Puregold Extra stores. Members can redeem their accumulated points for discounts or future transactions, making every shopping experience more rewarding.

Moreover, the retail chain offers seamless shopping experiences for its customers through its website, such as online shopping and product pre-booking for later pickup. Its shopping services are also accessible through the Puregold Mobile App, further saving customers' time and enhancing convenience.

S&R Membership Shopping

The S&R Membership Shopping Club aims to deliver significant value to our member-customers by offering high-quality imported and local products at competitive prices. S&R started functioning in 2006 with just four warehouses. To date, S&R members can enjoy world-class shopping in its 29 warehouse branches and 62 New York Style QSRs nationwide. We continually strive to offer our members exclusive deals and better value on a huge selection of the following products, along with bulk-buying discounts for more savings:

- Fresh produce and fruits
- Australian / New Zealand lamb and beef
- Cereals / Snacks
- Soap / Sundries
- Imported chocolates
- Imported wines and liquor
- Consumer electronics and appliances
- Health and beauty products

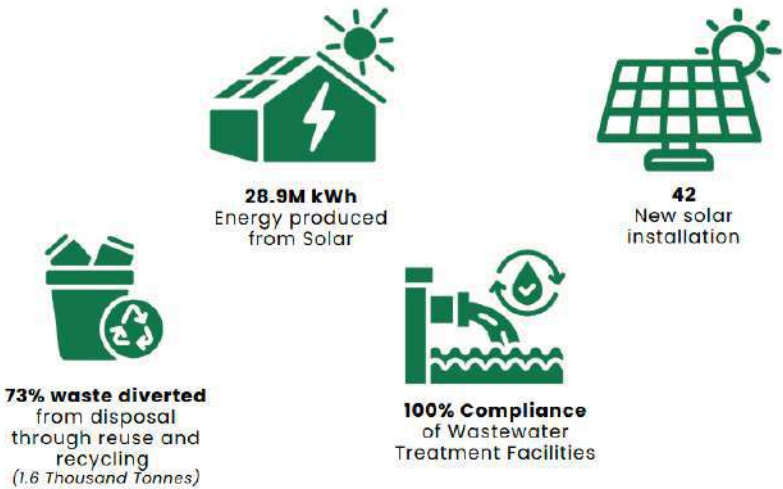
Meanwhile, each club includes a food service that features the famous S&R's New York Style Pizza, Southern Style Fried Chicken, and many more, as well as a Deli Corner that offers premium coffee, delightful pastries, and imported ice cream. Our target is to build new warehouses and more QSRs that can offer more accessible deals and better value for our members.

Sustainability at a Glance

Economic Performance



Environmental Performance



Social Performance



Awards and Recognitions

Puregold

Over the past 26 years, Puregold Price Club, Inc. has firmly established itself as a leading force in the country's grocery retail industry. Marked by its significant corporate achievements and multiple "Retailer of the Year" awards, Puregold commits to staying at the forefront of the retail sector while delivering high-quality products and exceptional service to its customers.

- Puregold has been recognized as one of the country's Best Companies to Work For in Asia by Business Media International for seven consecutive years (2018-2024).
- Puregold Price Club, Inc. emerged as the recipient of the HR Asia Diversity, Equity, & Inclusion Awards and Sustainable Workplace Awards 2024 in the Philippines, affirming its social impact and commitment to sustainability within the industry.
- Puregold retained its hold on the 9th spot in the Most Valuable Filipino Brands of 2024 by the Brand Finance, a London-based brand valuation and strategy agency in their annual Global 500 ranking.
- Puregold was also honored as one of Manila's top business taxpayers at the prestigious Gawad Manileño 2024 for significantly contributing to the city's economic growth.

Other Puregold Store Awards:

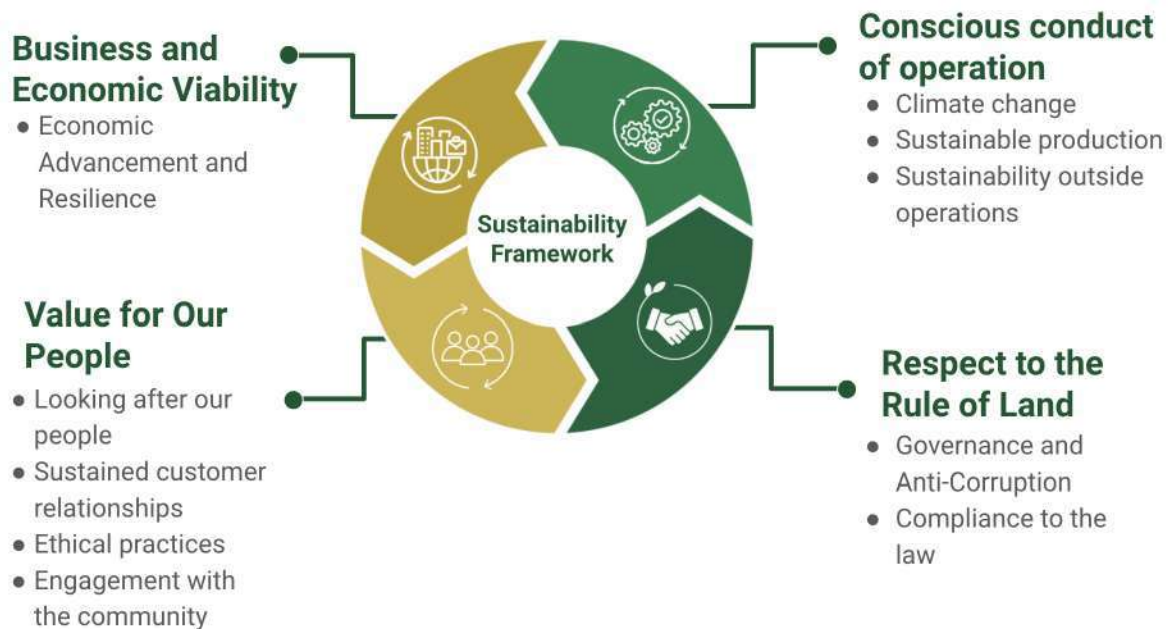
STORE	AWARDS	DATE AWARDED	AWARDED BY
PG Guiuan, Eastern Samar and PG Calbayog City	Bronze Bagwis Award	November 6, 2024	Department of Trade and Industry (DTI)

S&R

In recognition of S&R's continued efforts to promote environmentally responsible operations, S&R San Fernando received the "Best Practice in Plastic-Free Ordinance" award from the City of San Fernando, Pampanga, during their annual Ecological Solid Waste Management (ESWM) Awards held last November 26, 2024. The activity was led by their City Environment and Natural Resources Office (CENRO) to honor about 50 barangays, homeowners' associations, and businesses for their ongoing initiatives to doing sustainable practices and complying to environmental regulations. The award reflects S&R's steadfast dedication to sustainability and commitment to reducing plastic waste.

Our Sustainability Strategy

2-22



Our sustainability approach for P&G and S&R is rooted in the above four core areas that are instrumental in steering our path towards a more sustainable future. These focus areas serve as our guidebook in identifying what truly matters most and determine the steps needed to enhance our sustainability efforts. These pillars that drive impactful action across our operations are Business and Economic Viability, Conscious Conduct of Operation, Value for our People, and Respect to the Rule of Land.

Business and Ecosystem Viability

Sustaining the growth of our retail business while fostering lasting value for everyone in our network remains our key priority. We strongly advocate for approaching our financial goals with integrity, knowing that responsible practices could lead to impacting the well-being of our stakeholders positively and to drive regional economic growth. This is particularly important in the retail industry, where success depends on valuable collaborations 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

Our foundation in the retail industry is rooted in active engagement and collaboration with our key stakeholders. We have always prioritized building positive connections with our customers, employees, and suppliers since the beginning. As we expand our ESG efforts, we are committed to strengthening these networks and connections. We then aim to foster sustainability in both our business operations and

the lives of our partners by implementing various capacity-building activities and supportive guidance that encourage 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

2-29

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, Regular
	Taxes		
	Community Development	Emails and Company Website	
		Periodic Reporting	
		Store Visits	
Customers	Affordability of products	Meetings	
	Convenient buying options and experiences	Emails and Calls	As needed, Annually
		In-store customer service/ Membership counter	

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

Materiality Assessment

We started applying the updated GRI Standards 2021 guidance in the materiality assessment that we conducted last 2022, ensuring that all key internal stakeholders were involved from all subsidiaries. Despite only acquiring insights from within our company, we still made sure that the assessment was fairly and comprehensively conducted in consideration of all stakeholders' interests. We facilitate the assessment by conducting a survey using online forms, following a detailed workshop to guide the participants in completing the materiality assessment questionnaire. We identified the topics through an in-depth industry research and through a step-by-step procedure outlined below:



This year, we focused merely on refining our existing materials instead of conducting a new materiality assessment since we still find the existing key issues from the previous reporting period relevant and no significant operational changes were identified. Our company ensures that the existing topics were reviewed accurately, all metrics were carefully monitored, and the accuracy of our reporting was precisely maintained. 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 UN SDG 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	Non-GRI: Successful initiatives by the company that employ advanced technology	Within Cosco	

Theme	Material Topic	Description	Relevant Indicators	Impact Boundary	SDGs
		seek to introduce new and 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 waste generation by using green alternatives to cutlery. In	GRI 306: Waste 2020, Effluents and Waste 2016 Non-GRI		  

Theme	Material Topic	Description	Relevant Indicators	Impact Boundary	SDGs
		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.	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 408: Child labor	Within Cosco	   

Theme	Material Topic	Description	Relevant Indicators	Impact Boundary	SDGs
			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 towards promoting sustainability among	Non-GRI Initiatives to promote sustainable lifestyles among customer groups	Within and outside Cosco	 

Theme	Material Topic	Description	Relevant Indicators	Impact Boundary	SDGs
		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	
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	GRI 413: Local Communities	Within and outside Cosco	

Theme	Material Topic	Description	Relevant Indicators	Impact Boundary	SDGs
		technical expertise with the monetary / in-kind support we provide to communities surrounding our stores, so that our CSR initiatives are effective.			
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 and reputation for engagement with the government in the future.	Non-GRI Governance structure for handling compliance management	Within and outside Cosco	

Business and Economic Viability

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

Economic Growth

201-1

Particulars (Php million)	2022 (Philippine Peso)	2023 (Philippine Peso)	2024 (Philippine Peso)
Direct Economic Value Generated			
Revenues	184,303	199,032	219,172
Revenue from financial investments and other sources	3,835	4,450	5,321
Grand Total	188,138	203,482	224,493
Direct Economic Value Distributed			
Operating costs	160,970	175,403	192,881
Employee wages and benefits	3,204	4,257	4,247
Payment to provider of funds			
Interest payment made to provider of loans	2,908	3,314	3,570
Dividends to all shareholders	2,464	2,780	2,579
Sub total	169,546	185,753	203,277
Payments to government (taxes)	1,626	1,423	1,733
Community Investments	56	12	1
Reinvested to maintain and develop operations:			
Depreciation and amortization	4,564	5,020	5,745
Retained profit	53,994	59,810	67,656
Deferred Tax	1,515	2,016	2,256
Sub total	64,341	71,121	80,263
Grand Total	422,025	460,356	508,032

From 2022 to 2024, the company demonstrated steady growth in its economic performance, with direct economic value generated increasing from Php 188.1 billion in 2022 to Php 203.5 billion in 2023, and reaching Php 224.5 billion in 2024. This growth was primarily driven by strong consumer demand across both Puregold and S&R, resulting in higher revenues and gains from financial investments and other sources. Correspondingly, the direct economic value distributed also rose from Php 169.5 billion in 2022 to Php 185.8 billion in 2023, and Php 203.3 billion in 2024. The majority of this distribution was allocated

to operating costs, which consistently made up over 84% of the total distributed value, growing from Php 161.0 billion in 2022 to Php 192.9 billion in 2024.

Employee wages and benefits remained stable at Php 4.2 billion in 2024, while payments to providers of funds, such as interest and dividends, increased from Php 5.4 billion in 2022 to Php 6.1 billion in 2024. Taxes paid to the government showed a slight upward trend, peaking at Php 1.73 billion in 2024. Notably, community investments dropped significantly from Php 56 million in 2022 to just Php 1 million in 2024, suggesting a shift in the company's allocation strategy. Meanwhile, reinvestments through depreciation, amortization, and retained earnings continued to grow, with retained profit increasing from Php 54.0 billion in 2022 to Php 67.7 billion in 2024, reflecting the company's improved profitability and strong reinvestment capacity.

Local Procurement

204-1

Puregold and S&R continue to strengthen the local economy by prioritizing products made in the Philippines or sourced from Philippine-based suppliers. In 2024, Puregold achieved a 100% local procurement rate, reinforcing its strong support for domestic industries. S&R followed closely with a 61% local procurement rate, balancing its commitment to local sourcing with the diverse needs of its membership-based retail format.

