COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

Principal Office (*No./Street/Barangay/City/Town/Province)*

43rd Floor, Robinsons Equitable Tower, ADB Avenue corner Poveda Sts., Ortigas Center, Pasig City, Metro Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
corpsec@robinsonretail.com.ph	8635-0751	0998-8465-086

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
42	Last Thursday of May	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mylene A. Kasiban	Mylene.Kasiban@robinsonsretail.ph	8635-0751 local 214	0998 840 4227

CONTACT PERSON's ADDRESS

43rd Floor, Robinsons Equitable Tower, ADB Avenue corner Poveda Sts., Ortigas Center, Pasig City, Metro 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*

SECURITIES AND EXCHANGE COMMISSION

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. For the fiscal year ended ....31 December 2021

2. SEC Identification Number A200201756

3. BIR Tax Identification No. 216-303-212-000

4. Exact name of issuer as specified in its charter ....

ROBINSONS RETAIL HOLDINGS, INC.

5. **Pasig City, Philippines** ....
Province, Country or other jurisdiction of incorporation or organization

6. [ ] (SEC Use Only)
Industry Classification Code:

7. 43rd Floor, Robinsons Equitable Tower,
ADB Avenue corner Poveda Sts., Ortigas Center,
Pasig City
Metro Manila — 1600
Address of principal office — Postal Code

8. **(632) 635-07-51**..
Issuer's telephone number, including area code

9. **Not Applicable**..
Former name, former address, and former fiscal year, if changed since 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 shares	1,512,010,200

....

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

Yes [/] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:
PHILIPPINE STOCK EXCHANGE - COMMON SHARE

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 [/]   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. (See definition of "affiliate" in “Annex B”).

Shares Held by Non-Affiliates as of December 31, 2021	**Market Value per Share as of February 28, 2022**	**Total Market Value**
804,874,883	61.7	₱49,660,780,281

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:

(a) Any annual report to security holders;

(b) Any information statement filed pursuant to SRC Rule 20;

(c) Any prospectus filed pursuant to SRC Rule 8.1.

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PART I – BUSINESS AND GENERAL INFORMATION

Item 1. Business

(A) Business Development

Robinsons Retail Holdings, Inc. was incorporated on February 4, 2002. The primary purpose of the Company and its subsidiaries is to engage in the business of trading goods, commodities and merchandise of any kind. The Company was listed at the Philippine Stock Exchange on November 11, 2013.

Robinsons Retail Holdings, Inc. (RRHI) is one of the leading multi-format retail groups in the Philippines. With over 40 years of retail experience, it possesses a deep understanding of Philippine consumers and enjoys market leading positions across its major business segments. Since the opening of its first Robinsons Department Store in Metro Manila in 1980, RRHI has successfully expanded into five business segments, entering into the supermarket business in 1985, the Do-It-Yourself (DIY) business in 1994, the convenience store and specialty store businesses in 2000, and the drugstore business in 2012. It also launched Robinsons Townville, a chain of community malls in 2015, which are located in residential areas to bring its products closer and its services more convenient to its customers.

RRHI operates one of the broadest ranges of retail formats of any retail group in the Philippines and, accordingly, is well-positioned to capture emerging consumer markets and take advantage of the continuing macroeconomic growth in the Philippines, particularly the increase in disposable income and higher consumption of the broad middle-income segment, its key target market.

RRHI operates its supermarkets, department stores, consumer electronics and appliances stores, big box hardware stores, and community malls namely Robinsons Supermarket, the Marketplace, Shopwise, Robinsons Easymart, Robinsons Department Store, Robinsons Appliances, Robinsons Builders, and Robinsons Townville.

The company’s other store formats are under well-known international brands, namely Handyman Do it Best, True Value, Toys “R” Us, Ministop, Daiso Japan;Pet Lovers Centre and No Brand, and beauty brands Benefit, Shiseido, and Elizabeth Arden. RRHI also operates trusted domestic brands, such as Savers Appliances, Southstar Drug, Rose Pharmacy, TGP and mass merchandise store Super50.

In 2018, the Company acquired 100% of grocery retailer Rustan Supercenters, Inc., from Mulgrave Corporation B.V (MCBV), a wholly-owned subsidiary of DFI (formerly Dairy Farm International Holdings, Ltd.) It also engaged in a franchise license agreement with Singapore-based Pet Lovers Centre in its foray into pet retail. Adding to its investments in technology, the Company, through a subsidiary, also invested in Growsari, an online platform that caters to sari-sari store owners.

In 2019, RRHI was appointed exclusive franchisee for Korean grocery store No Brand and skincare Scentence of E-Mart in South Korea. RRHI also opened Super50 in the same year, a one-price concept store, in partnership with Pesotree.

In 2020, RRHI, through its subsidiary, SSDI acquired 100% of Rose Pharmacy, Inc. which operates over 300 stores strategically located in Visayas and Mindanao.

In 2021, the Company invested in Edamama, an online start-up that focuses on products for mothers and babies. It also entered the hard discount retailer space through its investment in HD Retail Holding Pte. Ltd. ("HDR"), operator of hard discount store O!Save. The investment was made through RRHI subsidiary, New Day Ventures Limited. RRHI currently has 24.25% stake in HDR and a seat in its Board of Directors, along with three institutional investors with equal stake in the business. The Company also acquired 20.0% ownership interest in GoTyme Bank Corportion (GoTyme). GoTyme's principal activity is to carry on and engage in the business of a digital bank.

The Company launched the Robinsons Rewards Loyalty program in May 2013. The loyalty program allows members to collect and redeem points across the Robinsons formats, is intended to increase customer loyalty and also to enhance the Company's brand image through a physical card, and a mobile app launched in 2019. Robinsons Rewards enables the Company to gather data on customer profiles in terms of their demographics, purchasing patterns, and product preferences through data analytics, all the while safeguarding consumer data and privacy. Starting January 1, 2020, the management and operation of the loyalty program was transferred to Data Analytics, Ventures, Inc. (DAVI), a related party.

In 2020, RRHI accelerated its ecommerce initiatives by launching its own ecommerce sites, namely gorobinsons.ph, southstardrug.com.ph and robinsonsappliances.com.ph. GoRobinsons serves is envisioned to be the Company's virtual mall, and currently houses 11 banners as of 2021, including all its Supermarket banners, Robinsons Department Store, No Brand, Handyman Do It Best, True Value, Toys 'R' Us, Shiseido and Southstar Drug.

A number of the company's formats also engage in e-commerce through partnerships with major third-party e-commerce players, such as Lazada, Shopee, Metromart, Pickaroo, GrabMart and GrabFood.

The Company has not been into any bankruptcy, receivership or similar proceedings since its incorporation.

Acquisitions by RRHI's subsidiaries

On November 23, 2018, RRHI acquired 100% stake in Rustan Supercenters, Inc., operator of food retail banners The Marketplace, Rustan's Supermarket, Shopwise (hypermarket), Shopwise Express, and Wellcome.

On February 27, 2018, RI and Pesotree incorporated Super50, a company engaged in the business of retail and wholesale goods with paid-up capital amounting to ₱30.0 million. RI's ownership interest in Super50 is 51.0%.

On February 22, 2018, RHMI incorporated RLSI, with a total subscription amounting to ₱62.50 million, of which, ₱50.00 million was paid. RLSI is primarily engaged in the business of trading goods, commodities and merchandise of any kind.

On October 16, 2020, RRHI, through its subsidiary South Star Drug, Inc., acquired 100% stake in Rose Pharmacy, Inc., a leading drugstore chain in Visayas and Mindanao, from Mulgrave Corporation B.V (MCBV), a wholly-owned subsidiary of Dairy Farm International Holdings, Ltd.

The percentage contribution to the Company's revenues for each of the three years ended December 2019, 2020, and 2021 by each of the Company's business segments after elimination are as follows:

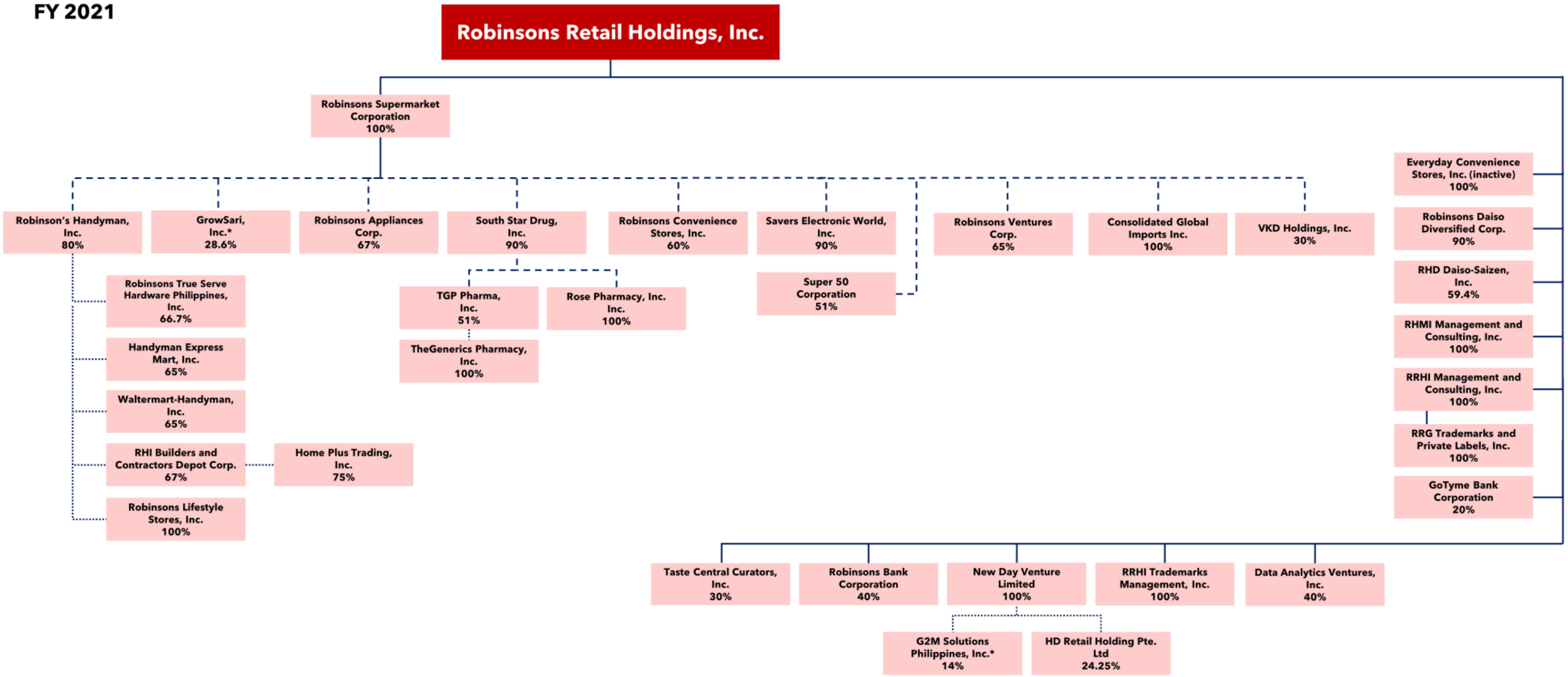
	For the years ended December 31		
	2019	2020	2021
Supermarket	54.3%	62.3%	57.8%
Department store	11.1%	5.6%	6.1%
DIY Store	8.8%	7.5%	7.5%
Convenience store	4.1%	3.2%	3.2%
Drug store	10.9%	12.6%	17.4%
Specialty segment	10.8%	8.8%	8.0%

The Company ended 2021 with 2,208 stores with total gross floor area of 1.51 million square meters.