Local Wage Equality

We are committed to ensuring fair and equitable compensation for all employees, with a particular focus on promoting local wage equality across our operations. By aligning wages with local standards and the cost of living, we strive to provide employees with compensation that is both competitive and fair. Our approach ensures that wages reflect the skills, contributions, and responsibilities of individuals, while fostering a more inclusive and supportive work environment. This dedication to local wage equality helps us attract and retain talent while contributing to the economic well-being of the communities in which we operate.

Market Presence

202-2

Hiring local remains a key part of how we strengthen community ties and drive inclusive growth. At Puregold, all senior management personnel at key operational sites—comprising 12 executives and 28 senior managers—are sourced from the communities where we operate. S&R also upholds this approach by prioritizing the employment of local talent. In 2024, 97 out of 153 senior management members—equivalent to 67%—were hired from the same region as their respective business units. This includes senior managers, directors, vice presidents, and senior executives across corporate offices, clubs and warehouses, distribution centers, and QSRs. By cultivating leadership from within key areas of operation, we help build economic resilience, develop homegrown talent, and reinforce our commitment to regional prosperity and community engagement.

Ratios of standard entry-level wage

202-1

Puregold

2022			2023			2024		
Male	Female	Ratio	Male	Female	Ratio	Male	Female	Ratio
5:371	10:683	15:1054	7:366	15:720	22:1086	4:1087	10:2036	14:3123
0:640	4:1686	4:2326	0:677	0:1765	0:2442	0:1886	0:3890	0:5776

S&R

2022			2023			2024		
Male	Female	Ratio	Male	Female	Ratio	Male	Female	Ratio
2	0	0	1	0	0	0	1	0
7	1	7	26	1	26	1	0	0
386	322	1.19	506	382	1.32	288	245	1.18

In line with our commitment to fair and inclusive employment practices, we continue to monitor and improve entry-level wage parity across our operations. At Puregold, the male-to-female entry-level wage ratio increased from 0.24 in 2023 to 0.58 in 2024, reflecting steady progress toward more equitable compensation. Meanwhile, S&R reported a ratio of 1.18 in 2024, a slight improvement from the previous year's 1.32, indicating a narrowing gap and consistent efforts to uphold wage fairness. These figures span various roles across stores, distribution centers, and quick-service restaurants.

Disaster Preparedness

Non-GRI: Disaster Management policies and initiatives, Risk Management Framework

We recognize the risks that natural disasters can pose to our operations, hence, we have a comprehensive contingency plan to guide our employees, security team, and the community during emergencies.

Our Disaster Preparedness Manual provides detailed protocols for various emergency 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 specialized guidance to tackle the unique challenges posed by these disasters, ensuring the protection of our stakeholders and assets.

In addition to the Disaster Preparedness Manual, Puregold upholds a dedicated Critical Incident Management manual that 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.

Infrastructure Development and Economic Impact

203-1, 203-2

Our proactive adoption of technology has been pivotal not only in sustaining but also in elevating customer engagement across all business segments. By continuously investing in infrastructure development, we are enhancing operational efficiencies and driving economic growth within the communities where we operate.

Ensuring Customer Safety and Convenience

The Puregold mobile app has established itself as a critical tool for addressing customer needs, particularly in delivering a secure and hassle-free shopping experience. With its intuitive design and robust functionality, the app has grown into a trusted resource for millions, simplifying product discovery, order processing, and shopping list organization.

Supporting Local Businesses

Our focus on empowering local enterprises is reflected through the Tindahan ni Aling Puring (TNAP) program. This effort extends far beyond competitive pricing and promotions; it deepens ties with Filipino shoppers and bolsters regional economic development.

Enhancing Accessibility and Convenience

To raise the bar for customer satisfaction, we have broadened our e-commerce capabilities and rolled out home delivery services for Puregold shoppers. These measures guarantee a frictionless shopping journey, ensuring easy access to our offerings nationwide.

Recognizing Equity, Diversity, and Inclusivity

Puregold has been lauded for cultivating a workplace rooted in inclusivity, earning the HR Asia Diversity, Equity & Inclusion Award 2024. This accolade spotlights our pledge to foster a culture where diversity thrives, enabling employees to excel. By prioritizing inclusivity, we enhance our capacity to serve varied communities—reinforcing our conviction that diversity fuels innovation and long-term success.

Shaping a Sustainable Future

Puregold pioneers industry benchmarks in sustainability, earning the HR Asia Sustainable Workplace Award 2024. This recognition mirrors our dedication to eco-conscious operations, from energy-saving infrastructure to waste-minimization strategies and responsible sourcing.

Conscious Conduct of Operations

Over the years, we have taken steps to integrate Sustainable Development Goals (SDGs) into our operations, focusing on adopting, developing, and enhancing environmental sustainability programs. Puregold continues these sustainable efforts and initiatives to conserve our natural resources, reduce consumption, and manage solid waste. These efforts do not just help our environment but also influence key stakeholders by demonstrating responsible and eco-friendly resource management practices.

Sustainable Initiatives in Action

- **"Walang Plastik Grocery Days":** Held every Monday and Wednesday, this program teaches shoppers to reduce plastic waste. Members of Tindahan Ni Aling Puring can save up to Php 5 for each transaction by using an eco-friendly bag and receiving Php 1 cashback for each one.
- **Energy Efficiency and Conservation:** All Puregold stores are switching to 100% LED main lighting to drastically cut down energy use. Building on earlier initiatives, Puregold also increased the number of solar power installations in Metro Manila and neighboring provinces to lower carbon emissions and improve energy self-sufficiency.
- **Fleet Electrification:** In partnership with Nissan Philippines, Puregold has added seven Nissan Kicks e-POWER automobiles into its fleet. These vehicles aim to save operational costs and improve sustainability by using a 100% electric motor-driven system.
- **Water Conservation and Wastewater Treatment:** Puregold invests in greywater reuse, rainwater collecting systems, and other water-saving techniques to lessen its impact on water resources. We also comply with government regulations for our wastewater treatment facilities.
- **Community Involvement and Education:** As part of the "Pusong Panalo Program", we provide playground building, install solar panels, and distribute laptops to teachers at Laiban Elementary School in Tanay, Rizal. Puregold supported four more remote schools in 2024 and pledged to help a total of 30 schools by 2028.

S&R Membership Shopping has also implemented sustainable practices across its nationwide operations. In 2018, we started installing solar panels at the Iloilo branch. So far, all S&R warehouses have transitioned to renewable energy sources, consistently applying the zero-carbon emission policy. Since 2019, S&R has been steadfast in eliminating plastic shopping bags to customers, for a more eco-friendly option. We also provide carton boxes as an alternative for shoppers to promote cost-effectiveness and waste reduction. These are just some of the company's ongoing environmental efforts and sustainable initiatives.

Management of Sustainable Materials

301-1

Our commitment to sustainability includes responsible material use across our operations. We aim to reduce environmental impacts by sourcing materials that are recyclable, reusable, or have lower environmental footprints. Through efficient inventory management, responsible sourcing practices, and process improvements, we work toward minimizing material waste while ensuring product quality and operational efficiency. We continue to explore opportunities to incorporate more sustainable alternatives and engage with suppliers to support this transition.

Materials	Unit	2022	2023	2024
Non-renewable Materials Used	tonnes	N/A	600	650

Renewable Materials Used	tonnes	N/A	N/A	N/A
Total Weight of Materials	tonnes	0.0	600	650

In 2024, our total material use reached 650 metric tons, reflecting a slight increase from 600 metric tons in 2023. All materials used were classified as non-renewable, consistent with the previous reporting year. While renewable materials remain untracked at this stage, we continue to assess opportunities to improve our material sourcing and integrate more sustainable options into our operations. These figures represent an initial step in strengthening our material management practices and building a more responsible supply chain.

Energy and Emissions

302-1

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.

Energy Consumption within the organization

Puregold

Non-Renewable Sources (GJ)	2022	2023	2024
Diesel	33,447.43	15,083.74	33,118.4
Gasoline	6,178.67	7,825.53	2,928.23
Electricity	664,968.40	924,757.06	929,948.31
Total	704,594.5	947,666.33	965,994.94

**The data for 2022 and 2023 were rectified*

Renewable Sources (GJ)	2022	2023	2024
Solar Power		10,479.35	27,962.47

Puregold's commitment to renewable energy has yielded remarkable results. Our solar power consumption surged by 166.8%, rising from 10,479.35 GJ in 2023 to 27,962.47 GJ in 2024. This substantial increase was achieved through the installation of solar PV systems in six additional Puregold stores this year.

S&R

Non-Renewable Sources (GJ)	2022	2023	2024
Diesel	5,750.25	5,234.76	3,530.33
Electricity	241,798.38	244,993.38	268,925.70
Natural Gas (LPG)	186,410.06	127,801.65	60,741.89
Total	433,958.69	378,029.79	333,197.92

Renewable Sources (GJ)	2022	2023	2024
Solar Power	41,045.59	61,819.47	70,498.12

S&R continues to make measurable progress in transitioning to cleaner energy sources. In 2024, total consumption from non-renewable sources dropped to 333,197.92 GJ, down from 378,029.79 GJ in 2023 and 433,958.69 GJ in 2022. This reduction was driven primarily by significant declines in diesel and natural gas (LPG) use. At the same time, our investment in solar energy continues to grow, with renewable energy consumption reaching 70,498.12 GJ in 2024—an increase of 14% from the previous year. These figures reflect our ongoing commitment to improving energy efficiency, reducing dependence on fossil fuels, and expanding the use of renewable power across our operations.

Our Progress in Renewable Energy Integration

As we continue on this journey toward greater energy efficiency, we remain committed to expanding our use of renewable energy. The installation of additional solar facilities in our stores is just the beginning. With each new project, we are not only reducing our carbon footprint but also optimizing energy consumption, leading to long-term savings and operational efficiencies. These efforts align with our broader sustainability goals, and we are excited to see the positive environmental impact that these initiatives will yield. By embracing solar power and other green technologies, we are actively contributing to a more sustainable future, ensuring that our operations are both economically and environmentally responsible for years to come.

Sources of Energy within the Organization	Unit	2022	2023	2024
Renewable energy	kWh	768.44 thousand	2.42 million	28.89 million

We continue to make significant strides in integrating renewable energy into our operations. In 2024, our use of renewable energy surged to 28.89 million kWh—an eleven-fold increase from 2.42 million kWh in 2023 and a remarkable leap from just 768.44 thousand kWh in 2022. This growth reflects our ongoing investments in cleaner energy sources and our commitment to reducing dependence on fossil fuels. The steady scale-up of renewable energy use underscores our progress toward achieving more sustainable and energy-efficient operations.

Puregold

As we expand our solar initiatives, we eagerly anticipate the benefits of installing more solar facilities across our stores, which will contribute to a more sustainable future and a healthier planet. In line with these efforts, Puregold has already undertaken the deployment of rooftop solar photovoltaic (PV) systems to harness renewable energy sources. Through ongoing evaluation and expansion of these solar projects, Puregold has completed several installations, resulting in up to a 20% reduction in electricity bills.

Phase 1	System Size (Solar Capacity, KWp)	Operation start date	KWH Saved	STD Coal Saved	CO ₂ 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	CO ₂ 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	CO ₂ 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
Phase 4	System Size (Solar Capacity, KWp)	Operation start date Central	KWH Saved	STD Coal Saved	CO ₂ avoided
Puregold 999 Caloocan	784.7	19-Oct-24	117,491.73	47.00	55.81
Pasig	550.0	21-Jun-24	342,142.57	136.86	162.52
Valenzuela	473.0	28-Feb-25	-	-	-
Brookside Lane Cavite	145.2	08-Jul-24	82,953.61	33.18	39.40
Bacoor	356.4	26-Oct-24	59,344.10	23.74	28.19
Calicanto	360.0	29-Jan-25	-	-	-
BF Homes	140.0	02-Feb-25	-	-	-
San Pablo Highway	160.6	29-Nov-24	20,511.11	8.20	9.74
Sta. Rosa Balibago	140.0	29-Jan-25	-	-	-
Total			622,443.12	248.98	295.66
Total			9,305,206.98	3,722.08	4,419.97

In 2023, we initially planned to roll out Phase 5 of our solar energy projects, with 19 stores scheduled for implementation in 2024 and an additional 14 stores in the pipeline. As we move through 2024, we remain on track with these plans, continuing to expand our solar energy infrastructure.

Phase 4

Phase 4 of our solar energy projects saw significant progress with the deployment of rooftop solar photovoltaic (PV) systems across multiple Puregold locations. This phase included 9 stores and 3 distribution centers, resulting in 622,443.12kWh of energy savings, a reduction of 248.98 tons of standard

coal, and a prevention of 4,715 tons of CO₂ emissions. These installations not only help lower operational costs but also align with our sustainability objectives.

Phase 5

Looking ahead, Phase 5 in 2025 will further enhance our renewable energy strategy. With an additional 6,835.37 MWp capacity, this expansion will include 14 stores, including those in Nueva Ecija, Pampanga Bulacan Laguna, Zambales, Aurora, Ilocos, and Manila, which will significantly reduce reliance on non-renewable energy and increase energy efficiency.

#	Store	SYSTEM SIZE (kWp)	PROJECT START DATE
1	MARIA AURORA	120.0	26/May/2025
2	MUZON	195.0	7/Apr/2025
3	DON ANTONIO	240.0	15/May/2025
4	MAGALANG PAMPANGA	292.5	21/May/2025
5	SUBIC FERTUNA	300.0	25/May/2025
6	NE SAN JOSE NUEVA ECIJA	360.0	10/Mar/2025
7	BALER	400.0	30/May/2025
8	999 DIVISORIA BLDG 2	975.0	10/Jun/2025
9	LAOAG	360.75	31/Mar/2025
		300.81	
10	BALIUAG	360.75	14/Apr/2025
11	BOCAUE	400.71	7/Feb/2025
12	PACIFIC MALL	900.28	30/Jun/2025
		788.19	
13	TAGAPO (STA. ROSA II)	480.63	14/Apr/2025
14	CABANATUAN	360.75	15/May/2025

As part of our continued efforts to scale up renewable energy integration, Puregold has lined up 14 additional stores for solar installation in 2025 under the latest phase of the program. With system sizes ranging from 120 kWp to 975 kWp, these projects are scheduled to roll out between February and June 2025. This initiative reinforces our commitment to sustainability by enhancing energy efficiency across our operations and accelerating our shift toward cleaner, renewable power sources.

S&R

S&R continues to advance its commitment to sustainability with the installation of additional solar panels across our facilities. This expansion of our solar energy infrastructure is a significant step toward reducing our carbon footprint and increasing the use of renewable energy within our operations.

Project	Go Live Date	Status
Iloilo	02-Sep-18	Operational

Paranaque	26-Aug-19	Operational
Shaw	26-Aug-19	Operational
Commonwealth	26-Sep-19	Operational
Imus	17-Dec-20	Operational
CDO	07-Jan-21	Operational
Nuvali	01-Jan-21	Operational
Dau	29-Jul-21	Operational
Lipa	17-Aug-21	Operational
Pampanga	19-Aug-21	Operational
Cebu	15-Oct-21	Operational
Davao	26-Aug-21	Operational
Congressional	24-Jun-22	Operational
New Manila	25-Jun-22	Operational
C5 Libis	1-Jul-22	Operational
Circuit Makati	9-Jul-22	Operational
Cabanatuan	27-Jul-22	Operational
Sucat	7-Dec-22	Operational
DCM	9-Dec-22	Operational
Marikina	13-Dec-22	Operational
Aseana	1-Feb-23	Operational
BGC	10-Feb-23	Operational
Alabang	10-Feb-23	Operational
Kawit	15-Jan-24	Operational
Naga	21-Jan-24	Operational
Calasiao	6-Feb-24	Operational
Lucena	26-Feb-24	Operational
Bacolod	25-Jun-24	Operational
Malolos	27-Aug-24	Operational
Bacoor	5-Dec-24	Operational
Sto Tomas	3-Mar-25	Operational
Baliuag	Target date – June 2025	

As of the end of 2024, S&R has successfully installed solar panels at 29 of its stores and one distribution center, DCM. These installations are a key part of our ongoing efforts to enhance energy efficiency and reduce our environmental impact. Looking ahead to 2025, we plan to expand further by adding two more stores and another distribution center, DC Calamba, to our solar energy portfolio. This continued expansion of solar power is integral to our commitment to sustainability and reducing our reliance on non-renewable energy sources.

Energy Intensity
302-3

Energy intensity is a critical metric in evaluating our efforts to optimize energy consumption relative to operational activity. It measures the amount of energy used per unit of output, helping us track our progress in improving energy efficiency across our facilities. By continuously monitoring and reducing energy intensity, we aim to minimize environmental impact while enhancing operational performance.

Puregold

Energy Intensity (GJ)	2022	2023	2024
	3.75	4.71	4.53

In 2024, Puregold recorded an energy intensity ratio of 4.53 GJ, reflecting a slight improvement from 4.71 GJ in 2023, and a significant reduction compared to 3.75 GJ in 2022. This metric reflects electricity consumption relative to operational activity and is based solely on available data from kilowatt-hour (kWh) usage, as complete figures for other energy sources and specific building areas remain unavailable. The consistent year-on-year decline in energy intensity suggests enhanced energy performance and efficiency monitoring across sites, reinforcing the company’s commitment to managing operational impacts through improved resource use and data transparency.

Energy Conservation Practices Across Our Operations
302-4

Our company is dedicated to minimizing energy consumption by implementing various strategic initiatives, from low-cost optimizations to capital-intensive upgrades. These efforts focus on process modifications, retrofitting, and behavioral changes to improve operational efficiency.

Puregold:

No Cost/Low-Cost Energy Savings

We have implemented several energy-saving techniques that could result in significant reductions in energy consumption without requiring a substantial investment:

- **Lighting Optimization:** Transitioning from T12 to T8 and other fixtures to LED lighting to enhance energy efficiency while maintaining optimal illumination levels; Delamping and grouping of lighting fixtures to minimize unnecessary energy usage
- **HVAC Efficiency Enhancements:** Adjusting temperature set points on HVAC systems to ensure balanced cooling while reducing power demand
- **Cold Storage Optimization:** Limiting loading and unloading times for freezers and chillers to lessen energy losses and temperature fluctuations
- **Building Envelope Improvements:** Sealing leaks and enhancing insulation in building structures to reduce dependency on energy-intensive heating or cooling systems and to further alleviate climate change

Capital Expenditures

We have made key investments in the following to enhance energy efficiency:

- **Refrigeration System Upgrades:** Upgrading to inverter-type refrigeration condensing units (CDUs) to reduce operational costs and have better energy regulation
- **Air Conditioning System Optimization:** Replacing water-cooled system air handling units (AHUs) with floor-mounted air conditioning units to lower overall energy usage and improve cooling efficiency

S&R:

Energy Consumption Reduction:

- Extensive rollout of LED lighting systems to reduce electricity use
- Deployment of smart HVAC (Heating, Ventilation, and Air Conditioning) systems that optimize energy consumption based on current environmental conditions, minimizing energy usage while ensuring comfort for both clients and staff
- Implementation of office-wide energy conservation initiatives such as using efficient lighting, and energy-saving appliances, and conducting awareness campaigns.

GHG Emissions

305-1, 305-2

Puregold

GHG Emissions (tCO2e)	2022	2023	2024
Scope 1	2,469.67	2,278.80	2,912
Scope 2	80,127	111,431	112,056

Puregold's ongoing commitment to sustainability is demonstrated through its focused efforts on reducing greenhouse gas (GHG) emissions over the past few years. In 2024, the company successfully reduced its Scope 1 emissions (from fuel consumption such as gas and diesel) to 2,912 tCO2e, a slight increase from 2,278.80 tCO2e in 2023 but still a significant improvement from 2,469.67 tCO2e in 2022. This reflects our continuous efforts to optimize fuel management and reduce operational emissions.

Meanwhile, our Scope 2 emissions (from electricity consumption) saw a substantial increase in 2024, rising from 111,431 tCO2e in 2023 to 112,056 tCO2e. This increase is attributed to higher energy usage, linked to expanded operations and facility upgrades, but also highlights our ongoing focus on energy efficiency and the integration of renewable energy sources.

S&R

GHG Emissions (tCO2e)	2022	2023	2024
Scope 1	412	375	253
Scope 2	118.75	109.96	100.92

S&R continues to lower its greenhouse gas (GHG) emissions from fuel and electricity consumption. Scope 1 emissions from fuel use, such as gas and diesel, have decreased from 412 tCO2e in 2022 to 253 tCO2e in 2024. Similarly, Scope 2 emissions from purchased electricity dropped from 118.75 tCO2e in 2022 to 100.92 tCO2e in 2024. This consistent downward trend reflects the company's ongoing efforts to cut its carbon footprint by adopting cleaner and more efficient energy sources across its operations.

Waste Management

306-1, 306-2

Our operations generate various types of waste, primarily consisting of solid and hazardous materials. The solid wastes produced are primarily domestic in nature, arising from the day-to-day activities of the supermarket, including food waste, office waste such as paper and plastics, and customer-related waste. These waste streams represent a significant aspect of our environmental footprint, and we are committed to minimizing their impact through improved waste management practices and increased recycling efforts. Our focus remains on reducing, reusing, and responsibly disposing of waste to support our sustainability goals.

Puregold strictly implements waste segregation to ensure proper waste disposal and resource recovery across our operations. We have also eliminated plastic bags for our customers, encouraging them to reduce plastic waste generation and bring their own reusable containers or buy eco-bags. Cartons are either reused within our facilities or sold to third-party buyers, minimizing landfill waste.

We also support circular economy practices by selling scrap materials such as metals, wires, and electronic waste to scrap buyers. Private haulers or local government units (LGUs) handle the waste collection and estimate volume and weight based on monthly truckload collections. Only recyclable waste sold to scrap buyers is measured with exact weight. These efforts demonstrate our commitment to sustainable waste management, aligning with industry standards and regulations. We continually aim to enhance our waste-tracking methods and further minimize our environmental footprint through our ongoing waste-reduction initiatives.

Waste Generated

306-3

Effective waste management is an essential part of our sustainability strategy. As we continue to expand and optimize our operations, we recognize the importance of minimizing the environmental impact of waste generation. This section provides an overview of the types of waste generated across our facilities, including solid and hazardous wastes. It also highlights our efforts to manage and reduce waste through initiatives that focus on recycling, reuse, and responsible disposal practices.

Puregold

Waste Composition (t)	2022	2023	2024
Non-hazardous waste	1,908.41	2,557.20	2,199.85
Hazardous waste	15.72	7.95	9.17
Total	1,924.13	2,565.15	2,209.02

Hazardous Waste (t)	2024
Busted bulbs & LED	2.91
Electronic wastes	4.31
Used-oil	1.95
Total	9.17

The majority of our non-hazardous waste consists of food, office materials such as paper and plastics, and customer-generated waste. While a significant portion is sent for disposal, some materials, like cartons, are repurposed on-site as packaging alternatives for customers. Meanwhile, hazardous waste, including LEDs, busted bulbs, used oil, and electronic waste, rose by 15.3%, increasing from 7.95 tons in 2023 to 9.17 tons in 2024. Despite this increment, our total waste output dropped by 13.9%, reflecting our ongoing efforts to strengthen waste management and sustainability initiatives.

S&R

Waste Composition (t)	2022	2023	2024
Non-hazardous waste	8,734.29	5,165.58	Pending Data
Hazardous waste	521.00	163.92	58.98
Total	9,255.29	5,329.50	58.98

S&R continues to focus on effective waste management and reduction across its operations. In 2023, the total waste composition was 5,329.50 tons, significantly lower than the 9,255.29 tons recorded in 2022. This reduction was primarily due to a decrease in non-hazardous waste, which dropped from 8,734.29 tons in 2022 to 5,165.58 tons in 2023. Hazardous waste also saw a substantial decline from 521.00 tons in 2022 to 163.92 tons in 2023, reflecting our continuous efforts to minimize the generation of hazardous materials. In 2024, waste composition data for the year is not yet available, but our ongoing initiatives to reduce waste generation and improve waste management practices will continue to be a key focus in the years ahead.

Waste Disposal

306-4, 306.5

Proper waste disposal is a critical component of our environmental responsibility, ensuring that all waste generated across our operations is managed in an environmentally safe and compliant manner. This section outlines our approach to the disposal of waste, including how we handle and segregate waste streams such as food waste, office materials, and hazardous waste. We are committed to adhering to regulatory requirements and industry best practices to minimize any negative impacts on the environment. Through continued efforts in waste reduction, recycling, and responsible disposal methods, we aim to contribute to sustainable waste management and a cleaner, healthier environment.

Puregold

Hazardous Waste Diverted from Disposal (t)	Onsite	Offsite
Other recovery operations	0	9.17

Non-Hazardous Waste Diverted from Disposal (t)	Onsite	Offsite
Preparation for reuse	467.24	0
Recycling	0	1142.87

In 2024, our commitment to sustainable waste management remained a top priority. The total solid waste generated was 2,199.85 t, with 467.25 t (21.2%) of non-hazardous waste diverted from disposal through reuse initiatives. Reusable materials, such as cartons from product packaging, were repurposed as

alternatives for plastic bags for customers and sold directly to scrap buyers. Additionally, 1,142.87 t of waste was composted, and we achieved a 73% recycling and reuse rate, aligning with our environmental targets. Hazardous waste generation remained minimal at 9.17 t, with 100% of this waste diverted from disposal through various recovery options. These efforts reflect our ongoing dedication to improving waste management practices, reducing our environmental footprint, and contributing to a more sustainable future.

Waste and Recycling of Packaging Waste

Sustainability is central to our operations, particularly in waste disposal and management. We are dedicated to lessening our environmental impact and improving our brand image through safe and eco-friendly practices. This report highlights our waste management initiatives and packaging waste trends, focusing mainly on our grocery retail.