(B) Business of Issuer

The industry segments where the Company and its subsidiaries and affiliates operate are summarized below:

FY 2021



*Represent notes with conversion rights

(a) Description of the Registrant

(i) Principal Products and Services. The Company's core retail operations has six business segments — supermarkets, department stores, DIY stores, convenience stores, drug stores and specialty stores:

- *Supermarkets.* Targeting the broad middle to upper income market, the supermarkets are operated under the banners Robinsons Supermarket (mainstream supermarket), The Marketplace (premium), Shopwise (hypermarket) and Robinsons Easymart (minimart). The Company also operates Korean grocery store, No Brand.

  Robinsons Supermarket is the first major supermarket chain in the Philippines specifically positioned with a focus on health and wellness, which is its key point of differentiation from competitors. Robinsons Supermarket actively encourages consumers to adopt a healthy lifestyle by promoting a wide range of high-quality health and wellness products. It also partnered with the Food and Nutrition Research Institute of the Philippines ("FNRI"), which evaluates and accredits the nutritional contents of all food products following the internationally-accepted CODEX Standards of Nutrition Classification. It also partners with the Best Fresh suppliers with proven expertise, resources and nationwide retail capability to ensure a consistent supply of high quality and nutritional fresh food products at affordable prices.

  Offering value for money options, the Supermarket Segment carries its own private labels such as Robinsons (formerly Robinsons Supersavers) and Healthy You. It also carries private labels sourced through its partnership with DFI, including Meadows, Southdale Farm, Simply Living, French Cellars, and Winemakers Reserve, among others.

- *Department Stores.* The department stores are operated under the Robinsons Department Store (RDS) brand name and offer a large selection of both local and international branded products that are grouped into five categories: (i) toys, children's apparel and accessories, (ii) homes, snacks and stationery; (iii) shoes, bags, luggage and sportswear, (iv) ladies' apparel and accessories, beauty and intimate apparel; and (v) men's apparel, accessories and furnishings. RDS is focused on catering to middle-income customers and approximately 86.8% of Robinsons Department Stores' sales for 2021 are on consignment basis.

- *DIY Stores.* The DIY stores are operated under the brand names Handyman Do it Best and True Value, of which the Companies are cooperative member-retailers in the Philippines from these US DIY brands and the big box formats under Robinsons Builders (rebranded from A.M. Builders' Depot) and De Oro Pacific Home Plus, which were acquired in 2014 and 2016, respectively. Each brand has its own specialized positioning, with Handyman Do it Best focused on affordable, high quality DIY and home improvement products; True Value positioned as an up market lifestyle home center; and Robinsons Builders/Home Plus focused on home builders. In 2021, around 54.0% of DIY store segment revenue was derived from sales of consigned merchandise.

- *Convenience Stores.* The Company is the exclusive Philippine master franchisee of Ministop Japan. Ministop began operations in the Philippines in 2000 and is a franchise of Ministop Co. Ltd., one of the largest convenience store chains in Japan. Revenue is generated through selling of merchandise to franchisees. Ministop's key strength is its ability to provide fresh and ready-to-eat food for its customers.

- *Drugstores.* In July 2012, wholly-owned subsidiaries of RRHI RSC and Robinsons Inc. (now merged in RSC) each acquired a 45% interest in South Star Drug, Inc.(SSDI). The acquisition represents a 90% interest on the shares of stock of SSDI. South Star Drug carries a wide range of prescription and over-the-counter pharmaceutical products together with a range of food, personal care and other products. On May 17, 2016, SSDI acquired 51.00% of TGP Pharma, Inc. On October 16, 2020, SSDI acquired 100% of Rose Pharmacy, Inc.

- *Specialty Stores.* Currently, the Company operates eight formats of specialty stores, namely: 1) toys and juvenile products retail under Toys "R" Us; 2) consumer electronics and appliances stores operated under Robinsons Appliances and Savers Appliances) beauty brands Shiseido, Benefit, Elizabeth Arden; 4) mass merchandise stores under Daiso Japan and Super50; and 6) pet retail under Pet Lovers Centre.

The Company, as of end of 2021 has 2,208 stores, consisting of 286 supermarkets (including No Brand), 52 department stores, 227 DIY stores, 456 convenience stores, 899 drugstores and 288 specialty stores. This excludes 2,030 TGP franchised stores.

(ii) **Significant Subsidiaries.** As of December 31, 2021, Robinsons Retail Holdings, Inc. (RRHI) has eight wholly-owned subsidiaries and eighteen partly-owned subsidiaries in which RRHI's ownership allows it to exercise control, all of which are consolidated with the Group's financial statements.

Key details of each of RRHI's subsidiary companies are set forth below.

1. ***Robinson's Supermarket Corporation.*** Robinson's Supermarket Corporation (RSC) was incorporated in the Philippines and registered with the SEC on August 21, 1990. RSC is 100% owned by RRHI. RSC's principal business is to engage in the business of buying, selling, distributing and marketing at wholesale and retail.

2. ***Robinson's Handyman, Inc.*** Robinson's Handyman, Inc. (RHMI) was incorporated in the Philippines and registered with the SEC on June 15, 1994 primarily to engage in the business of trading goods, commodities and merchandise of any kind. RHMI is 80% owned by RSC.

3. ***Robinsons True Serve Hardware Philippines, Inc.*** Robinsons True Serve Hardware Philippines, Inc. (RTSHPI) was incorporated in the Philippines and registered with the SEC on February 19, 2007, primarily to engage in general hardware business, both retail and wholesale. The Company started commercial operations on March 1, 2007. RTSHPI is 66.67% owned by RHMI.

4. ***Waltermart-Handyman, Inc.*** Waltermart-Handyman, Inc. (WHI) was incorporated in the Philippines and registered with the SEC on July 15, 1996 primarily to engage in the business of trading goods, commodities and merchandise of any kind. WHI is 65% owned by RHMI.

5. ***Handyman Express Mart, Inc.*** Handyman Express Mart, Inc. (HEMI) was incorporated in the Philippines and registered with the SEC on April 13, 2000. The Company is engaged in the business of trading goods, commodities and merchandise of any kind. HEMI is 65% owned by RHMI.

6. ***RHI Builders and Contractors Depot Corp.*** RHI Builders and Contractors Depot Corp. (RHIB) was incorporated in the Philippines and registered with the SEC on May 7, 2014. The Company is engaged in the business of trading goods, commodities and merchandise of any kind. RHIB is 67% owned by RHMI.

7. ***Homeplus Trading Depot, Inc.*** was incorporated in the Philippines and registered with the SEC on May 4, 2016. The Company is engaged in the business of trading goods, commodities and merchandise of any kind. HPTDI is 75% owned by RHIB.

8. ***Robinsons Appliances Corp.*** Robinsons Appliances Corp. (RAC) was registered with the SEC on August 21, 2000. RAC's principal business is to engage in the business of trading goods such as appliances on wholesale or retail basis. RAC is 67% owned by RSC.

9. ***Robinsons Convenience Stores, Inc.*** Robinsons Convenience Stores, Inc. (RCSI) was registered with the SEC on March 15, 2000. Its primary purpose is to engage in the business of acquiring and granting licenses and/or rights to proprietary marks, trademarks, trade names, patents, copyrights, know-how, technology, processes, methods, techniques, devises, systems and the like. The Company is also engaged in the business of trading of goods, such as food and non-food, on a wholesale basis. RCSI is 60% owned by RSC.

10. ***South Star Drug, Inc.*** South Star Drug, Inc (SSD) is a trading company incorporated and registered with the SEC on November 24, 2003. Its primary purpose is to carry on the business of pharmacy, selling all kinds of drugs, medicines, medical equipments, and all other items. SSDI is 90% owned by RSC. .

11. ***Rose Pharmacy, Inc.*** Rose Pharmacy Inc. (RPI) was incorporated and registered with the SEC on December 13, 1974 primarily to engage in the business of trading medical and pharmaceutical goods, on either wholesale or retail basis. RPI is 100% owned by SSDI, a 90% owned subsidiary of RRHI.

12. ***TGP Pharma, Inc. -*** TGP Pharma, Inc. (TGPI) was incorporated and registered with the SEC on September 15, 2010. TGPI is 51% owned by South Star Drug Inc., a 90% owned subsidiary of RRHI. TGPI's principal business is to engage in the trading of goods such as pharmaceutical products, food supplements, cosmetics and general merchandise on wholesale or retail basis.

13. ***The Generics Pharmacy Inc. –*** The Generics Pharmacy Inc. (TPI) was incorporated and registered with the SEC on February 27, 2007. The Company is 100% owned by TGP Pharma Inc. TPI's principal business is to engage in the trading goods such as pharmaceutical products, food supplements, cosmetics and general merchandise on wholesale or retail basis.

14. ***Everyday Convenience Stores, Inc.*** Everyday Convenience Stores, Inc. (ECSI), wholly owned by RRHI and was incorporated in the Philippines and registered with the SEC on August 8, 2000. Its primary purpose is to engage in the business of trading goods, commodities and merchandise of any kind.

15. ***Robinsons Daiso Diversified Corp.*** Robinsons Daiso Diversified Corp. (RDDC) is a domestic corporation organized under the laws of the Philippines to engage in the business of retail and wholesale of goods. The Company was incorporated and registered with the SEC on July 16, 2008. The Company started commercial operations on April 29, 2009. RDDC is 90% owned by RRHI.

16. ***RHD Daiso-Saizen, Inc.*** RHD Daiso-Saizen, Inc. (RHDDS) was organized and registered with the SEC on November 29, 2011. The primary purpose of the Company is to engage in the business of trading of goods such as food and non-food on wholesale basis and acquiring and franchising licenses, and/or rights to propriety marks. RHDDS is 59.40% owned by RRHI.

17. **Robinsons Ventures Corporation.** Robinsons Ventures Corporation was incorporated and registered with the SEC on August 5, 1996 to engage in the business of trading goods, commodities wares and merchandise of any kind and description. The Company is a majority owned subsidiary of Robinsons Supermarket Corporation.

18. ***RHMI Management and Consulting, Inc.*** RHMI Management and Consulting, Inc. was incorporated on May 27, 2013. Its primary purpose is to provide client companies, individuals, businesses or organizations, professional management advise and subject matter expertise in areas of finance, taxation, information technology, human capital, procurement, supply chain and others except management of funds, securities, portfolios, and other similar assets of the managed company or entities. The Company is wholly owned by RRHI. As of December 31, 2020, The Company has not yet started commercial operations.

19. ***RRHI Management and Consulting, Inc.*** RRHI Management and Consulting, Inc. was incorporated on May 27, 2013. Its primary purpose is to provide client companies, individuals, businesses or organizations, professional management advise and subject matter expertise in areas of finance, taxation, information technology, human capital, procurement, supply chain and others except management of funds, securities, portfolios, and other similar assets of the managed company or entities. The Company is wholly owned by RRHI. As of December 31, 2020, the Company has not yet started commercial operations.

20. ***RRG Trademarks and Private Labels, Inc.*** RRG Trademarks and Private Labels, Inc. was incorporated on May 23, 2013. Its primary purpose is to engage in the management and franchise of trademarks, brands and labels in the retail sector, provided, it shall not engage in the management of funds, securities, portfolios, and other similar assets of the managed company or entities. The Company is wholly owned by RRHI. As of December 31, 2020, the Company has not yet started commercial operations.

21. ***RRHI Trademarks Management, Inc.*** RRHI Trademarks Management, Inc. was incorporated on May 23, 2013. Its primary purpose is to engage in the management and franchise of trademarks, brands and labels in the retail sector, provided, it shall not engage in the management of funds, securities, portfolios, and other similar assets of the managed company or entities. The Company is wholly owned by RRHI.

22. ***Savers Electronic World, Inc.*** Savers Electronic World, Inc. (SEWI), was incorporated and registered with the SEC on March 4, 2015. Its primary purpose is to engage in the business of trading goods such as appliances on wholesale or retail basis. Its primary competence is institutional sales. SEWI is 90% owned by RSC.

23. ***New Day Ventures Limited.*** The Parent Company acquired New Day Ventures Limited to engage in business of investment holding.

24. ***Robinsons Lifestyle Stores, Inc.*** Robinsons Lifestyle Stores, Inc. (RLSI) was incorporated and registered with the SEC on February 22 ,2018. Its primary purpose is to engage in the business and wholesale of goods. RLSI is 100% owned by RHMI.

25. ***Super50 Corporation.*** Super50 Corporation was incorporated and registered with the SEC on March 23 ,2018. Its primary purpose is to engage in the business and wholesale of goods. Super 50 is 51% owned by RSC.

26. ***Consolidated Global Imports, Inc.*** The company was incorporated and registered with the SEC on July 9, 2002. Its primary purpose is to engage in the business of trading goods such as food and non-food on wholesale/retail basis. It is 100% owned by RSC.

(iii) **Foreign Sales.** The Company has no record of foreign sales as it is not exporting any of its merchandise abroad.

(iv) **Distribution Methods.** The Company relies significantly on distributors, third-party service providers and the distribution networks of its multinational suppliers for transportation, warehousing and the delivery of products to its stores. The majority of its merchandise is delivered to the distribution centers by its suppliers and from the distribution centers to its stores by third-party service providers.

The Company manages a strong and efficient supply chain that features just-in-time delivery. Many of its distribution centers employ a cross-docking system, where all non-perishable goods received from suppliers are sorted, consolidated and dispatched to the stores in Metro Manila within one to five days, and within three to ten days of their receipt in Visayas and Mindanao, depending on the business segment. This reduces stocking requirements and permits the faster delivery of products.

Some of its business segments, such as the supermarket, DIY and specialty stores (particularly toys and juvenile products), also employ a stock operation system equipped to handle high turnover and bulk items. For example, the supermarket segment implements a stock operation system for all top-tier vendors. An average of two weeks inventory of goods is ordered to be stocked and stored in the warehouse.

Distribution planners make daily plans for replenishment and delivery of the goods to stores to ensure that stores do not run out of the key items supplied by the top-tier vendors. With the stock operation system, the distribution centers are able to supply the stores regularly with top-selling SKUs with expediency at low inventory carrying cost.

The Company engages third-party service providers to provide trucking and shipping services to ensure timely delivery of merchandise from distribution centers to stores across the Philippines. Some suppliers also deliver products directly to the stores.

To operate its large-scale business efficiently and effectively, its operations are supported by advanced information technology systems. Its world-class management information systems include a merchandise management system Blue Yonder (formerly JDA Software Group Inc.), and an advanced ARC merchandise analytics solutions system from Manthan Systems, Pvt. Ltd and a Retail Data Lake in AWS. These systems allow the Company to analyze and optimize merchandise performance, make proactive decisions on its day-to-day operations and provide the ability to quickly and efficiently respond to changes in customer trends.

The Company uses warehouse management systems to ensure on-time delivery and sufficient stock in stores, thus optimizing inventory levels across its distribution centers and store network. Further, the Company utilizes financial and asset management systems from SAP AG.

The Company also deploys its Point of Sale System through NCR StoreLine. The Company also uses SPA from Manthan Systems, which has a sophisticated supplier portal system that allows them to collaborate with its suppliers. Through this system, suppliers may have access to its database providing them with the ability to manage their own inventory, ensure high service levels and facilitate more targeted marketing activities.

Lastly, the Company operates its own e-commerce websites, primarily GoRobinsons and the websites of its drugstore and appliances banners. The Company leverages on its extensive store network which serve as order fulfillment centers. The concierge model relies on third party delivery services with exclusive riders to bring items directly to the customer.

(v) **New Products and Services.** In May 2013, the Company introduced the Robinsons Rewards Card, a loyalty card that allows holders to redeem accrued points across its retail formats. As of the end of 2021, Go Rewards Cards was already accepted in most of the Company's formats except TGP. The Go Rewards loyalty program is a powerful tool to increase customer retention across all formats and was launched as a mobile app platform in 2018. Starting January 1, 2020, the management and operation of the loyalty programme has been transferred to DAVI, a related party.

In 2018, RRHI signed franchise license agreement with Pet Lovers Centre Ltd for the retailing of pet products and services. It also entered a joint venture to launch mass merchandise store Super50.

In 2019, RRHI, through a subsidiary, signed franchise license agreement with EMart of Korea to operate stand-alone hard discount store No Brand and skin care store Scentence inside Robinsons Department Store – Beauty Section.

In 2020, RRHI, through a subsidiary, acquired Rose Pharmacy, Inc., a leading drugstore chain in Visayas and Mindanao, from Mulgrave Corporation B.V (MCBV), a wholly-owned subsidiary of Dairy Farm International Holdings, Ltd. In the same year, the Company also launched its own e-commerce websites, primarily GoRobinsons.ph and the online selling platforms of its drugstore and appliances banners.

(vi) **Competition.** The Company competes principally with national and international operators retail chains in the Philippines, such as SM Investments, Puregold Price Club Inc., Metro Retail Stores Group, Ace Hardware, Mercury Drug Corporation, 7-Eleven, among others. Each of these competitors competes with the Company on the basis of product selection, product quality, acquisition or development of new brands, customer service, price, store location, presence in e-commerce space, or a combination of these factors.

- *Supermarkets.* The Philippine food retail market continues to be competitive.. The Supermarket Segment primarily competes with modern retail operators, including hypermarkets, supermarkets, convenience stores and local grocery stores, on the basis of location, store ambiance, presentation, price, supply chain and additional benefits such as loyalty programs. Its main competitors are SM Retail, Puregold Price Club and Metro Retail Stores Group. Similar to the Company's supermarket banners these retail chains have an established presence in the Philippines and continue to open supermarkets in the same cities, and often in the same neighborhoods where the Company has opened or intend to open its supermarkets. With The Marketplace and Shopwise from its acquisition of RSCI , RRHI's position as the third largest grocery retail player is enhanced and offers new prospects for synergies and differentiation given a wide assortment of premium products that specifically targets an insulated affluent market.

- *Department stores.* The Philippines' department stores industry is dominated by a few operators. RDS competes with major department store operators such as SM Retail, Metro Retail Stores Group, Landmark and Rustan's on the basis of location, brand recognition, store image, presentation, price, understanding of fashion trends and market demand and value-added customer services. Each of the competing department store chains has an established presence in the Philippines and has the same target market of middle and upper middle-income consumer segments.

- *DIY stores.* The market for DIY and related products in the Philippines is highly competitive and fragmented. Retailers are largely classified into stand-alone big-box operators, mall-based DIY retailers and traditional hardware retailers.

  For the mall-based formats Handyman Do it Best and True Value, the Company believes that its direct competitor is Ace Hardware, which has comparable scale of operations. They compete with Ace Hardware primarily on the basis of product selection, price, promotions and customer service.

  For the big-box hardware format, Robinsons Builders and Home Plus have a strong presence in the Visayas and Cagayan de Oro and it is directly competing against Citi Hardware which has a strong foothold in Visayas and Mindanao. Robinsons Builders and Home Plus also compete with Wilcon Depot. Wilcon's network is concentrated in Metro Manila and Luzon, but it has begun to expand farther south of the Philippines, with stores in Cebu, Negros, Iloilo, Agusan del Norte, Davao and in other provinces.

  The Company broadly competes on the basis of pricing, delivery, brand recognition, quality, after sales services and availability of products.