Trends in Packaging Materials

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	2022	2023	2024
Plastic Sando Bags	59%	46%	47%
Paper Bags	41%	54%	53%
No. of Stores	451	488	511

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

Our continued shift toward paper bags and the introduction of eco-bags reflect our ongoing commitment to sustainability. From 2022 to 2024, the percentage of plastic sando bags used decreased from 59% to 47%, while paper bag usage increased from 41% to 53%. This reduction in plastic consumption is a result of our sustainable initiatives and alignment with evolving consumer preferences. As we expand to 511 stores in 2024, we remain focused on promoting eco-friendly alternatives in line with local regulations and consumer demand. Additionally, the implementation of the Extended Producers Responsibility Act of 2022, which mandates a 40% reduction in plastic packaging by 2024, further drives our environmental efforts.



Optimizing Water Use

303-1

Puregold responsibly manages water by sourcing it from local districts. Water is only utilized for household use such as cleaning, cooking, bathing, and many others. Effluents can be directed through septic tanks or a Sewage Treatment Facility, regularly handled by third-party haulers, or connected to the main wastewater treatment systems of Maynilad, Manila Water. The only identified impacts of Puregold's

operations in water are the deterioration of water quality due to effluent generation, water resource depletion, and/or rivalry for water consumption.

Monitoring and Mitigation Strategies

Over the past years, we have strengthened our water conservation efforts by installing rainwater catchment systems in several stores across the Visayas region. We have implemented water recycling systems to at least five Puregold stores, allowing for efficient reuse of resources and reduction in water use. These initiatives reflect our ongoing efforts to sustain and manage water resources efficiently.

We ensure that effluent quality and water usage are monitored quarterly and monthly, respectively. To mitigate any possible impacts due to water quality degradation, resource depletion, and competition for water use, we apply the following monitoring and mitigation measures:

- **Water Pollution Control Measures:** Construction and installation of wastewater treatment facilities
- **Water Conservation Initiatives:** Ongoing education campaigns to promote responsible water usage

Commitment to Compliance

303-2

Our operations align with the Clean Water Act (RA 9275) and DAO 2016-08, ensuring full compliance with effluent quality standards.

Puregold ensures 100% compliance with DAO 2016-08 standards, guaranteeing our wastewater quality remains within regulatory limits. We conduct an internal audit if effluent levels exceed 90% of the government standard to identify causes and implement measures accordingly. The designs of our waste treatment facility are aligned with DENR water body classifications, establishing our commitment to compliant and responsible wastewater management.

Water Discharge

303-4

S&R

Water discharge by destination	2022	2023	2024
Surface water (ML)	270.05	333.02	394.64

In 2024, S&R continued to manage water discharge in compliance with environmental standards, with a total of 394.64ML of water discharged to surface water systems. This represents a steady increase from 333.012ML in 2023 and 270,048ML in 2022 attributed to the increasing number of stores.

Water Consumption

303-5

Puregold

Water consumption	2022	2023	2024
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Total water consumption from all (ML)	1,283.38	537.75	339.1
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We have significantly reduced water discharge and consumption by integrating rainwater catchment systems and recycling treated wastewater for flushing and cleaning. These efforts led to a significant reduction in water consumption from 537.75 ML in 2023 to 339.1 ML in 2024. These results highlight our commitment to sustainable water management and resource efficiency.

S&R

Water consumption	2022	2023	2024
Total water consumption from all (ML)	300.05	370.01	438.49

S&R's total water consumption from all sources reached 438.49 ML, marking a continued increase from 370.01 ML in 2023 and 300.05 ML in 2022. This growth in water usage is primarily driven by the expansion of our operations and the increased demand for water across our stores and facilities.

Sustainable Supply Chain

While our commitment to sustainability remains strong, implementing supplier screening based on environmental, social, and governance (ESG) criteria presents logistical challenges, especially with our Tier 1 suppliers. The sheer volume of brands we import for our retail and liquor segments adds complexity to the process. Nonetheless, we recognize that supplier engagement is essential to driving sustainability across our supply chain. To address these challenges, we are constantly seeking innovative solutions that will enhance our sustainability initiatives and promote responsible practices among our suppliers.

Product Safety and Customer Well-being

416-2

Our company maintained a strong commitment to product safety and customer well-being. Puregold reported zero accidents related to health and safety regulations or non-compliance with product and service codes, demonstrating our ongoing dedication to upholding the highest safety standards. S&R, while also focused on safety and compliance, experienced one incident of non-compliance, which resulted in a warning. The incident was promptly addressed, and corrective measures were taken to ensure future compliance. We remain committed to continuously improving our safety practices and ensuring a safe environment for our customers and employees across all our operations.

Value for Our People

Our growth as a company depends on the stakeholders involved at every stage of our operations. To ensure our long-term success at Puregold, we prioritize fair labor practices, foster customer trust and build strong relationships through reliability, and engage with local communities for support. We have established various guidelines and initiatives to protect their interests, as outlined in the following sections of this report.

Employee Engagement and Diversity Inclusion

Puregold fosters a work environment rooted in safety, equality, and respect. We hire people based on their skills and competencies, no matter what their age, gender, race, or background is. As we uphold our commitment to social responsibility, we strictly enforce safety measures, prohibit illegal substances, and maintain a zero-tolerance policy for harassment. More so, we offer extensive benefits like parental leave, lactation support, medical support for employees with STD/HIV/AIDS or Hepatitis B, and flexible work schedules for solo parents, reflecting our dedication to workforce diversity and wellbeing.

Our detailed HR policies include:

- **Safety Regulations:** Defines safety guidelines for employees and supervisors, workplace protocols, and inspection procedures across all company sites
- **Drug-Free Workplace:** Defines legal and prohibited substances, drug testing procedures, and consequences for any violations
- **Anti-Sexual Harassment Guidelines:** Explains sexual harassment, sets guidelines for appropriate workplace behavior, and outlines procedures for addressing any form of harassment complaints
- **Paternity Leave:** Grants all married male employees full 7 days of paid leave for the first four childbirths
- **STD/HIV/AIDS Policy:** Ensures full rights and protections for affected employees without any discrimination
- **Special Leave for Women:** Grants leave to cover women's medical procedures related to reproductive health, including but not limited to curettage and dilation
- **Maternity Leave:** Provides 105 days of leave for childbirth (normal or cesarean delivery), with an additional 15 days for single mothers
- **Solo Parent Support:** Provides benefits and adaptable work options for solo parents
- **Hepatitis Program:** Covers company's goals on education, prevention, confidentiality, as well as work arrangements and compensation for employees with hepatitis
- **Tuberculosis Control:** Establishes guidelines for support, prevention, management, and workplace accommodation for employees with tuberculosis
- **Lactation Support:** Supports breastfeeding employees by promoting a breastfeeding-friendly culture, providing awareness programs, and offering private lactation areas

Employee New Hires by Age and Gender

404-1

Puregold

Total number of new hires by age	2022	2023	2024
Below 30	1408	1757	1641
30-50	597	734	510
Above 50	2	4	3

Total	2007	2495	2154
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Total number of new hires by gender	2022	2023	2024
Male	703	793	643
Female	1304	1702	1511
Total	2007	2495	2154

This year, there is a rise in our hiring activity due to the opening of several new stores across the country. Employees between 30 and 50 years old made up 23.7% of our new hires, marking a decline from 29.4% in 2023. Younger ones, particularly those under 30, represented 76.2% or the majority of the new hires, showing only a slight decrease from the previous year's 70.4%. Those over the age of 50 remained to account for a minimal share, holding steady at around 0.1%. Additionally, female hires continue to make up the majority, comprising 70% of the total new hires.

S&R

Total number of new hires by age	2022	2023	2024
Below 30	528	806	493
30-50	455	777	542
Above 50	3	5	5
Total	986	1588	1040

Total number of new hires by gender	2022	2023	2024
Male	630	951	575
Female	356	637	465
Total	986	1588	1040

In 2024, overall hiring numbers by S&R declined compared to the previous year. Employees aged 30 to 50 made up 52.1% of new hires, while those under 30 accounted for 47.4%. Individuals over the age of 50 continued to represent a small portion of the total at 0.5%. Male hires comprised the majority this year, making up 55.3% of total new employees.

These data reflect our company's ongoing commitment to fostering inclusivity and providing equal opportunities, as shown by its diverse workforce comprising different ages and genders. Both Puregold and S&R remain dedicated to creating a safe and welcoming environment where people from all walks of life can grow and make valuable contributions.

Employee New Hires by Category

401-1

Puregold

Total number of new hires by category	2022	2023	2024
Senior Management	1	1	1
Middle Management	5	8	12
Junior Management	802	1087	1054
Non Supervisors	1199	1399	1087
Total	2007	2495	2154

Local Hires	2022	2023	2024
NCR	532	782	719
Province	1475	1713	1435
Total	2007	2495	2154

In 2024, those under non-supervisory (rank and file) and junior management (supervisors to officers) roles comprised the majority of our new hires, accounting for 50% and 49% of total hires, respectively. Hires at the leadership level remained limited, with only 1 senior management (senior managers to executives) and 12 middle management (managers) hires. In terms of location, two-thirds (66.6%) of Puregold's new employees were from the provinces, reflecting the company's focus on regional expansion, while 33.4% were based in Metro Manila. No permanent or contractual workers were onboarded this year.

S&R

Total number of new hires by category	2022	2023	2024
Senior Management	8	8	5
Middle Management	3	8	39
Junior Management	174	276	239
Non Supervisors	797	1295	755
Contractual Workers	4	1	2
Total	986	1588	1040

Local Hires	2022	2023	2024
Region I	0	128	29
Region III	138	146	141
Region IVA	228	414	268
NCR	475	574	421
Region V	6	115	30
Region VI	20	74	100
Region VII	32	51	19
Region X	52	35	15
Region XI	35	51	17
Total	986	1588	1040

In 2024, the majority of new hires at S&R were under non-supervisory (rank and file) and junior management (supervisors to officers) roles, comprising 73% and 23% of total hires, respectively. Hiring at the leadership level showed measured growth, with 39 new employees joining middle management (managers) and just 5 in senior management (senior managers to executives). Local hiring was spread across multiple regions, with the highest numbers in NCR (421 hires) and Region IV-A (268 hires). There are also 2 contractual workers onboarded this year.

Employee Turnover

Puregold

Total number of employee turnover	2022	2023	2024
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by age			
Below 30	1048	1301	1336
30-50	812	1110	858
Above 50	19	30	16
Total	1879	2441	2210

Total number of employee turnover by gender	2022	2023	2024
Male	604	875	743
Female	1275	1566	1467
Total	1879	2441	2210

Total number of employee turnover by category	2022	2023	2024
Senior Management	2	2	0
Middle Management	37	56	37
Junior Management	918	1196	1182
Non Supervisors	922	1187	991
Total	1879	2441	2210

Local Hires	2022	2023	2024
NCR	561	696	569
Province	1318	1745	1641
Total	1879	2441	2210

Attrition Rate	2022	2023	2024
NCR	7365	7787	8429
Province	7787	8429	8899
Total	0.016895459	0.006660089	-0.006463527

From 2023 to 2024, there was a slight overall decrease in Puregold's employee turnover. Employees below 30 continued to make up the largest proportion of those exiting, likely demonstrating career growth and seeking of other opportunities by the younger workers. Senior management exits remained minimal while middle management remained relatively stable. In terms of gender, female turnover continued to account for the majority, consistent with the previous years.

Puregold's recorded local hires in both NCR and provinces decreased this year, with NCR hires declining from 696 to 569, and with provincial hires from 1,745 to 1,641. Consequently, the attrition rates in all regions turned negative, demonstrating enhanced retention in the company. These data reflect a more stable workforce, stronger retention, and steady hiring that could contribute to a more organized and efficient operation.

S&R

Total number of employee turnover by age	2022	2023	2024
Below 30	388	464	517
30-50	540	640	914

Above 50	9	12	35
Total	937	1116	1466

Total number of employee turnover by gender	2022	2023	2024
Male	569	659	963
Female	368	457	503
Total	937	1116	1466

Total number of employee turnover by category	2022	2023	2024
Senior Management	10	10	10
Middle Management	23	28	47
Junior Management	267	344	323
Non Supervisors	635	734	1082
Contractual Workers	2		4
Total	937	1116	1466

Local Hires	2022	2023	2024
Region I	0	0	42
Region III	103	170	151
Region IVA	196	244	517
NCR	507	498	555
Region V	0	40	41
Region VI	40	46	68
Region VII	29	44	41
Region X	33	28	21
Region XI	29	46	30
Total	937	1116	1466

Attrition Rate	2022	2023	2024
NCR	3756	4149	4814
Province	4149	4814	4777
Total	0.01239721695	0.1053218788	-0.0888332812

There was a significant increase in the employee turnover at S&R, from 1,116 in 2023 to 1,466 this year. Turnover among those under 30 years old grew slightly, suggesting that younger staff may likely be looking for new career opportunities. In terms of gender, men continued to account for the larger portion, while female departures also increased but at a slower rate. In terms of employment position, non-supervisory roles remained the highest number of separations, while senior management remained

constant. These data may imply continued stability at the managerial level and organizational consistency.