- *Convenience stores.*
  Ministop faces direct competition from other chains of convenience stores, supermarkets and other retail outlets. With respect to their ready-to-eat products, Ministop also competes with other providers of these products, such as fast-food restaurants.

The Company's primary convenience store competitors are 7-Eleven, Alfamart, Family Mart and Lawson. Philippine Seven Corp, the operator of the 7-Eleven chain, is the largest convenience store chain in the Philippines. Alfamart, operated by the SM Group, offers similar goods and services in 24/7 minimart format. Mercury Drug also competes in the CVS space, as it is shifting its merchandise mix to include more daily essentials and impulse buy products alongside its primary pharmacy business. Some Mercury Drug stores also operate 24/7.

The Company competes primarily on the basis of store location and product assortment and quality.

- *Drugstores.* The drugstore industry in the Philippines is intensely competitive and highly regulated. Southstar Drug and Rose Pharmacy primarily competes with other retail drug store chains, such as Mercury Drug and Watsons. TGP likewise competes with Generika Drugstore and small independent pharmacies.

- *Specialty stores.*
  Toys "R" Us. Toys "R" Us is the second largest toys retailer after Toy Kingdom. Toys "R" Us competes with Toy Kingdom on the basis of its strong brand name and store recognition. With its line of affordable but quality private labels and exclusive products, Toys "R" Us offers a complete and differentiated product offering to its shoppers.

  Robinsons Appliances and *Savers Appliances.* Robinsons Appliances directly competes with other major consumer electronics and appliances retailers in the Philippines, both online and offline. With 86 stores strategically located nationwide, the banners provide quick, convenient access to a wide range of home appliances and consumer electronics, with varied payment, installation and delivery options for customers. The same product assortment and delivery scope is also made available online through www.robinsonsappliances.com.ph.

  Savers Appliances likewise competes with major appliances retailers. Savers Appliances is a fast-growing appliance retailer and distributor providing a wide assortment of top tier brands in prominent retail shops in Metro Manila, North and Central Luzon, serving a broad consumer base from the aspirational to the affluent market. Driven by its tagline "We Give You More", Savers Appliances caters to institutional clients requiring various consumer and commercial capacity appliance products such as system air-conditioning, refrigeration and ventilating equipment supported by delivery, installation, and after sales services. It also operates its own e-commerce platform, saversappliances.com.ph.

  Mass Merchandise. Daiso Japan and Japan Home Center are currently the major players in the one-price discount stores operators in the Philippines. New competitors include Miniso and Mumuso, which share a similar target market through Japanese-style merchandise and store branding. With the company's exclusive partnership with Daiso Industries Co. Ltd. of Japan, the stores are able to offer a broad range of authentic Daiso merchandise that boasts of product quality and aesthetic appeal at affordable prices starting at P88. On the other hand, Super50 competes at a lower price point, which is at P50.

Beauty Division. The Beauty Market (cosmetics and skin care) in the Philippines is very dynamic, with each retailer racing against each other for variety and a strong commercial presence. Competition is likewise coming from large international beauty companies which are setting up stand-alone stores in major malls aside from locating inside department stores (for example, MAC, Clinique, Lancome, Dior).

Pet Lovers Centre. Pet Lovers Centre competes with other pet retailers, such as Pet Express, and Dogs and the City, in terms of services and assortment, primarily pet supplies.

(vii) **Suppliers.** Revenue is derived substantially from direct sales and sales of consigned merchandise, and the success depends on the ability to retain and attract new suppliers and consignors on favorable terms. The sourcing of products is dependent, in part, on the relationships with the suppliers. The Company maintains long-standing working relationships with a broad range of national and multinational suppliers and distributors across all business segments. The Company believes that the business as a whole is not dependent on any single supplier.

Supermarkets. With over 2,000 regular suppliers as of 2021, Robinsons Supermarket's supplier base is diversified between local suppliers such as San Miguel Corp. and Universal Robina Corporation (URC) and multinational corporations such as Nestle Philippines, Unilever and Procter & Gamble. Robinsons Supermarket's top five suppliers together accounted for 25.0%, 24.5% and 23.8% of the net sales in 2019, 2020 and 2021, respectively.

Department Stores. For outright sales, Robinson Department Store sources and sells its own direct-purchase merchandise in its stores. Most of its outright sales consist of beauty and personal care, household merchandise and children's apparel. RDS' outright sales include a private label named Essentials that carries paper products. It has also strengthened sourcing for home and children's departments, thus adding more offerings to customers. As of 2021, Unilever, L'Oreal, Mondelez Phils., Procter & Gamble, Brandlines (Nivea) and Johnson & Johnson were some of RDS' largest outright sales suppliers.

DIY Stores. For outright sales, the Company sources the DIY and other products at favorable terms primarily from large-scale local suppliers and from over 500 foreign vendors accredited by Do it Best Corporation and True Value. For the big-box format, it also sources its tiles, sanitary wares, wood, among others, from foreign vendors based in the Asia-Pacific region.

Convenience Stores. To effectively satisfy customer preferences, the Company has established working relationships with over 240 regular suppliers as of 2021. The supplier base is diversified from large local suppliers such as Globe, URC and San Miguel Corp; smaller local suppliers for Ministop's ready-to-eat and private label products; to multinational corporations such as Coca Cola, Phillip Morris Phils and Unilever Phils. Ministop selects its suppliers using a number of criteria, including customer preferences, suppliers' capacity to serve all Ministop stores, product assortment and quality, brand reputation, business plans and budgets and compliance with Ministop's commercial principles.

Drugstores. Southstar Drug and Rose Pharmacy source pharmaceutical products from over 380 suppliers and distributors. Southstar Drug and Rose Pharmacy's top five largest pharmaceutical suppliers accounted for 35% and 73% of the total purchases in 2021, respectively. The Company only accepts products which are FDA-certified in the Philippines and ensures that the products it carries come from reputable and known manufacturers and companies. The Company sources non-pharmaceutical products from over 300 established suppliers and providers.

TGP. TGP sources generic and branded medicines from established distributors and toll-manufacturers that produce private label generic medicines for the Company. TGP selects its partners using a number of criteria, including quality, affordability and capacity to serve the Company's demands. All products are FDA-certified in the Philippines to ensure that the medicines are compliant with the prescribed standards of the regulatory agency. TGP's top five largest suppliers constitutes 44.9% of the total purchases in 2021.

Specialty stores.

Toys "R" Us. The Toys "R" Us private labels and exclusives, as well as importations (done through indentors/consolidators, which provide a differentiated offering), are directly sourced through the Toys "R" Us regional buying office where orders are consolidated to ensure that products are sourced at the lowest costs and margins are maximized. The Company also partners with local suppliers for locally developed merchandise both on outright or consignment.

Robinsons Appliances and *Savers Appliances.* Durability, energy efficiency and strong service network are among the top requirements of customers in choosing consumer electronics and home appliances. Robinsons Appliances and Savers Appliances partner with global brands with focus on providing smart, innovative, aesthetically appealing, and user-friendly appliances and gadgets for personal and commercial use. Notable global brand favorites of customers include Samsung, LG, Sony, Panasonic, Carrier, Sharp Electrolux, Whirlpool, TCL and Haier. Community relations is also a priority engagement for both Robinsons Appliances and Savers Appliances. Brands and partners present in both online and offline stores activate joint community programs with various advocacies including financial literacy for homemakers and entrepreneurs, technical advancement for students, appliance relief support for calamity-stricken areas, appliance and gadget support for select local institutions, and others. In partnership with the Gokongwei Brothers Foundation, these programs will soon evolve organically to further enhance after sales support and community relations.

Beauty Division. As the country's exclusive franchisee of the international brands it carries, RRHI-Beauty stores source their physical merchandise from legitimate distributors of its labels Shiseido, Benefit and Elizabeth Arden.

Mass Merchandise. Daiso Japan's one price point merchandise is composed of various items that have been evaluated and manufactured with the Japanese standards of Daiso Industries Co., Ltd. The stores are supplied primarily by the principal company, as well as approved international and local partners/suppliers.. This ensures quality and the authenticity of the store's diverse product range. Grounded on the pillars of variety, quality, and uniqueness, Daiso stores are home to practical and collectible home and kitchen products, utensils, office supplies, snacks, and beauty essentials. Super50 sources from various suppliers of quality goods sold at an affordable price point.

Pet Lovers Centre: As the country's exclusive franchisee of the Singaporean brand, the store sources their physical merchandise from legitimate distributors of its labels.

(viii) **Dependence upon single or few suppliers or customers.** The Company believes that its business as a whole is not dependent on any single supplier. The Company's five largest suppliers accounted at estimated 13.8% of consolidated net sales in 2021. The Company does not rely a single or few customers but to the buying public in general.

(ix) **Transactions with related parties.** In the ordinary course of business, the Company engages in a variety of transactions with related parties. The Company is controlled by the Gokongwei Family. Members of the Gokongwei Family also serve as directors and executive officers. Certain members of the Gokongwei Family are also major shareholders of JG Summit Holdings, Inc. The most significant transactions with the Gokongwei Family include leasing retail stores in the shopping malls owned by Robinsons Land Corporation (RLC), a company controlled by the Gokongwei Family. The Company policy with respect to related party transactions is to ensure that these transactions are entered into on terms comparable to those available from unrelated third parties.

The Company rents a significant number of its stores, commercial centers and office buildings from RLC and its affiliates. Members of the Company, including primarily Robinsons Supermarket and Ministop, sourced significant amount of their products from URC.

(x) Patents, Trademarks, Licenses, Franchises, Concessions or Labor Contract.