S&R’s local hires increased from 1,116 in 2023 to 1,466 in 2024, more likely because of the surge in recruitment efforts across the main regions, most notably in Region IVA. While Region X experienced a minor decline in hiring, the rest of the regions either maintained or increased their hiring numbers. Meanwhile, there was a significant turnaround of attrition rate in 2024. It dropped to a negative rate suggesting that S&R may have hired more staff than it actually lost. Truly, our company is growing more and becoming more resilient, linked with its strong employee engagement, attractive employment packages, and improved work environment.

Employee Benefits

401-2

Puregold

Benefits provided for All Employees (Regular/Probationary/Project-Based)	Applicable	Number who availed benefit		
	(Yes / No)	Male	Female	Total
SSS	Yes	734	1696	2430
Philhealth	Yes	33	86	119
Pag-ibig	Yes	796	1707	2503
Parental Leaves	Yes	79	398	477
Medical Benefits (aside from Philhealth)	Yes	1789	4175	5964
Life Insurance	Yes	0	5	5

In 2024, we continued to provide essential benefits to our employees, ensuring they have access to critical services. A total of 2,430 employees availed themselves of SSS, with 1,696 females and 734 males benefiting from this essential social security program. Our PhilHealth coverage reached 119 employees, with 86 females and 33 males participating. The Pag-ibig program was widely utilized, with 2,503 employees (comprising 1,707 females and 796 males) taking advantage of this housing benefit. Additionally, 477 employees (including 398 females and 79 males) availed of Parental Leaves, while 5,964 employees utilized Medical Benefits, excluding PhilHealth, reflecting the comprehensive healthcare support provided to our workforce. Lastly, 5 employees (with 5 females) took advantage of Life Insurance benefits. These benefits continue to play a vital role in supporting the well-being and security of our employees.

Benefits provided for Regular/Probationary employees Only	Applicable	Number who availed benefit		
	(Yes / No)	Male	Female	Total
Vacation Leaves	Yes	2261	4268	6529
Sick Leaves	Yes	2261	4268	6529
Retirement Fund (Aside from SSS)	Yes	7	4	11
Further Educational Support	Yes	2	5	7

Flexible-Working Hours	Yes	224	552	776
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In 2024, we continued to provide a comprehensive range of benefits to our regular and probationary employees to support their well-being and work-life balance. A total of 6,529 employees (comprising 4,268 females and 2,261 males) availed themselves of vacation and sick leaves, ensuring access to time off for personal needs. 11 employees (including 7 males and 4 females) participated in the Retirement Fund program, while 7 employees (comprising 5 females and 2 males) benefited from Further Educational Support. Our employees also enjoyed flexibility, with 776 employees (including 552 females and 224 males) utilizing flexible working hours. These benefits reflect our commitment to fostering a supportive and empowering work environment for all employees..

S&R

Benefits provided for All Employees (Regular/Probationary/ Project-Based)	Applicable (Yes / No)	Number of employees who availed the benefit		
		Male	Female	Total
Benefits	Yes	2818	2160	4978
SSS	Yes	2818	2160	4978
Philhealth	Yes	2818	2160	4978
Pag-ibig	Yes	2818	2160	4978
Parental Leaves	Yes	2378	1842	4220
Medical Benefits (aside from Philhealth)	Yes	2378	1842	4220
Life Insurance	Yes	2378	1842	4220

In 2024, a wide range of benefits were provided to our employees, including regular, probationary, and project-based staff. A total of 4,978 employees (comprising 2,818 males and 2,160 females) availed themselves of essential benefits such as SSS, Philhealth, and Pag-ibig, ensuring their access to social security, healthcare, and housing assistance. Additionally, 4,220 employees (including 2,378 males and 1,842 females) utilized Parental Leave, while Medical Benefits (aside from Philhealth) were availed by the same number of employees. Lastly, Life Insurance was accessed by 4,220 employees across both genders. These benefits reflect our commitment to the health, security, and well-being of our workforce.

Benefits provided for Regular/Probationary employees Only	Applicable (Yes / No)	Number of employees who availed the benefit		
		Male	Female	Total
Vacation Leaves	Yes	2378	1842	4220
Sick Leaves	Yes	2378	1842	4220
Further Educational Support	Yes		2	2

In 2024, we continued to offer essential benefits to our regular and probationary employees. A total of 4,220 employees (comprising 2,378 males and 1,842 females) availed themselves of Vacation Leaves and Sick Leaves, ensuring they had the necessary time off for rest and recovery. Additionally, although Retirement Fund benefits were provided, no employees availed of them outside of SSS. Further Educational Support was utilized by 2 employees (both females), highlighting our commitment to employee development.

Parental leave

401-3

Puregold

Gender	Entitled to Parental Leave	Employees who took Parental Leave	Employees who returned to work after parental leave ended	Employees who returned to work after parental leave ended who were still employed twelve months after their return to work	% Retention Rate
Male	946	79	79	79	100%
Female	5926	398	398	398	100%
Total	6872	477	477	477	100%

In 2024, 4,220 employees were entitled to Parental Leave at Puregold, with 477 employees (comprising 79 males and 398 females) taking advantage of this benefit. After completing their parental leave, 477 employees returned to work, reflecting a strong commitment to supporting employees through significant life events. Notably, 100% of those who returned after their parental leave ended remained employed 12 months later, showcasing the effectiveness of our policies in fostering employee retention and work-life balance.

S&R

Gender	Entitled to Parental Leave	Employees who took Parental Leave	Employees who returned to work after parental leave ended	Employees who returned to work after parental leave ended who were still employed twelve months after their return to work	% Retention Rate
Male	Solo Parent - 7 Paternity - 883	Solo Parent - 7 Paternity - 67	Solo Parent - 7 Paternity - 67	Solo Parent - 7 Paternity - 64	96%
Female	Solo Parent - 49 Maternity - 2153	Solo Parent - 49 / Maternity - 116	Solo Parent - 48 Maternity - 91	Solo Parent - 43 Maternity - 63	64%
Total	3043	239	213	177	80%

In 2024, 3,043 employees at S&R were entitled to Parental Leave, with 239 employees (including 67 males and 116 females) availing themselves of this benefit. Among those who took parental leave, 213 employees (comprising 67 males and 91 females) returned to work after their leave ended. A notable focus was placed on supporting solo parents, with 7 male solo parents and 49 female solo parents taking leave. For solo parents who returned to work, 100% of the male solo parents and 43 female solo parents were still employed twelve months later, reflecting a 96% retention rate for males and a 64% retention rate

for females. These results highlight our commitment to supporting both male and female solo parents while ensuring they have the flexibility and stability to balance work and family responsibilities.

Management Relations

402-1

We prioritize transparent and proactive communication with our employees when we need to implement any changes in the company. A minimum of one-month's notice is provided to employees whose roles will be significantly affected by any major operational changes. We remain committed in keeping our employees informed and involved in key decisions at all times, even though our company is not covered by collective bargaining agreements.

Employee Diversity

2-7

Puregold

Age	2022	2023	2024
Below 30	3120	3509	3723
30-50	4468	4686	4947
Above 50	199	207	229
Total	7787	8402	8899

Puregold's workforce remains mostly composed of employees falling within the 30 to 50 age group, followed by those below 30 years old. Meanwhile, the number of employees over 50 has shown a slight increase from 2022 to 2004. This age distribution highlights the company's inclusive hiring process.

Gender	2022	2023	2024
Male	2767	2880	2973
Female	5020	5522	5926
Total	7787	8402	8899

Puregold is committed to fostering a diverse and inclusive work environment. Over the past three years, the company has consistently maintained a female-majority workforce. In 2024, women made up 67% of the total workforce—an increase from 64% in 2022. This upward trend may be attributed to the continued expansion of retail operations and the wide range of career opportunities at Puregold, which appeal to a broad and diverse talent pool, particularly women.

Category	2022	2023	2024
Senior Management	34	37	40
Middle Management	355	354	390
Junior Management	4005	4483	5011
Permanent Workers			
Non Supervisors	3393	3528	3458
Contractual Workers			
Total	7787	8402	8899

There has been a steady increase in the number of employees across all management levels in the past three consecutive years. Junior management (supervisors to officers) continued to make up the largest share of leadership positions, increasing from 4,005 in 2022 to 5,011 by 2024. The number of non-supervisory (rank and file) employees also remained significant as shown on the fluctuating data from 2022 to 2024, which might be due to workforce demand adjustments. These trends show that Puregold continues to maintain a stable operational workforce while investing in strengthening its leadership base to support all retail operations.

Local Hires	2022	2023	2024
NCR	2760	2947	3123
Province	5027	5455	5776
Add rows as needed			
Total	7787	8402	8899

In the past three consecutive years, local recruitment has been mainly concentrated in both NCR and provincial areas, with the highest numbers consistently coming from the provinces. This trend reflects Puregold's continued efforts to foster accessibility to employment outside urban centers and strengthen its workforce across all regions.

S&R

Age	2022	2023	2024
Below 30	1428	1558	1446
30-50	2618	3120	3189
Above 50	103	136	142
Total	4149	4814	4777

In the past three consecutive years, the majority of S&R's workforce continues to fall within the 30 to 50 age range, followed by employees under 30 years old. Workers above 50, although smaller in number, have gradually increased every year from 2022 to 2024. This trend highlights the company's inclusive hiring approach across different age groups.

Gender	2022	2023	2024
Male	2465	2837	2698
Female	1684	1977	2079
Total	4149	4814	4777

S&R remains committed to promoting inclusivity and accessibility in its hiring practices. While male employees have consistently comprised the majority of the workforce, female representation has steadily increased—from 40.5% in 2022 to 44% in 2024. This growth reflects the company's efforts to diversify its talent pool by expanding the range of roles available, thereby attracting more female talents and fostering equal career opportunities for all.

Category	2022	2023	2024
Senior Management	130	143	151
Middle Management	258	280	378

Junior Management	1135	1299	1357
Non Supervisors	2616	3081	2881
Contractual Workers	10	11	10
Total	4149	4814	4777

As S&R continues to expand and develop its operational efficiency, the number of its employees across different management levels consistently increases as well. In the past three years, junior management (supervisors to officers) roles remained the majority of its workforce, growing from 1,135 in 2022 to 1,357 in 2024. There is a steady increase in the number of employees from the senior and middle management levels. There is also a significant increase in the number of non-supervisory (rank and file) employees over the years, although there was slight decline in its headcount from 2023 to 2024, probably due to a change in staffing needs.

Local Hires	2022	2023	2024
Region I	0	122	120
Region III	449	473	523
Region IVA	813	1044	912
NCR	2335	2437	2425
Region V	8	110	109
Region VI	131	178	271
Region VII	155	179	162
Region X	126	134	130
Region XI	132	137	125
Total	4149	4814	4777

S&R's continued commitment to creating inclusive recruitment is highlighted in its local hiring efforts in the past three consecutive years. Consistently, majority of the employees hired were from NCR, followed by Region IV-A and Region III. Starting in 2023 up to present, there has been an emergence of new hires from Region I, demonstrating the company's ongoing efforts to reinforce its workforce across the country and create accessibility of many career opportunities.

Ratio of basic salary and remuneration

405-2

Puregold

Category	Male	Female	Ratio
Senior Management	20	20	10:10

Middle Management	136	254	68:127
Junior Management	1826	3185	913:1593
Non Supervisors	991	2467	496:1234

Puregold's continued commitment to fostering gender equality and inclusivity across job levels is highlighted in its distribution of basic salary and remuneration. In fact, there is a 10:10 male-to-female ratio at its senior management level, indicating equal pay and representation at the top level. In Junior Management and Non-Supervisory roles, the ratios are 913:1593 and 496:1234, respectively, in favor of female employees. This pattern suggests that there is a growing presence of women, especially in entry-level and junior positions. Similarly, there are more women (127) occupying the Middle Management level than men (68). This gender representation clearly highlights the company's commitment to providing equal opportunities for all its workers and its efforts in promoting a more gender-balanced workforce.

S&R

Basic salary and remuneration			
Category	Male	Female	Ratio
Senior Management	66	85	1.29
Middle Management	198	180	0.91
Junior Management	706	651	0.92
Non Supervisors	1722	1159	0.67
Contractual Workers	6	4	0.67

S&R is committed to promoting an inclusive and gender-balanced workforce at all levels. This year, we continue to advance our gender equality initiatives by having more women take meaningful roles and responsibilities across various management levels. In the male-to-female ratio for senior positions, female employees had the higher number, indicating greater female representation in leadership roles. Ratios in the Junior and Middle Management levels, however, show a balanced distribution, with almost equal ratios of 706:651 and 11:10, respectively. On the other hand, male employees dominate the Contractual Worker and Non-Supervisory categories, suggesting that while female employees are increasingly present in strategic and leadership roles at S&R, male employees dominate the frontline and operational positions. Nevertheless, S&R's main goal is to promote an inclusive workplace, a non-gender-biased workforce, and an equitable pay for all its hardworking staff and employees.

Labor Practices and Human Rights

406-1, 407-1, 408-1, 409-1

In 2024, both Puregold and S&R maintained strong compliance with labor standards, with zero incidents reported under critical areas such as discrimination, freedom of association, child labor, and forced or compulsory labor. There were no reported incidents of discrimination or violations related to freedom of

association and collective bargaining. Additionally, no operations or suppliers were found to be at significant risk for incidents of child labor or forced labor. These results reflect our ongoing commitment to ethical labor practices and human rights, ensuring a safe and fair working environment for all employees across our operations.