Following are the marks of the subsidiaries of RRHI as of December 31, 2021:

Supermarket Trademarks

Name of Trademark	Symbol of Trademark
1. ROBINSONS SUPERMARKET	
2. HEALTHY YOU	
3. NATURE`S PURE	
4. BREEDER`S CHOICE DOG FOOD	
5. ROBINSONS EASYMART	
6. ROBINSONS SELECTIONS	
7. JAYNITH'S SUPERMART	
8. ROBINSONS TOWNVILLE	
9. ROBINSONS PRIVATE LABEL	
10. HEALTHY YOU	
11. SHOPWISE	
12. SHOPWISE EXPRESS	
13. SUREBUY	
14. SUREBUY PREMIUM	
15. BENNY'S	

16. FRESH PICKS	
17. PIZZAYOLO	
18. THE GOOD LIFE YOU CAN AFFORD	
19. WISE CARD	
20. WISE CARD ELITE	
21. CHICKEN CORNER	
22. MONGOLIAN STIR FRY BY SHOPWISE	

Department Store Trademarks

Name of Trademark	Symbol of trademark
1. EXECUTIVE BY ROBINSONS	
2. PLAYGROUND	
3. PORTSIDE	
4. NITELITES	
5. BRIDGET`S CLOSET	
6. HOME ESSENTIALS	
7. B+ACTIVE	
8. ALL ABOUT KIDS	
9. RAFAEL	
10. GRAB A TEE	
11. NEVER BEEN KISSED	

12. JUMPING BEANS
13. SIMPLY ME
14. PUNKBERRY
15. SUN KISSED
16. MARJOLAINE
17. LIBERTE
18. STELLA
19. TED MOSS
20. VANITY
21. PORTSIDE ACTIVE
22. MALEBOX
23. BELLA
24. BOTTOMS UP
25. WORKSHOP
26. RAFAEL SCRIPT
27. TED MOSS ACCESSORIES
28. LOCKSAC
29. TAB
30. CONQUEST

31.	BRITISH POLO	BRITISH POLO

DIY Store Trademarks

	Name of Trademark	Symbol of trademark
1.	ROBINSONS HANDYMAN	HANDYMAN
2.	THUNDER	Thunder
3.	HIGH GEAR	high gear
4.	WISHY WASHY	Wishy Washy
5.	BOW WOW	BOW WOW
6.	SUPER CHOW	Super
7.	BATH BASICS	BathBasics
8.	ROBINSONS BUILDERS	ROBINSONS BUILDERS
9.	TRUE HOME	TRUE HOME
10.	BIANCA	Bianca
11.	BLANCO	BLANCO
12.	A.M BUILDERS DEPOT	A.M. BUILDERS' DEPOT
13.	ICONO	icono
14.	ICONO PREMIO	icono PREMIO
15.	ICONO CLASSICO	icono CLASSICO

16. IMAGO	
17. DE ORO PACIFIC HOME PLUS	
18. CAT CHEW	
19. MODERN HOME	

Convenience Store Trademarks

Name of Trademark	Symbol of trademark
1. CHILLZ	
2. UNCLE JOHN’S FRIED CHICKEN	
3. MY SUNDAE	
4. MY CHOICE	
5. KARIMAN	
6. HOTCHIX	
7. EATS TO GO	
8. MY SUNDAE NEW RENDITION	
9. UNCLE JOHN’S FC NEW RENDITION	

Drug Store Trademarks

Name of Trademark	Symbol of trademark
1. SOUTH STAR DRUG	
2. SOUTH STAR DRUG MAPAGKAKATIWALAANG TUNAY	

3. MANSON DRUG TUNAY AT MURA ANG GAMOT

4. TGP – THE GENERICS PHARMACY

5. THE GENERICS PHARMACY

6. THE GENERICS PHARMACY MABISA NA MATIPID PA

7. BASTA GENERICS, THE GENERICS PHARMACY

8. TGP THE GENERICS PHARMACY MABISA NA, MATIPID PA!

9. TGP WITH LOGO

10. TGP+ THE GENERICS PHARMACY

11. ROSE PHARMACY

12. ROSE PHARMACY

13. ROSE + CLINIC

14. ROSE XPRESS DELIVERY

15. ROSE PHARMACY

16. ROSE PHARMACY

17. KAY SARAP MAGMAHAL A Culture of Loving Service Uniquely of Rose Pharmacy

Specialty Store Trademarks

Name of Trademark	Symbol of trademark
1. ROBINSONS APPLIANCES	Robinsons Appliances
2. ROBINSONS SPECIALTY STORES, INC.	Robinsons SPECIALTY STORES, INC.
3. SAIZEN	saizen
4. SAVER'S APPLIANCES	SAVERS APPLIANCES

Others

Name of Trademark	Symbol of trademark
1. R	
2. R ROBINSONS RETAIL HOLDINGS, INC	ROBINSONS RETAIL HOLDINGS, INC.
3. ROBINSONS SHOP CARD	shop
4. Fit & Fun Wellness Buddy Run	FIT&FUN WELLNESS BUDDY RUN
5. Wellness Moms	WELLNESS MOMS
6. We Love Wellness	WE LOVE WELLNESS
7. Healthier Days Start Here	HEALTHIER DAYS START HERE
8. I Love Wellness	I LOVE WELLNESS
9. Robinsons Wallet	Robinsons Wallet
10. #EasyOnThePlastic	#EasyOnThePlastic

11. Easymart Rays
12. Take It Easy
13. Your Store for Everyday Needs
14. Go Chicken
15. Tindahan
16. Curated Home
17. 19. Fit Kids

(xi) **Government Approvals.** The Company and all its subsidiaries have obtained all permits, licenses and approvals from national and local government units and other government agencies necessary to lease store spaces and operate the same.

As a retailer, the Company and its subsidiaries are subject to the following laws and regulations: a) The Retail Trade Liberalization Act; b) The Food, Drug and Cosmetics Act; c) The Consumer Act; d) The Meat Inspection Code; e) The Price Act; f) The Philippine Food Fortification Act; g) The Comprehensive Dangerous Drugs Act; h) The Pharmacy Law; i) The Generics Act and j) The Philippine Labor Code.

(xii) **Effects of Existing or Probable Governmental Regulations on the Business.** The Group operates its businesses in a highly regulated environment. These businesses depend upon permits issued by the government authorities or agencies for their operations. The suspension or revocation of such permits could materially and adversely affect the operation of these businesses.

(xiii) **Research and Development**

None during the year.

(xiv) **Cost and Effects of Compliance with Environmental Laws.** Operators of retail stores with total store areas (including parking) of over 10,000 square meters (sqm) and/or operators of supermarkets with food stalls are required to obtain an Environment Compliance Certificate (ECC) for each store prior to commencement of business to certify that the operation will not pose an unacceptable environmental impact. Operators of supermarkets may also apply for and secure a Certificate of Non-Coverage (CNC) which exempts them from securing an ECC for their projects.

The Company must obtain a Philippine Department of Environment and Natural Resources (DENR) identification number from the regional office of the Philippine Environmental Management Bureau (EMB) to dispose of hazardous waste. In the absence of an identification number, the Company may be penalized with a fine ranging from ₱600 to ₱4,000.

(xv) **Employees.** As of December 31, 2021, the Group had 20,535 employees. The Company anticipates that it will have approximately 23,261 employees within the next 12 months for the planned store openings in 2022. The Company's management believes that good labor relations generally exist throughout the operating companies. The Company has experienced no material work stoppages or strikes in the past three years. The Company currently has no labor union or any collective bargaining agreement with any group of employees.

(xvi) **Risks**

1. The Company may experience difficulty in implementing its growth strategy brought about by unsuccessful future store openings, unsuccessful expansion through acquisition and failure of existing stores to benefit from the current favorable retail environment. In addition, new stores may place a greater burden on its existing resources and adversely affect its business as it faces the risk of market saturation brought about by increased competition from other retail companies in the Philippines.

2. The Company depends on RLC and other mall operators for the development of parts of its business and leases all of its premises, thus it may not be able to continue to renew these leases or to enter into new leases in favorable locations on acceptable terms thereby exposing the Company to risks relating to the leasing and sub-leasing of any of its stores as well as portions of its supermarket space.

3. The Company's retail business depends on its ability to source and sell the appropriate mix of products to suit the changing consumer preferences and relies on services rendered by independent contractors that may not always meet its requirements for quality or be available or completed within its budget. Also the success of its business depends in part on its ability to develop and maintain good relationships with its current and future suppliers and consignors. Likewise, the success of its business depends in part on its ability to develop and maintain good relationships with its franchisors and/or licensors. Thus, a deterioration of the value of its brand names and trademarks may have a material adverse effect on its business.

4. The Company operates in a regulated industry and its business is affected by the development and application of regulations in the Philippines. Continued compliance with, and any changes in, environmental laws and regulations may adversely affect its results of operations and financial condition. The Company may fail to fulfill the terms of licenses, permits and other authorizations, or fail to renew them on expiration. The Company may face difficulty in hiring sufficient numbers of pharmacists to meet the demands of its drug store operations due to shortage of registered pharmacists in the Philippines thereby facing the risk of not being able to operate new drug store or be forced to close existing ones. Product liability claims in respect of defective goods sold in its stores and food safety and food-borne illness concerns could adversely affect its reputation and its financial prospects.

Likewise, the sale of counterfeit products may affect its reputation and profitability. On the other hand, its senior citizen, persons with disability and similar discounts for purchases of prescribed medicines and prime commodities may be subject to abuse or unchecked fraudulent practices by unqualified customers.

5. The Company is exposed to certain risks in connection with the substantial use of cash in its operations. Damage to or other potential losses involving, its assets may not be covered by insurance. Its business, financial performance and results of operations are subject to seasonality. The Company relies on dividends and distributions from its subsidiaries to fund its cash and financing requirements.

6. The Company is controlled by the Gokongwei Family and its interests may differ significantly from the interests of other shareholders as its business and operations are dependent upon key executives. The Company is party to a large number of related party transactions and its operating results and financial condition are affected by a significant minority shareholding in Robinsons Bank.

7. Its operations are concentrated in the Philippines, and therefore any downturn in general economic conditions in the Philippines could have a material adverse impact on its business operations. Any political instability in the Philippines may adversely affect its business operations. Continued terrorist activities and high-profile violent crime in the Philippines could destabilize the country, adversely affecting its business environment and the occurrence of natural disasters or other catastrophes, severe weather conditions, or outbreaks of contagious diseases may materially adversely affect the Philippine economy and disrupt its operations.

8. Future changes in the value of the Philippine Peso against the U.S. dollar and other currencies may adversely affect its results of operations

9. Government mandated measures such as lockdowns due to COVID 19 pandemic created significant volatility across the business of the group. This resulted to both temporary and permanent store closures.

Item 2. Properties. Commercial spaces for all of retail establishments from various entities across the Philippines are leased by the Company. The lease rates and terms for these commercial spaces follow standard market rates and practices for similar businesses. The following table is illustrative of the rates paid per region.

Region	Rental Scheme	Lease Rate	Term
Metro Manila	Fixed	P105 to P1,628 per sqm	1-25 years
	% to sales	1.5% to 11.20% of sales	1-25 years
	Fixed or % to sales, whichever is higher	P174 to P1,826 per sqm or 2.0% to 7.9% of sales	1-15 years
	Fixed plus % to Sales	P125 to 3,816 per sqm plus 1.25% to 5.0% of sales	1-19 years
	Fixed	P55 to P1,390 per sqm	1-25 years

Luzon (outside Metro Manila)	% to sales	2.00% to 7.20% of sales	1-17 years
	Fixed or % to sales, whichever is higher	P105 to P750 per sqm or 2.0% to 5.0% of sales	1-19 years
	Fixed plus % to sales	P125 to P1,390 per sqm plus 1.0% to 3.00% of sales	1-17 years
Visayas	Fixed	P90.00 to P1,034 per sqm	1-25 years
	% to sales	2.00% to 7.20% of sales	1-15 years
	Fixed or % to sales, whichever is higher	120 to 900 per sqm or 2% to 6% of sales	1-15 years
	Fixed plus % to sales	125 to 2,648 per sqm plus 1.0% to 6.00%	1-15 years
Mindanao	Fixed	P183 to P1,034 per sqm	1-25 years
	% to sales	2.00% to 7.20% of sales	1-15 years
	Fixed or % to sales, whichever is higher	P122 to P900 per sqm or 2.0%-5.5% of sales	1-15 years
	Fixed plus % to sales	P125 to P739 per sqm plus 1.0% to 3.0% of sales	1-5 years

Supermarket. The following table sets out the location, number of stores and gross selling space of the Company's supermarkets that are leased as of December 31, 2021.

	No. of stores	Gross Selling Area in sqm
Metro Manila	124	262,594
Luzon	110	247,038
Visayas	36	108,450
Mindanao	16	56,895
Total	**286**	**674,977**

Department stores. The following table sets out the location, number of stores and gross selling space of the Company's department stores that are leased as of December 31, 2021.

	No. of stores	Gross Selling Area in sqm
Metro Manila	11	126,823
Luzon	20	125,292
Visayas	12	88,433
Mindanao	9	64,311
Total	**52**	**404,859**

DIY Stores. The following table sets out the location, number of stores and gross selling space of DIY stores as of December 31, 2021, all of which are under a lease agreement:

	No. of stores	Gross Selling Area in sqm
Metro Manila	66	58,316
Luzon	92	65,629
Visayas	45	43,814
Mindanao	24	25,909
Total	**227**	**193,668**

Convenience Stores. The following table sets out the location, number of stores and gross selling space of Ministop stores as December 31, 2021, all of which are under a lease agreement:

	No. of stores	Gross Selling Area in sqm
Metro Manila	282	21,440
Luzon	154	11,785
Visayas	20	1,266
Mindanao	–	–
Total	**456**	**34,491**

Drug Stores. The following table sets out the number of South Star Drug and Rose Pharmacy stores by region as December 31, 2021, all of which are under a lease agreement:

	No. of stores	Gross Selling Area in sqm
Metro Manila	119	8,850
Luzon	378	35,755
Visayas	266	22,318
Mindanao	136	10,923
Total	**899**	**77,846**

Specialty Stores. The following table sets out the number of stores of *Robinsons Appliances and Savers Appliances* stores, *Toys "R" Us* stores (including the *Toy "R" Us Toybox* sections located in RDS stores), *Daiso Japan* stores, international fashion specialty retail and beauty brand formats as of December 31, 2021, all of which are under a lease agreement:

	No. of stores	Gross Selling Area in sqm
Metro Manila	88	40,048
Luzon	132	60,141
Visayas	39	17,343
Mindanao	29	12,126
Total	**288**	**129,658**

Item 3. Legal Proceedings. As of December 31, 2021, neither the Company nor any of its subsidiaries or affiliates or any of their properties is engaged in or a subject of any material litigation, claims or arbitration either as plaintiff or defendant, which could be expected to have a material effect on its financial position and the Company is not aware of any facts likely to give rise to any proceedings which would materially and adversely affect business or operations.

Item 4. Submission of Matters to a Vote of Security Holders. There were no matters submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

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

(A) Principal Market or Markets Where the Registrant's Common Equity is Traded

The common stock of the Company is listed on the Philippine Stock Exchange.

STOCK PRICES

2022

	High	Low
January 2022	64.00	53.85
February 2022	62.00	53.55

2021

	High	Low
First Quarter	66.45	51.00
Second Quarter	57.20	48.50
Third Quarter	57.95	48.50
Fourth Quarter	68.40	51.80

2020

	High	Low
First Quarter	58.95	54.35
Second Quarter	65.75	62.00
Third Quarter	68.00	64.50
Fourth Quarter	66.65	65.00

2019

	High	Low
First Quarter	89.70	78.00
Second Quarter	80.35	68.85
Third Quarter	81.70	74.80
Fourth Quarter	80.00	72.00

2018

	High	Low
First Quarter	₱101.80	₱83.80
Second Quarter	92.00	76.50
Third Quarter	89.00	77.50
Fourth Quarter	81.8	70

2017

	High	Low
First Quarter	₱83.95	₱72.70
Second Quarter	89.20	75.50
Third Quarter	105.00	82.60
Fourth Quarter	108.10	89.95

(B) Holders
The number of shareholders of record as of December 31, 2021 was 42. Common shares outstanding as of December 31, 2021 were 1,512,010,200.

List of Top 20 stockholders as of December 31, 2021

Name of stockholder	Number of shares held	Percent to Total Outstanding
1. JE Holdings, Inc.	491,299,997	32.49%
2. GCH Investments Pte Ltd	315,308,689	20.85%
3. PCD Nominee Corporation (Filipino)	219,006,808	14.48%
4. PCD Nominee Corporation (Non-Filipino)	178,471,773	11.80%
5. Lance Y. Gokongwei	91,952,655	6.08%
6. Robina Gokongwei-Pe	91,952,654	6.08%
7. James L. Go	31,928,005	2.11%
8. RBC-TIG ATF TA#030-172-530113	29,968,949	1.98%
8. Robinson Bank Trust Account No. TA#030-172-530121	29,968,949	1.98%
9. Lisa Y. Gokongwei-Cheng	29,926,449	1.98%
10. Wilfred T. Co	2,027,936	0.13%
11. Lucio W. Yan &/or Clara Y. Yan	100,000	0.01%
12. UP Engineering Research and Development Foundation, Inc.	43,300	0.00%
13. Lisa Y. Gokongwei-Cheng	42,500	0.00%
14. Pacifico B. Tacub	2,000	0.00%
14. Stephen T. Teo &/or Teresita R. Teo	2,000	0.00%
15. Gabrielle Claudia F. Herrera	1,200	0.00%
15. Nadezhda Iskra F. Herrera	1,200	0.00%
15. Joselito C. Herrera	1,200	0.00%
16. Vicente Piccio Mercado	1,000	0.00%
16. John T. Lao	1,000	0.00%
16. Miguel P. Guerrero or Alice T. Guerrero	1,000	0.00%
17. Maria Lourdes Medroso Mercado	600	0.00%
18. Felicitas F. Tacub	100	0.00%
18. Julius Victor Emmanuel D. Sanvictores	100	0.00%
18. Hector A. Sanvictores	100	0.00%
19. Dondi Ron R. Limgenco	11	0.00%

Name of stockholder	Number of shares held	Percent to Total Outstanding
20. Ronald S. Bes	10	0.00%
21. Owen Nathaniel S. Au ITF: Li Marcus Au	5	0.00%
22. John L. Gokongwei, Jr.	1	0.00%
22. Antonio L. Go	1	0.00%
22. Roberto R. Romulo	1	0.00%
22. Joselito T. Bautista	1	0.00%
22. Ian James Winward McLeod	1	0.00%
22. Choo Peng Chee	1	0.00%
22. Botschaft N. Cheng or Sevila Ngo	1	0.00%
22. Rodolfo P. Ng	1	0.00%
22. Cirilo P. Noel	1	0.00%
22. Robinson Bank Trust Account No. TA#030-172-530122	1	0.00%
Total outstanding	1,512,010,200	100.00%

(C) Dividends

On April 27, 2021, the Company's Board of Directors (BOD) approved the declaration of a regular cash dividend in the amount of ₱0.83 per share and a special cash dividend in the amount of ₱1.00 per share from the unrestricted retained earnings of the Company as of December 31, 2020 to all stockholders of record as of May 20, 2021 and payable on June 10, 2021.

On May 13, 2020, the Company's Board of Directors (BOD) approved the declaration of a cash dividend in the amount of ₱1.00 per share from the unrestricted retained earnings of the Company as of December 31, 2019 to all stockholders of record as of June 3, 2020 and payable on June 30, 2020.

On May 30, 2019, the Company's Board of Directors (BOD) approved the declaration of a cash dividend in the amount of ₱0.72 per share from the unrestricted retained earnings of the Company as of December 31, 2018 to all stockholders of record as of June 20, 2019 and payable on July 12, 2019.

(D) Restriction that Limits the Payment of Dividends on Common Shares
None

(E) Recent Sales of Unregistered or Exempt Securities, Including Recent Issuance of Securities Constituting an Exempt Transaction.
None

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

December 31, 2021 vs December 31, 2020

Consolidated Results of Operations
(Amounts in Million Pesos)

Robinsons Retail Holdings, Inc. recorded net income of ₱4,850 million for the twelve months ended December 31, 2021, an increase of 39.2% as compared to ₱3,486 million for the twelve months ended December 31, 2020. Net income attributable to parent amounted to ₱4,528 million for the twelve months ended December 31, 2021, an increase of 40.8% vs. 2020 driven mainly by the recovery from the negative economic effects of the pandemic.

Consolidated net sales increased by 1.5% from ₱151,070 million for the twelve months ended December 31, 2020 to ₱153,327 million for the twelve months ended December 31, 2021. The increase in sales was driven by the strong performance of the drugstore segment, recovery of the department store segment and positive contributions of do-it-yourself (DIY), convenience store and specialty stores. Rose Pharmacy contributed for a full year at ₱8,155 million for 2021 compared to ₱1,187 million for two months in 2020.

Blended same store sales growth (SSSG) was -4.9% for the full year 2021. Supermarket segment posted -8.7% SSSG for the year, while the drugstore segment recorded flat SSSG same as last year. The department store segment posted 8.7% due to strong performance in the 4th quarter of the year due to the holiday season and easing of restrictions. Specialty segment posted SSSG of 6.0% this year coming from a low base of -28.0% last year. This was primarily driven by strong performance in appliances and toys. Meanwhile, aggregate online sales rose to 3.6% of total RRHI sales for the year compared to only 1.1% last year.