Occupational Health and Safety

403-1, 403-2, 403-3, 403-4, 403-5, 403-6, 403-7, 403-8, 403-9, 403-10

We ensure a safe and secure workplace for all our employees. Our HR team rigorously enforces all safety protocols. Puregold and S&R reaffirm their unwavering commitment to workplace safety and regulatory compliance by strictly following the provisions of the Occupational Safety and Health Law (RA 11058), DOLE Department Order 198-18, and all other relevant mandates of the Occupational Safety and Health Standards (OSHS).

Puregold

We remain committed to building a workplace where the safety and well-being of all our employees are prioritized. We aim to provide our direct and third-party staff across all our branches and departments a culture of shared responsibility for safety, with programs specially designed to minimize workplace hazards, avoid accidents, and guarantee that all team members feel protected and supported while working.

To uphold these key principles, the company implemented the following measures:

- All newly-hired employees are provided with orientation regarding the possible workplace risks and established safety protocols.
- Implementation of occupational health and safety measures in compliance with the requirements of national laws, regulations, and standards
- Provision of welfare facilities to all employees as part of the company's commitment to having a safe and health-conscious workplace
- Issuance and enforcement of personal protective equipment (PPE) in mitigating exposure to potential occupational risks
- Installation of visual safety and warning signs in areas with high risks to alert both customers and staff of possible hazards
- Regular enforcement of the Occupational Health and Safety Program throughout the company
- Deployment of trained company-wide Safety Officers, reinforced by committees including key members such as First Aiders, Committee Chairpersons, and designated secretaries
- Completion of the required 40-hour Basic Occupational Safety and Health (BOSH) training, ensuring that all Safety Officers meet compliance standards
- Certification for First Aiders from accredited agencies such as the Philippine Red Cross
- Regular submission of Occupational Health and Safety documents to the appropriate authorities
- All employees, including direct and indirect hires, are provided with access to necessary resources and facilities.
- All employees are issued with an official memorandum by the Security and Safety Department, providing clear safety protocols to freely report any safety concerns and occupational incidents.
- Although there is no written guideline for allowing voluntary withdrawal from hazardous situations yet, all related concerns are escalated and addressed promptly through standard reporting protocols.

- Safety and Security Inspections and Assessments (SSIA) involving employees and site managers are conducted monthly to monitor compliance and determine potential occupational hazards.
- All workplace incidents, including information like affected individuals, the type and level of injury, and recommended safety measures, must be reported through the Occupational Accident Report Form (OARF).
- Emergency transport services are on standby to immediately bring injured personnel to the nearest medical facility when necessary.
- All regular employees are entitled to health maintenance organization (HMO) benefits, along with health and accident insurance.
- The company ensures strict compliance with the Data Privacy Act, ensuring that personal and sensitive information of their employees is handled only by authorized HR and Admin staff.
- Any data privacy concerns shall be reported directly to our Data Privacy Office via dpo@puregold.com.ph.
- Safety protocols are regularly evaluated to determine their effectiveness and introduce improvements as needed.

We remain committed to empowering our workforce through safety programs that promote open communication, active participation, and awareness of occupational hazards. Our Health and Safety Committees play a key role in monitoring and enhancing our overall Occupational Health and Safety Framework. We aim to collectively uphold our responsibility to provide a safe, healthy, and inclusive work environment for all our staff, employees, and key stakeholders.

S&R

We continue to stay committed to creating a safe and healthy work environment for all our employees. We strive to provide a safety-first culture across all our warehouse clubs, restaurants, supply chains, and corporate offices, focused on reducing risks, preventing incidents, and ensuring that all team members feel protected and supported in the workplace.

To uphold these key principles, the company established the following measures:

- A structured Occupational Health and Safety Program, in compliance with DOLE's regulations, is established by S&R for all direct and contingent workers across S&R-managed sites. However, some concessionaire-run restaurants are excluded, as safety responsibilities are handled by mall operators or franchisees.
- We identify our workplace hazards through systematic Job Hazard Analyses (JHA), proactive employee reporting, and regular store inspections. Safety officers and managers utilize the Hierarchy of Controls methodology to evaluate routine and non-routine operational risks and integrate the most effective risk mitigation measures across all our facilities.
- Each S&R warehouse has an established committee, comprised of certified safety officers and supporting team members, that investigates incidents, reviews safety practices, and suggests enhancements. Forklift operators and equipment handlers shall undergo and complete the necessary training and certification to comply with safety standards and procedures.
- We highly encourage our employees to report hazards through various confidential channels, with protection under a non-retaliation policy. They can also refuse to work if they think it is unsafe or risky for them.
- We document and review all incident reports to determine underlying causes and avoid recurrence. Safety audits, facility inspections, and daily verifications through the Club Operations Daily Checklist (CODC) comprise our proactive and systematic safety monitoring program to evaluate our operational safety protocols and procedures.

- Our health and safety program includes fire and earthquake drills, mandatory annual physical exams, personal protective equipment (PPE) distribution, and safety training. We also provide all our employees with access to medical care through our internal health programs and by partnering with insurance providers.
- We ensure that our employees' medical records are protected under the Data Privacy Act and managed exclusively by authorized personnel. Health information is confidential and shall not be used for any employment-related decisions, except when required for appropriate workplace arrangements.
- We ensure that our employees are involved in the development of our safety programs through committee participation, training sessions, toolbox meetings, and safety audits.
- We provide our employees with training on Basic Occupational Safety and Health (BOSH), First Aid and Basic Life Support, and Pollution Control, which tackles environmental compliance and management of hazardous substances.
- We address the most frequent work-related injuries, such as physical injuries (cuts, burns, fractures, and contusions) and occupational illnesses (back strain, foot pain, and stress-related conditions), through administrative controls, balanced workload planning, and proper use of PPE.
- We track and monitor our safety performance through incident reporting, compliance audits, and facility inspections, all aligned with DOLE Occupational Safety and Health Standards (OSHS), RA 11058, and ISO 45001 requirements.

We continue to empower and strengthen our employees through our safety programs that ensure open communication, active engagement, and occupational hazard awareness. Our Health and Safety Committees play a pivotal role in overseeing and improving our overall occupational health and safety framework. We aim to maintain a safe, secure, and inclusive workplace for all our staff, employees, and stakeholders.

Work-related injuries, Work-related ill health

Description	2024
Fatalities as a result of work-related injury	0
Fatalities as a result of work related-ill health	0
High consequence of work-related injuries (excluding fatalities)	0
Recorded work-related injuries	12
Recordable work-related ill health	0
Man hours worked	4328
Rate of fatalities as a result of work-related injury	0
Rate of recorded work-related injuries	-

Training and Education

404-1, 404-2, 404-3

Uplifting our people through continuous learning and development remains a key priority. We invest in training programs that enhance skills, improve job performance, and support long-term career growth. By equipping our employees and workers with the tools they need to succeed, we foster a capable, future-read workforce committed to excellence.

Total Training Hours

Puregold

Gender	2022	2023	2024
Male	200,896	476,326	197,226
Female	238,880	263,717	426,026
Total Average	219,888	370,022	311,626

In 2024, Puregold continued to prioritize employee development through comprehensive training programs. The total training hours for the year amounted to 311,626 hours, with 426,026 hours attributed to female employees and 197,226 hours to male employees. This shows a continued investment in skills development across both genders.

Category	2022	2023	2024
Senior Management	8	8	8
Middle Management	32,976	223,792	89,656
Junior Management	401,376	503,684	524,268
Non Supervisors	5,416	12,559	9,320
Total Average	109,944	185,011	155,813

Breaking it down by management level, Junior Management received the highest training hours, with a total of 524,268 hours in 2024, reflecting our focus on developing key managerial talent. Middle Management saw 89,656 hours of training, while Senior Management maintained a consistent level of 8 hours in training, focusing on strategic leadership. Non-Supervisors also benefited from training, receiving 9,320 hours in 2024, supporting skill development at all levels of the organization.

S&R

Gender	2022	2023	2024
Male	40	60	70
Female	39	59	71
Total Average	39.5	59.5	70.5

In 2024, S&R continued its focus on employee development, with 70.5 average training hours per employee. Female employees completed 71 hours on average, while male employees recorded 70 hours, reflecting a balanced investment in training across genders.

Category	2022	2023	2024
Senior Management	30	59	93
Middle Management	31	63	100
Junior Management	30	60	100
Non Supervisors	30	60	53

Total Average	30.25	60.5	86.5
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At the management level, Junior Management and Middle Management both received the highest training hours, with 100 hours each in 2024. Senior Management followed closely, with 93 hours of training, reinforcing our commitment to leadership development. Non-Supervisors received 53 hours of training, reflecting our ongoing efforts to build skills across all levels of the workforce.

Type and scope of programs implemented and assistance provided to upgrade employee skills 404-2

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

Our company is committed to the continuous development of our employees' skills through an annual learning and development budget. This budget supports training programs in leadership, management, technical skills, and law compliance. In 2024, 83% of employees participated in at least one skill upgrade program, reflecting our dedication to enhancing employee competencies and ensuring they are well-equipped for future challenges. These initiatives are integral to our strategy of fostering a culture of continuous improvement and professional growth across the organization.

Percentage of employees receiving regular performance and career development reviews 404-3

Employee Category	2024
Senior Management	3.08%

Middle Management	6.72%
Junior Management	30.42%
Non Supervisors	59.78%
Total	100.00%

In 2024, 100% of eligible employees received regular performance and career development reviews, reflecting our strong commitment to continuous growth and feedback. The breakdown of this total shows that 59.78% were Non-Supervisors, 30.42% were from Junior Management, 6.72% from Middle Management, and 3.08% from Senior Management.

Performance appraisals

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

- **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.

Customer Health and Safety

416-1

At our company, we recognize our responsibility to uphold high standards of product quality and safety, as the goods we offer are directly consumed or used by our members and customers. We work exclusively with established multinational and local suppliers who meet stringent quality requirements and hold the necessary health and safety certifications. Throughout the reporting period, there were no recorded incidents of non-compliance with applicable health and safety regulations, reflecting our commitment to responsible retail practices.

Customer Privacy and Cybersecurity

418-1

Across our retail operations, the continuous collection and use of customer data play a key role in enhancing our products and services. In doing so, we maintain a strong commitment to data privacy and uphold strict internal controls to ensure customer information is handled with the highest level of care and confidentiality. Compliance with the Data Privacy Act is strictly observed, with all store personnel undergoing regular data privacy and security training facilitated by the HR department. As of 2024, there have been no reported complaints, incidents, or breaches involving customer data. Oversight of data privacy and cybersecurity remains under the responsibility of the designated IT Heads and Data Privacy Officers of each business unit.

Fair Marketing and Labelling Practices

417-1, 417-2, 417-3

Across our retail operations, we maintain a strong commitment to responsible sourcing practices by procuring products that comply with applicable marketing and labeling standards. Many of these items are sourced from reputable local and international brands that adhere to both local and, where applicable, global regulations. Our procurement teams closely monitor supplier compliance during onboarding and through ongoing engagements. At S&R, strict adherence to Philippine food and drug regulations is a priority for all product offerings. This commitment ensures that customers consistently receive safe, high-quality goods. In 2023, there were no recorded incidents of non-compliance with marketing or labeling standards, reflecting our continued dedication to regulatory compliance and customer safety.

Communities and Livelihoods

411-1, 413-1, 413-2

Puregold's commitment to uplifting communities and fostering inclusive growth is exemplified by its Pusong Panalo Program, which continues to empower underserved areas through education, livelihood support, and sustainable development. In 2024, the program enhanced learning environments in several rural schools—including Laiban Elementary School, Magata-Manggahan School, Nayon Elementary School, and Talim Elementary School—through solar panel installations, technology donations, playground and canteen upgrades, and the distribution of school supplies and hygiene kits. Looking ahead to 2025 and beyond, Puregold aims to support 30 more schools by 2028. The program also extended support to nearly 200 Tindahan ni Aling Puring (TNAP) members affected by Typhoon Kristine, offering negosyo packages, store renovation funds, and community events in partnership with Monde Nissin and the Angat Buhay Foundation. Through Pusong Panalo, Puregold continues to drive inclusive growth and sustainable development, particularly in rural and last-mile communities.



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 Mangangisda 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 LCK 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.

In 2024, there were no incidents involving violations of the rights of Indigenous peoples, and no significant negative impacts on local communities from our operations. We remain committed to engaging with local communities through ongoing development programs and impact assessments, ensuring that our operations contribute positively to the areas we serve. Our focus on community engagement continues to guide our efforts in promoting sustainable practices and fostering strong, mutually beneficial relationships with local stakeholders.

Security Practices on Human Rights

We uphold a strong commitment to respecting and promoting human rights across all aspects of our operations, including security practices. In 2024, 100% of our security personnel—totaling 150 individuals—received formal training on the organization's human rights policies and specific procedures relevant to security operations. This ensures that all personnel are equipped to perform their duties with respect for the rights and dignity of every individual. In addition, we require all third-party security providers to undergo the same human rights training, reinforcing our standards across the value chain and aligning with responsible business conduct.