Gross profit margin was at 23.0% for the year driven by higher vendor supports and better product mix across segments.

Operating expenses grew by 4.5% as of December 31, 2021. In 2020, the Group implemented cost containment measures to cushion the impact of weakened sales performance with OPEX declining 70bps as % of sales, partially mitigating the 100bps gross margin compression. Full year EBITDA margin increased by 3.0% to 8.6% of sales driven by margins. EBIT increased by 20bps to 4.0% of sales. Net income attributable to equity holders of the parent company increased by 40.8% to ₱4,528 million in 2021 driven by recovery in EBIT, forex gains and increase in earnings from associate.

COVID-19 Impact, Risks and Mitigation

On March 16, 2020, the President of the Philippines issued Proclamation No. 929 declaring a state of calamity throughout the Philippines due to COVID 19 which resulted to the imposition of an Enhanced Community Quarantine throughout Luzon starting midnight of March 16, 2020 until May 16, 2020 when quarantine restrictions were relaxed, save for a reimposition of MECQ in Metro Manila and nearby provinces in the 1st 2 weeks of August 2020.

In January to April 2021, GCQ was imposed in some areas including Metro Manila. This was replaced by MECQ from April 12 to April 30, 2021 for Metro Manila and neighboring areas such as Bulacan, Cavite, Laguna, Batangas and for some areas in the provinces. The president ordered a small lifting of quarantine regulations in NCR and the province of Bulacan on June 14, as the two areas were shifted to GCQ with "some restrictions" from June 16 to 30, 2021. On July 7, the president has approved returning

NCR and 29 other locations in the country to the usual GCQ status till the end of the month, after their previous COVID-19 quarantine classification expired on July 15.

The government's pandemic task team has agreed to lower NCR and Laguna from ECQ to MECQ commencing Aug. 21.

The government approved placing Metro Manila and Laguna under MECQ from Aug. 21 to 31. By the end of August, the Government announced that the National Capital Region, Bataan, and Laguna will remain under MECQ from Sept. 1 to 7, with the same additional restrictions.

In the same month, the COVID-19 Alert Levels System was tested in NCR. It's a new system of quarantine categories that applies to entire cities, municipalities, or regions.

This method is made up of five alert levels and the granular lockdown technique, which is a two-week micro-level quarantine for regions declared "critical zones" by local government units (LGUs). Starting Sept. 8. until the end of the month, Metro Manila shifted back to GCQ. Metro Manila was placed under Alert Level 4 on Sept. 16, enforcing granular lockdowns only in vital sectors. By the end of September, the Government placed 11 regions under MECQ until Oct. 15, 2021, while 25 areas went under GCQ with heightened restrictions until the end of the month.

On Oct. 13, the IATF approved the recommendation to reduce the alert level in NCR from alert level 4 to alert level 3 until Oct. 31. On Nov. 4, the Government approved the de-escalation of NCR from alert level 3 to alert level 2.

The Group has recognized the health and business risks posed by the virus to the general public and the need to join the collective effort in mitigating the spread of COVID-19. In the face of this global crisis, the Group remains collected and vigilant as it operates and maintains mitigation efforts to help safeguard the health and safety of its employees and customers.

<u>Segment Operations</u>

(i) ***Supermarket***. The Supermarket segment continued to account for the largest share in the Group's sales, EBIT and EBITDA. Full year consolidated net sales of the whole supermarket segment was at ₱88,630 million, 5.8% lower than last year. Full year SSSG was at -8.7% given the heavy pantry loading in 2020 when the lockdowns started in mid-March, aggressive expansion of both online and offline competitors and ongoing renovations in key Shopwise and The Marketplace stores. Meanwhile, online sales amounted to 3.7% of total sales.

Gross margins expanded by 60bps to 21.5% for the year, attributable to the stronger advertising support for category promotions, higher business advancement support for new stores, increased revenues from new product listings. The gains in gross margins trickled down to EBITDA margins that expanded by 10 bps to 8.4%.

(ii) ***Department Stores.*** Robinsons Department Store has shown strong performance in 4Q with net sales growth of 24.3% to ₱4,169 million, bringing full year net sales to ₱9,326 million up by 10.4% Year on Year. Total e-commerce sales accounted for 1.4% of sales. 4th quarter SSSG surged to 21.3%, lifting year-end SSSG to 8.7%. The improvement in SSSG is mainly driven by the increase in mall foot traffic due to easing of restrictions during the holiday season. All categories, especially Home, delivered strong performances.

Gross margin jumped by 200bps to 29.3% in the 4th quarter due to better category mix, reversing the decline seen in the first nine months, with full year gross margins up by 30bps to 29.9%. OPEX has also declined by 14.7% and 3.7% in 4th quarter and year end, respectively driven by cost cutting measures. As a result, EBITDA margins accelerated by 910bps to 14.4% for 4th quarter and 330bps to 6.6% for the year.

(iii) ***Convenience stores.*** Full year net sales amounted to ₱4,915 million. E-commerce sales rose to 2.7% of sales from 0.9% 2020. SSSG in the first quarter was -33.4%, given the NCR Bubble Cluster in March, but improved from the second quarter to the 4th quarter, narrowing the full year SSSG to -9.6%. Sales from commercial areas, where 54.0% of our stores are located, showed signs of recovery with mid to high digit SSSG for the 4th quarter.

Gross margin and royalty income expanded to 35.4% in 2021 driven by the increase in commission income and DC allowance. Commissions from value-added services such as telco services, bills payments, cash-ins are gaining traction accounting for 1.5% of sales from 0.9% in 2020. EBITDA margin declined by 70bps to 5.9% in 2021 as OPEX grew with the conversion of several franchised stores to direct stores.

(iv) ***Drug Stores***. Net sales of the drugstore segment reached ₱26,668 million, up by 39.9%. E-commerce sales grew to 4.4% of sales.

SSSG ended flattish for the year. First quarter SSSG was exceptionally low as it was coming from a high base in the same period in 2020. The strong performance in the last 3 quarters negated the 18.7% decline in the 1st quarter, with higher demand for anti-diabetes, respiratory and cardiovascular products, as well as fever and flu medicines.

Blended gross margins increased by 50bps to 19.5% versus full year 2020 lifted by the continued alignment of trading terms and other supply chain synergies between Southstar Drug and Rose Pharmacy.

EBITDA margin still declined by 70bps to 8.6% given the full year impact of Rose Pharmacy. Excluding Rose Pharmacy, EBITDA margin improved 10bps versus 2020.

(v) ***DIY Stores.*** The DIY segment's full year net sales increased by 1.3% to ₱11,502 million, supported by the e-commerce sales which grew 2.5x, contributing to 3.7% of sales. SSSG at 1.3%, lifted by the strong performance of the small appliances, tools and cleaning supplies categories.

Gross margins were down by 90bps to 31.6% due to more promotional events this year. Softer sales and higher OPEX compressed EBITDA margins to 13.5%.

(vi) ***Specialty Stores Segment***. The specialty segment net sales declined by 7.4% to ₱12,287 million due to the closure of the fashion segment and the reclassification of Growsari and No Brand to the supermarket segment. On a like-for-like basis, excluding Growsari and No Brand in 2020, net sales grew by 5.6%. Meanwhile, e-commerce sales grew 63% and accounted for 3.0% of sales. Full-year SSSG was at 6.0% with all specialty store formats contributing positive SSSG.

Blended gross margin rose by 400bps to 24.6%, mainly driven by the better sales mix from the appliance business. This translated to EBITDA margin expansion by 150bps to 7.9%.

Financial Position

As of December 31, 2021, the Group's balance sheet showed consolidated assets of ₱134,234 million.

Cash and cash equivalents as of December 31, 2021 is at ₱16,170 million. Net cash provided by operating activities totaled ₱7,184 million. Net cash spent from investing activities amounted to ₱270 million. Excluding the impact of PFRS 16, net cash spent from financing activities amounted to ₱ 7,957 million of which ₱1,850 million came from net loan payments with ₱3,147 million payment of dividends and ₱2,801 million to buy back treasury shares.

Trade and other receivables decreased by 15.2% from ₱3,144 million to ₱2,667 million as of December 31, 2021.

Debt and equity instrument financial assets declined by ₱2,306 million or 16.6% for the full year 2021 due to redemptions during the period.

Trade and other payables decreased from ₱23,363 million to ₱21,216 million as of December 31, 2021 mainly driven by tempered purchases and spending. Current loans payable decreased by ₱1,850 million due to loan payments.

Stockholder's equity stood at ₱76,513 million as of December 31, 2021.

December 31, 2020 vs December 31, 2019

Consolidated Results of Operations
(Amounts in Million Pesos)

In 2019, the Group adopted Philippine Financial Reporting Standards (PFRS) 16-Leases in accounting for its operating leases where the Group is the lessee. The Group recognized an asset representing right of use of the leased property (ROU) and a liability for lease payments (Lease Liability). The effects of the new standard for both 2020 and 2019 results are as follows:

	Period Ended December 31					
	2020		2019		% Change	
Financial Summary *(Amount in million Pesos except EPS)*	Under PFRS 16 (A)	Under Previous Standard (B)	Under PFRS 16, As Restated (C)	Under Previous Standard (D)	2020 (A) vs. 2019 (C)	2020 (B) vs. 2019 (D)
Consolidated Statement of Comprehensive Income Data						
Sales- net of sales discounts and returns	151,070.3	151,070.3	162,915.7	162,915.7	-7.3%	-7.3%
Cost of merchandise sold	118,172.3	118,172.3	125,734.5	125,734.5	-6.0%	-6.0%
Operating expenses	28,736.7	29,530.2	32,123.2	32,761.2	-10.5%	-9.9%
Interest expense	2,326.3	146.4	2,578.5	300.7	-9.8%	-51.3%
Income before income tax	4,418.9	5,805.2	6,109.6	7,749.3	-27.7%	-25.1%
Provision for income tax	933.3	1,349.2	1,559.3	2,091.7	-40.1%	-35.5%
Net income	3,485.6	4,456.1	4,550.3	5,657.7	-23.4%	-21.2%
Net income attributable to Parent Company	3,216.6	4,132.1	3,918.6	4,907.8	-17.9%	-15.8%
EPS	2.05	2.63	2.49	3.11	-17.8%	-15.4%
Consolidated Statement of Cash Flow Data						
Net cash provided by (used in) operating activities	7,614.4	3,679.8	12,049.0	7,606.8	-36.8%	-51.6%
Net cash provided by (used in) investing activities	(4,937.2)	(4,937.2)	1,817.8	1,817.8	-371.6%	-371.6%
Net cash used in financing activities	(1,644.6)	2,290.0	(8,359.8)	(3,917.7)	-80.3%	-158.5%
Consolidated Statement of Financial Position Data						
Total assets	141,596.2	115,874.9	137,866.1	111,055.5	2.7%	4.3%
Total liabilities	64,005.9	36,678.5	61,339.7	33,421.7	4.3%	9.7%
Total stockholder's equity	77,590.2	79,196.3	76,526.4	77,633.8	1.4%	2.0%

Robinsons Retail Holdings, Inc. recorded net income at ₱3,486 million for the twelve months ended December 31, 2020, a decrease of 23.4% as compared to ₱4,550 million for the twelve months ended

December 31, 2019. Without the impact of PFRS 16, net income would have been ₱4,456 million, this year vs. ₱5,658 million last year. Net income attributable to parent amounted to ₱3,217 million for the twelve months ended December 31, 2020, a decline of 17.9% vs. same period last year as business performance was affected mainly by the negative economic effects of the pandemic.