Respect to the Rule of the Land

From the outset, we have remained vigilant in monitoring evolving regulatory requirements and maintaining strict compliance across our operations. Adhering to both local and national laws is integral to ensuring operational efficiency and fostering positive engagement with regulatory authorities. This disciplined approach has helped strengthen our reputation and build lasting trust in our brand over time.

Governance and Anti-Corruption

2-9, 2-10, 2-11, 2-12, 2-13, 2-14, 2-15, 2-26, 205-1, 205-2, 205-3, 206-1

The Corporate Governance Committee is composed of three independent directors, including the Chairman. The Committee is headed by Mr. Oscar S. Reyes, an independent director. The Corporate Governance Committee is responsible for the nomination and selection of directors, ensuring that only qualified candidates are appointed to the Board. The Committee also plays a key role in the nomination and appointment of the Group Sustainability Officer, who is tasked with overseeing the management of sustainability impacts, especially related to climate risks. The Governance Committee is actively involved in reviewing the company's sustainability reports and the Integrated Annual Corporate Governance Report (IACGR), ensuring that all disclosures are aligned with the company's governance and sustainability objectives.

Conflict-of-Interest Policy applies to all Directors, Officers, and Employees, and mandates that these individuals act solely in the best interest of the company. They must not receive any personal gain, benefit, or advantage from their position. Any potential conflicts of interest, including offers of gifts or other benefits from customers, suppliers, or contractors, must be immediately disclosed to the Board or the relevant superior. Failure to comply with this policy can lead to serious disciplinary actions, including termination. Any critical concerns or audit findings related to potential conflicts of interest are discussed in monthly risk management meetings before being presented to the Board for appropriate action.

The company recognizes the importance of keeping its employees informed about the commitments related to sustainability and governance. Accordingly, training and awareness seminars are regularly conducted for all employees on matters such as anti-corruption, health and safety, and disaster preparedness.

We have established a simple mechanism for employees to report grievances. Employees are encouraged to first approach their immediate supervisor, who will then raise the concern with the Human Resources Department or the Corporate Governance Department. This open and straightforward process ensures that all employee concerns are addressed in a timely and transparent manner.

Anti-Corruption Policies Based on Code of Conduct

We implemented strict anti-corruption policies as part of its overall governance framework. These policies, in line with the company's Code of Conduct, prohibit any form of misconduct or unethical behavior. All employees are trained in anti-corruption measures to ensure that the company operates with full compliance to relevant laws and ethical standards.

Our Code forbids participating in gambling or games of chance on company property, committing criminal acts against customers or individuals outside the company, working for another employer during company hours without authorization, and conducting personal business for profit on company premises.

We strictly prohibit malversation of company funds, abuse of position or authority for personal gain, theft, criminal acts, fraud, intentional breach of trust, and using the company's name for personal profit. Violating these policies may result in severe consequences, including dismissal from the company.

In 2024, we maintained strong adherence to our anti-corruption policies, ensuring that all employees received comprehensive communication and training on these procedures. As part of our commitment to maintaining ethical business practices, we are proud to report that there were no confirmed incidents of corruption during the reporting period. This reflects the effectiveness of our ongoing training programs and our commitment to a corruption-free environment. We will continue to reinforce these policies to ensure that our operations remain transparent, accountable, and in compliance with the highest standards of integrity.

Compliance to the Law

2-27

Our company is committed to operating with the highest standards of integrity and accountability. The company strictly observes and complies with all applicable laws, rules, and regulations as part of its corporate governance framework. In alignment with the Revised Manual of Corporate Governance, Puregold ensures that its Board of Directors, officers, and employees uphold the principles of good governance, transparency, and ethical conduct in all business dealings.

The company's policies and internal controls are designed to prevent violations and ensure full adherence to laws governing corporate operations, securities regulations, taxation, labor, and environmental management. Directors and key officers are required to be familiar with their legal obligations and to act in accordance with regulatory requirements at all times.

Puregold also ensures timely and accurate disclosures to regulatory bodies, including the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE), thereby reinforcing accountability and public trust. Through continuing education and regular policy updates, the company fosters a culture of compliance and continuously enhances its governance practices in line with evolving legal and regulatory landscapes.

Cases of fines or non-compliance are communicated to the Office of the Corporate Secretary for corporate issues, and to the Administrative Office and the Environmental Health and Safety (EHS) Department for environmental matters.

For the reporting period, both Puregold and S&R recorded zero incidents of non-compliance with environmental laws and regulations. The companies are committed to maintaining strict adherence to all relevant environmental standards and regulations. This reflects the organizations' ongoing commitment to environmental stewardship and regulatory compliance, ensuring minimal environmental impact from their operations.

GRI Content Index

GRI STANDARD	DISCLOSURE	LOCATION	EXPLANATION
General disclosures			
GRI 2: General Disclosures 2021	2-1 Organizational details	pg 4	
	2-2 Entities included in the organization's sustainability reporting	pg 4	
	2-3 Reporting period, frequency and contact point	pg 2	
	2-4 Restatements of information		No Restatements
	2-5 External assurance		No External Assurance Conducted
	2-6 Activities, value chain and other business relationships	pg 4	
	2-7 Employees	pg 46	
	2-8 Workers who are not employees		Not applicable
	2-9 Governance structure and composition	pg 58	
	2-10 Nomination and selection of the highest governance body	pg 58	
	2-11 Chair of the highest governance body	pg 58	
	2-12 Role of the highest governance body in overseeing the management of impacts	pg 58	
	2-13 Delegation of responsibility for managing impacts	pg 58	
	2-14 Role of the highest governance body in sustainability reporting	pg 58	
	2-15 Conflicts of interest	pg 58	

	2-16 Communication of critical concerns		Not reported (data not available)
	2-17 Collective knowledge of the highest governance body		Through workshops and events focusing on sustainable development
	2-18 Evaluation of the performance of the highest governance body		Not reported (data not available)
	2-19 Remuneration policies		Not reported (data is confidential)
	2-20 Process to determine remuneration		Not reported (data is confidential)
	2-21 Annual total compensation ratio		Not reported (data is confidential)
	2-22 Statement on sustainable development strategy	pg 9	
	2-23 Policy commitments		Not reported (data is confidential)
	2-24 Embedding policy commitments		Not reported (data is confidential)
	2-25 Processes to remediate negative impacts		Not reported (data is confidential)
	2-26 Mechanisms for seeking advice and raising concerns	pg 58	
	2-27 Compliance with laws and regulations	pg 59	
	2-28 Membership associations		Not Applicable
	2-29 Approach to stakeholder engagement	pg 12	
	2-30 Collective bargaining agreements		Not Applicable
Material topics			
GRI 3: Material Topics 2021	3-1 Process to determine material topics		
	3-2 List of material topics		
Economic performance			

GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	pg 22	
	201-2 Financial implications and other risks and opportunities due to climate change		Not reported (data not available)
	201-3 Defined benefit plan obligations and other retirement plans		Not reported (data not available)
	201-4 Financial assistance received from government		Not applicable
Market presence			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 202: Market Presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	pg 24	
	202-2 Proportion of senior management hired from the local community	pg 23	
Indirect economic impacts			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 203: Indirect Economic Impacts 2016	203-1 Infrastructure investments and services supported	pg 25	
	203-2 Significant indirect economic impacts	pg 25	
Procurement practices			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 204: Procurement Practices 2016	204-1 Proportion of spending on local suppliers	pg 23	
Anti-corruption			
GRI 3: Material Topics 2021	3-3 Management of material topics		

GRI 205: Anti-corruption 2016	205-1 Operations assessed for risks related to corruption	pg 58	
	205-2 Communication and training about anti-corruption policies and procedures	pg 58	
	205-3 Confirmed incidents of corruption and actions taken	pg 58	
Anti-competitive behavior			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 206: Anti-competitive Behavior 2016	206-1 Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	pg 58	
Tax			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 207: Tax 2019	207-1 Approach to tax		
	207-2 Tax governance, control, and risk management		Not reported (data is confidential)
	207-3 Stakeholder engagement and management of concerns related to tax		Not reported (data is confidential)
	207-4 Country-by-country reporting		Not applicable
Materials			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 301: Materials 2016	301-1 Materials used by weight or volume	pg 26	
	301-2 Recycled input materials used		Not reported (data not available)
	301-3 Reclaimed products and their packaging materials		Not reported (data not available)
Energy			

GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 302: Energy 2016	302-1 Energy consumption within the organization	pg 27	
	302-2 Energy consumption outside of the organization		Not Reported (Data not available)
	302-3 Energy intensity	pg 31	
	302-4 Reduction of energy consumption	pg 32	
	302-5 Reductions in energy requirements of products and services		Not Reported (Data not available)
Water and effluents			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 303: Water and Effluents 2018	303-1 Interactions with water as a shared resource	pg 36	
	303-2 Management of water discharge-related impacts	pg 37	
	303-3 Water withdrawal		Not Reported (Data not available)
	303-4 Water discharge	pg 37	
	303-5 Water consumption	pg 37	
Biodiversity			
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		
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	pg 33	
	305-2 Energy indirect (Scope 2) GHG emissions	pg 33	
	305-3 Other indirect (Scope 3) GHG emissions		Not Reported (Data not available)
	305-4 GHG emissions intensity		Not Reported (Data not available)
	305-5 Reduction of GHG emissions		Not Reported (Data not available)
	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		
GRI 306: Waste 2020	306-1 Waste generation and significant waste-related impacts	pg 33	
	306-2 Management of significant waste-related impacts	pg 33	
	306-3 Waste generated	pg 34	
	306-4 Waste diverted from disposal	pg 35	
	306-5 Waste directed to disposal	pg 35	
Supplier environmental assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental criteria		Not Reported (Data not available)

	308-2 Negative environmental impacts in the supply chain and actions taken		Not Reported (Data not available)
Employment			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	pg 40	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	pg 43	
	401-3 Parental leave	pg 45	
Labor/management relations			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 402: Labor/Management Relations 2016	402-1 Minimum notice periods regarding operational changes	pg 46	
Occupational health and safety			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 403: Occupational Health and Safety 2018	403-1 Occupational health and safety management system	pg 50	
	403-2 Hazard identification, risk assessment, and incident investigation	pg 50	
	403-3 Occupational health services	pg 50	
	403-4 Worker participation, consultation, and communication on occupational health and safety	pg 50	
	403-5 Worker training on occupational health and safety	pg 50	
	403-6 Promotion of worker health	pg 50	
	403-7 Prevention and mitigation of occupational	pg 50	

	health and safety impacts directly linked by business relationships		
	403-8 Workers covered by an occupational health and safety management system	pg 50	
	403-9 Work-related injuries	pg 50	
	403-10 Work-related ill health	pg 50	
Training and education			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	pg 39	
	404-2 Programs for upgrading employee skills and transition assistance programs	pg 53	
	404-3 Percentage of employees receiving regular performance and career development reviews	pg 53	
Diversity and equal opportunity			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees		Not Reported (Data not available)
Non-discrimination			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	pg 50	
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	pg 50	

Child labor			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 408: Child Labor 2016	408-1 Operations and suppliers at significant risk for incidents of child labor	pg 50	
Forced or compulsory labor			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 409: Forced or Compulsory Labor 2016	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	pg 50	
Security practices			
GRI 3: Material Topics 2021	3-3 Management of material topics		
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		
GRI 411: Rights of Indigenous Peoples 2016	411-1 Incidents of violations involving rights of indigenous peoples	pg 56	
Local communities			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 413: Local Communities 2016	413-1 Operations with local community engagement, impact assessments, and development programs	pg 56	
	413-2 Operations with significant actual and potential negative impacts on local communities	pg 56	
Supplier social assessment			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 414: Supplier Social Assessment 2016	414-1 New suppliers that were screened using social criteria		Not Reported (data not available)

	414-2 Negative social impacts in the supply chain and actions taken		Not Reported (data not available)
Public policy			
GRI 3: Material Topics 2021	3-3 Management of material topics		
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		
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	pg 55	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	pg 38	
Marketing and labeling			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 417: Marketing and Labeling 2016	417-1 Requirements for product and service information and labeling	pg 56	
	417-2 Incidents of non-compliance concerning product and service information and labeling	pg 56	
	417-3 Incidents of non-compliance concerning marketing communications	pg 56	
Customer privacy			
GRI 3: Material Topics 2021	3-3 Management of material topics		
GRI 418: Customer Privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	pg 56	

BUSINESS PROFILE OF DIRECTORS AND KEY OFFICERS**A. Board of Directors:****Susan P. Co, Filipino, 67 years old**

Mrs. Co initially served as the Vice-Chairman of the Company from 1998 until her election as Chairman in 2023. She is also the Vice-Chairman of Cosco Capital, Inc., and a member of the Board of Directors of the Philippine Bank of Communications (PBCOM), which are both PSE-listed companies

Concurrently, she 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 Pacific 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 earned her Bachelor of Science degree in Commerce from the University of Santo Tomas.

Lucio L. Co, Filipino, 70 years old

Mr. Co was the elected as the Company's Chairman of the Board from 1998 to 2022. He is presently the Chairman of Cosco Capital, Inc., and The Keepers Holdings, Inc., and a member of the Board of Directors of Philippine Bank of Communications, which are all PSE-listed companies.

In addition, he is 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 Pacific 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 also a member of the Board of Directors 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, 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 has been an entrepreneur for the past 50 years.

Ferdinand Vincent P. Co, Filipino, 43 years old

Mr. Ferdinand Vincent Co has been serving as President of the Company since 2015.

He is also the elected 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., Fillmore 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. Ferdinand 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 – Yuyitung , Filipino, 40 years old

Ms. Pamela Justine Co is the Executive Director of the Company since 2015.

She is also 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 in 2006 with a Bachelor of Science Degree in Entrepreneurship

Mr. Leonardo B. Dayao, Filipino, 81 years old

Mr. Dayao served as the Company's President from 2005 to 2014.

He is currently the elected Preseident of Cosco Capital, Inc. and the Vice-Chairmen of the Philippine Bank of Communications (PBCOM), which are both PSE-listed companies.

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.;

He is also a member of the Board of Directors of Canaria Holdings Corporation, Entenso Equities Incorporated, Karayan Hydropower Corporation, Kareila Management Corporation, KMC Realty Corporation, and Puregold Realty Leasing & Management, Inc.

Mr. Dayao earned his 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, 71 years old

Mr. Huang has been a member of the Board of Directors of the Company since 2017.

Mr. Huang is also the Vice-President of Abacus Capital and Investment Corp., a 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 also serves as a Director of Philippine Bank of Communication, a PSE-Listed Company.

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, 80 years old

Mr. Dela Rosa has been one of the Company's Independent Directors since 2017. He is also presently an Independent Director of Kareila Management Corporation.

Before joining the company, Mr. Dela Rosa served as a 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.

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, where he became a recipient of an "Outstanding Alumnus Award" for Government Service

Mr. Dela Rosa is a member of Alabang Country Club, Inc. and the Free Masonry

Gil B. Genio, Filipino, 65 years old

Mr. Genio was elected as an Independent Director of Puregold Price Club in May 2023. He is also an Independent Director of GT Capital Holdings. Mr. Genio had 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. As CTIO, Mr. Genio led all functions related to product development and management, network, information technology, and information security. He drove the overall vision, development and execution of architecture and strategies, proactively responding to business and market demands. In addition, Mr. Genio's CTIO responsibilities included the enterprise data analytics function and enterprise fraud risk management. As CSO, Mr. Genio led overall corporate strategy and business development efforts.

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 was an Independent Director at Insular Life Assurance Company from May 2018 to March 2022. He is a Fellow member of the Institute of Corporate Directors (ICD), and is a member of the Board of Governors of the Management Association of the Philippines (MAP). He has also served a



variety of industry associations. His past affiliations include: Vice Chairman (2012-2014) then Chairman (2014-2016) of the GSM Association Asia Pacific (GSMA AP); member (2012-2014) of the Advisory Board for Mobile World Capital Barcelona; member of the Board of Trustees of the IT and Business Process Association of the Philippines or iBPAP (2011-2013 and 2015-2016). He also served in the Advisory Boards of Globe's technology partners Amdocs and Cloudera.

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, 71 years old

Mr. Herbosa is one of the Company's independent Directors since May 2023.

He also served as 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. Key Officers:

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 Cosco Capital, Inc. and Philippine Bank of Communication, both Publicly-Listed Companies, and 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 & 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.

Anthony G. Sy, Filipino, 64 years old

Mr. Sy is one of the Company's nominees as Directors for the year 2025-2026.

Mr. Sy is also the incumbent 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.



Katrina Marie P. Co – Go , Filipino, 33 years old

Ms. Katrina Co was elected as Company's Treasurer on May 2024. She is concurrently the Director of Alerce Holdings Corp., CHMI Hotels and Residences, Inc., Fertuna Holdings Corp., Invesco Company, Inc., KMC Realty Corporation, League One, Inc., League One Finance and Leasing Corporation, Nation Realty, Inc., Premier Wine and Spirits, Inc., SPC Resources, Inc., Union Equities, Inc. and VFC Land Resources, Inc.

She graduated from De La Salle University – Manila with a B.S.C Major in Advertising Management in 2012.

Baby Gerlie I. Sacro, Filipino, 46 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.

Atty. Jewelyn A. Jumalon, Filipino, 30 years old

Atty. Jumalon was appointed as the Corporation's Assistant Corporate Secretary and Compliance Officer in May 2024. She obtained her Bachelor's Degree in Business Administration major in Human Resource Development Management from University of Sto. Tomas, España, Manila in 2015. In 2020, she received her Juris Doctor degree from the same university. She took the joint 2020/2021 Bar Examinations and was admitted to the Philippine Bar in 2022. Atty. Jumalon started her legal career as a litigation lawyer at Divinagracia Solis and Associates Law Offices, handling array of criminal, civil, labor, and administrative cases. Prior her appointment as the Corporation's Assistant Corporate Secretary and Compliance Officer, she served as Junior Lawyer of Cosco Capital, Inc.

Edgar T. Tacorda, Filipino, 48 years old

Mr. Tacorda is the Company's Internal Auditor since November 2022 and was appointed as Risk Officer in July 2024. He started his career in the Company as an 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, 52 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, 61 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 Mercado 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, 57 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, 61 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, 54 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, 51 years old

Ms. Cambe was appointed as the Company's Vice-President for Financial Accounting in July 2023. Prior to her appointment, she served as the Company's Senior Finance Manager. She worked as an accountant at Liguiaz 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 was appointed as Company's Vice-President for Accounts Payable in July 2023. Prior to his appointment, he was the Company's Financial Control Manager from 2005 to 2023. He is a graduate of De La Salle University with a Bachelor of Science in Mathematics, major in Actuarial Science degree in 1995.

Emelda T. Bechayda, Filipino, 56 years old

Ms. Bechayda was appointed as Company's Vice-President for Treasury on July 2023. She has been the Company's Cash Management Officer from 2005-2023. She was a graduate of St. Paul College Manila with a Bachelor of Science in Commerce, Major in Accounting.



Gisela R. Altura, Filipino, 54 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.

TRADEMARKS AND TRADENAMES REGISTERED UNDER "PUREGOLD PRICE CLUB, INC." AS OF 31 DECEMBER 2024

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.	DRY PLUS		February 27, 2020	February 27, 2030
13.	EASY HOME DEPOT		September 22, 2008	September 22, 2028
14.	EQUAL		October 16, 2014	October 16, 2024
15.	EQUAL		July 23, 2007	July 23, 2027

16.	EQUIVALENT		July 23, 2007	July 23, 2027
17.	EZEE		April 29, 2010	April 29, 2030
18.	FRESH & EASY		February 08, 2018	February 08, 2028
19.	FRESH N FREE		October 13, 2008	October 13, 2028
20.	GOLD YARN		January 01, 2016	January 01, 2026
21.	GOPURE		October 14, 2016	October 14, 2026
22.	GRAND P		April 22, 2010	April 22, 2030
23.	GREAT SUPERMARKET		May 28, 2015	May 28, 2025
24.	HER COLLECTION		March 2, 2023	March 2, 2033
25.	HER KIDS		October 3, 2022	October 3, 2032
26.	HIS COLLECTION		March 2, 2023	March 2, 2033
27.	HIS KIDS		March 2, 2023	March 2, 2033
28.	HOME CLEAN		November 25, 2018	November 25, 2028
29.	JOOZY		October 13, 2018	October 13, 2028
30.	KA-ASENSO		December 16, 2010	December 16, 2030
31.	KAINDUSTRIYA		May 17, 2012	May 17, 2032
32.	KITANG-KITA CASE		July 24, 2014	July 24, 2034

33.	KOBE CHICKEN	Kobe Chicken	May 04, 2017	May 04, 2027
34.	LA FLOR DE LA ISABELA	LA FLOR DE LA ISABELA	January 10, 2021	January 10, 2031
35.	LA FLOR DE LA ISABELA		May 14, 2021	May 14, 2031
36.	MAGIC GLOW		December 29, 2011	December 29, 2031
37.	MARKET 999	MARKET 999	December 22, 2016	December 22, 2026
38.	MINI MART BY PUREGOLD	Mini Mart by Puregold	August 18, 2016	August 18, 2026
39.	MOMMY MARKET	Mommy Market	January 19, 2017	January 19, 2027
40.	MR. PAPER	MR. PAPER	June 04, 2015	June 04, 2025
41.	MY BABY PLANET	My Baby Planet	January 19, 2017	January 19, 2027
42.	NE KAYA 'YAN CABAYAN!		August 11, 2016	August 11, 2026
43.	NEGOSYO MO CABAYAN CARD		October 14, 2016	October 14, 2026
44.	PANALO KARD	PANALO KARD	September 22, 2008	September 22, 2028
45.	PEOPLE'S RICE	PEOPLE'S RICE	December 29, 2019	December 29, 2029
46.	PERFECT MATE	PERFECT MATE	February 11, 2008	February 11, 2028
47.	PERKS LOYALTY CARD	PERKS LOYALTY CARD	May 28, 2015	May 28, 2025
48.	PISO GARANTISADO	Piso Garantizado	November 20, 2014	November 20, 2024
49.	POSITIVE 99	POSITIVE 99	May 18, 2017	May 18, 2027
50.	PREM		April 2, 2021	April 2, 2031
51.	PREMIUM GOLD		October 15, 2015	October 15, 2025
52.	PUHUNAN PLUS	PUHUNAN PLUS	May 26, 2019	May 26, 2029

53.	PURE BASICS	PURE BASICS	December 23, 2018	December 23, 2028
54.	PURE BASICS LOGO		March 12, 2020	March 12, 2030
55.	PURE BASICS	PURE BASICS	March 12, 2020	March 12, 2030
56.	PURE BASICS Panlaban sa Sebo, Panalo sa Presyo	PURE BASICS Palaban sa Sebo, Panalo sa Presyo	March 28, 2020	March 28, 2030
57.	PURE BASICS Pure Clean, Pure White	PURE BASICS Pure Clean, Pure White	March 12, 2020	March 12, 2030
58.	PURE BASICS Pure Freshness, Pure Softness	PURE BASICS Pure Freshness, Pure Softness	July 13, 2020	July 13, 2030
59.	PURE HEALTH CARE	Pure Health Care	December 23, 2018	December 23, 2028
60.	PURE PADALA		October 29, 2015	October 29, 2025
61.	PURE PHARMACY	PURE PHARMACY	December 29, 2016	December 29, 2026
62.	PURE PLUS	Pure Plus	January 20, 2019	January 20, 2029
63.	PURE VALUE	<i>Pure Value</i>	October 5, 2023	October 5, 2033
64.	PURECART	PURECART	February 14, 2019	February 14, 2029
65.	PURECASH	PureCash	September 15, 2016	September 15, 2026
66.	PUREGLIDE	PUREGLIDE	December 15, 2016	December 15, 2026
67.	PUREGOLD FREE	Puregold Free	April 29, 2016	April 29, 2026
68.	PUREGOLD HOME OFFICE	Puregold Home Office	April 12, 2018	April 12, 2028
69.	PUREGOLD NUTRITIONISCOOL	Puregold NutritionIsCool	September 15, 2016	September 15, 2026
70.	PUREPLEASURE	PUREPLEASURE	June 19, 2014	June 19, 2024

71.	PUREPLUS	Pureplus	January 20, 2019	January 20, 2029
72.	REACH Softest Touch & Device		October 23, 2009	October 23, 2029
73.	SA PUREGOLD, ALWAYS PANALO	SA PUREGOLD, ALWAYS PANALO!	August 11, 2016	August 11, 2026
74.	STACK & STOCK RIGHT		April 22, 2010	April 22, 2030
75.	TABACALERA	TABACALERA	August 11, 2016	August 11, 2026
76.	TINDAHAN NI ALING PURING (Super SIM and Device)		December 16, 2010	December 16, 2030
77.	Tindahan ni Aling Puring	TINDAHAN NI ALING PURING ABOT KAYA ANG ASENSO!	January 19, 2017	January 19, 2027
78.	TIPPTOES		July 10, 2014	July 10, 2024
79.	TWIN ELEPHANT	TWIN ELEPHANT	June 27, 2019	June 27, 2029
80.	VIPuring	VIPuring	February 26, 2015	February 26, 2025
81.	WRAP & SEAL	Wrap & Seal	May 28, 2015	May 28, 2025
82.	EXPERTSKINPROPLUS		August 19, 2024	August 19, 2034



TRADEMARKS AND TRADENAMES REGISTERED UNDER “KAREILA MANAGEMENT CORPORATION” AS OF 31 DECEMBER 2024

NO.	TRADENAMES	TRADEMARKS	DATE OF REGISTRATION	DATE OF EXPIRATION
1	BIG SIZE BIG PACKS		December 29, 2016	December 29, 2026
2	RANCH HOUSE		October 14, 2016	October 14, 2026
3	MEMBER'S VALUE		September 5, 2019	September 5, 2029