Consolidated net sales decreased by 7.3% from ₱162,916 million for the twelve months ended December 31, 2019 to ₱151,070 million for the twelve months ended December 31, 2020. Sales were impacted by the temporary closure of the stores considered non-essential during the Enhanced Community Quarantine (ECQ) imposed by government starting March 17, 2020. Majority of the Company's stores across all formats resumed operations only in May 16, 2020 following relaxed quarantine restrictions save for a reimposition of MECQ in Metro Manila and nearby provinces in the 1st 2 weeks of August. Since then, operating hours have been shortened and foot traffic is down due to the negative economic effects of the pandemic such as a) higher unemployment rate; b) decline in OFW remittances; c) slump in tourism activity; and d) easing of government subsidy. Excluding Rose Pharmacy, net sales declined 8.0% year-on-year to ₱149,884 million.

Blended same store sales growth (SSSG) was –15.6% for the fourth quarter of 2020 and –8.9% for the full year 2020. Supermarket segment posted 7.7% SSSG for the year, while the drugstore segment recorded flat SSSG given the high base effect of 9.9% SSSG last year. The rest of the formats registered negative SSSG mainly due to the lockdowns imposed by government and ordinances prohibiting individuals below 15 and above 65 years old to go out. Convenience stores were closed because of the closure of offices and schools where the stores are located due to work-from-home and remote learning setups, respectively. Strict curfew hours for extended periods during the different phases of quarantine also affected foot traffic and store operating hours.

Meanwhile, aggregate online sales rose to 1.4% of total RRHI sales in the fourth quarter compared to only 0.2% in the first quarter of the year. It reached ₱1.6 billion in 2020, registering a threefold increase and accounting for 1.1% of total sales from 0.4% the previous year.

Gross profit margin was at 22.4% in the fourth quarter, mainly due to the consolidation of lower margin business of Rose Pharmacy. Due to the lack of scale, Rose Pharmacy does not yet enjoy the same margins as Southstar Drug, but aligning trade margins will be a priority similar to the margins gained from the consolidation of Robinsons Supermarket and Rustan. Excluding Rose Pharmacy, gross margin increased by 30bps to 22.7% in the fourth quarter, with full year down by 100bps to 21.8% in line with expectations of 50-100bps gross margin compression maily driven by sales decline in higher margin discretionary formats.

The Group implemented cost containment measures to cushion the impact of weakened sales performance with OPEX declining 70bps as % of sales, partially mitigating the 100bps gross margin compression. Full year EBITDA margin was down by only 50bps to 8.5% due to lower store productivity from reduced operating hours and low foot traffic, despite efficiencies from the integration of Rustan in the Supermarket business. Net income attributable to equity holders of the parent company declined by 17.9% to ₱3,217 million in 2020.

COVID-19 Impact, Risks and Mitigation

On March 16, 2020, the President of the Philippines issued Proclamation No. 929 declaring a state of calamity throughout the Philippines due to COVID 19 which resulted to the imposition of an Enhanced Community Quarantine throughout Luzon starting midnight of March 16, 2020 until May 16, 2020 when quarantine restrictions were relaxed save for a reimposition of MECQ in Metro Manila and nearby provinces in the 1st 2 weeks of August.

The Group has recognized the health and business risks posed by the virus to the general public and the need to join the collective effort in mitigating the spread of COVID-19. In the face of this global crisis, the Group remains collected and vigilant as it operates and maintains mitigation efforts to help safeguard the health and safety of its employees and customers.

Segment Operations

(vii) ***Supermarket***. The Supermarket segment continued to account for the largest share in the Group's sales, EBIT and EBITDA. Full year consolidated net sales of the whole supermarket segment was at ₱94,121 million, 6.3% higher than last year. This was despite the slowdown in the fourth quarter where SSSG eased to -2.3% caused mainly by the decline in consumer purchasing power and increasing competition from social commerce and online grocery platforms. Full year SSSG, however, still ended at a robust 7.7% given the strong pandemic-induced sales in the first 3 quarters. Fourth quarter online sales amounted to 1.4% of total sales while full year online sales breached the ₱1.0 billion mark, representing 1.1% of total Group sales and 3.1% of the sales of all 58 stores offering online grocery service.

Gross margins expanded by 110bps to 22.2% in the fourth quarter, driven by the recovery in back end margins or other income, narrowing the decline for the full year by 10bps to 20.9%. EBITDA margin declined by 30bps to 8.3% in the fourth quarter but expanded by 50bps to 8.3% for the full year due to the cost-efficiencies from the integration for Rustan, rent discounts and better DC cost recovery.

(viii) ***Department Stores.*** Robinsons Department Store's net sales were down 45.2% to ₱3,354 million in the fourth quarter, with full-year net sales at ₱8,451 million. The categories with the least decline were: a) home (-33%) driven by kitchenware, small appliances and storage (-19%); b) sports accessories (-24%); c)men's undergarments (-37%); d) health & beauty (-39%); and e) infants (-41%) driven by accessories (-27%). Online sales, including call & collect/delivery (We Shop for You) increased 7x from the previous year.

Although SSSG for the quarter was still weak at -45.6%, this was an improvement from the -59.0% and -79.6% recorded in the third and second quarters, respectively. Full year SSSG was at –52.0% mainly due to the low foot traffic and drop in back-to-school sales due to the shift to online classes and increased competition from online shops.

Despite the 50bps decline to 27.3% in the fourth quarter, gross margin for 2020 was up by 190bps at 29.6% benefiting from higher DC fees that started in the last quarter of 2019 and improvement in category mix. Fourth quarter EBITDA margins was at 5.3%, an improvement from the 1.5% recorded in the third quarter, with full year EBITDA margins at 3.3%.

(ix) ***Convenience stores.*** Ministop system-wide sales at ₱1.4 billion in the fourth quarter was a decline of 45.4% year-on-year, but an improvement from the -47.0% in the third quarter. Full year system-wide sales and merchandise sales were at ₱6.4 billion and ₱4.8 billion, respectively. Total e-commerce sales for the fourth quarter rose to 1.3% of sales from 0.8% in the first quarter with the increased traction from our delivery tie-up with Grabfood and Grabmart (particularly for ready-to-eat food) under the new normal. Average daily sales continue to improve month-on-month in the fourth quarter as we aggressively expanded our assortment and recovery in ready-to-eat food sales. Fourth quarter SSSG slightly improved although still weak at -38.9% from -44.3% in the third quarter. Full year SSSG was at -

31.8% as approximately 60% of our store network are located in BPO and commercial districts which were the most challenged with FY SSSG at -42% and -39%, respectively.

Gross profit and royalty income margin dipped 90bps to 34.2% in 2020 due to higher number of company owned stores. Meanwhile, EBITDA margin for the fourth quarter was lifted by the steep decline in operating costs advancing by 490bps to 8.3%, including substantial rental discounts being negotiated. This was a turnaround from the negative EBITDA margin registered in the fourth quarter, bringing full year EBITDA margin at 6.6%.

(x) ***Drug Stores***. Net sales of the drugstore segment grew significantly by 14.8% to ₱5,390 million in the fourth quarter and 7.8% to ₱19,059 million in 2020 mainly due to the two-month consolidation of Rose Pharmacy. Excluding Rose Pharmacy, net sales increased by 1.1% to ₱17,872 million for the full year. The contribution of online sales increased to 0.7% in the fourth quarter from only 0.3% in the second quarter when the site started. Southstar Drug registered negative SSSG for the fourth quarter due to the following: a) high base effect of 7.4% in 2019 from the meningococcemia scare, rapid progression of dengue in the country, and flu outbreak; and b) lower demand for prescription medicines due to less people visiting hospitals. Meanwhile, 2020 SSSG was flat.

Blended gross margins declined by 170bps to 16.8% in the fourth quarter and 30bps to 19.0% for the full year, impacted by the consolidation of the lower margin business of Rose Pharmacy. Excluding Rose Pharmacy, gross margins increased by 10bps to 19.4%. Rose Pharmacy recorded higher operating cost which dragged down consolidated EBITDA margin by 10bps to 9.1% in 2020. Excluding Rose Pharmacy, EBITDA margin of the drugstore segment rose by 30bps to 9.7% in 2020.

(xi) ***DIY Stores.*** The DIY segment posted ₱3,651 million in net sales for the fourth quarter, down 8.9% from the same period last year. Full year net sales reached ₱11,358 million, 21% lower year-on-year. Total ecommerce sales reached 1.5% of sales in 2020 from 0.3% last year. Fourth quarter SSSG at –11.7% was a vast improvement from the 49.8% decline in the second quarter and 18.6% decline in the third quarter due to a slightly better mall footfall towards the end of the year. Full year SSSG ended at –23.4%. Categories with the least decline were cleaning (-6.7%), pet food (–11.6%) and Lawn and Garden (-13.6%).

Gross margins contracted by 170bps to 29.1% in the fourth quarter due to mark downs to flush out old inventories, but was maintained at 32.5% level in 2020 supported by the gains achieved in the first nine months. OPEX as % of sales improved by 80bps, partially mitigating the decline in gross margin, with EBITDA margin down by 70bps to 14.6% in the fourth quarter. Year-end EBITDA margin compressed by 70bps to 15.6%.

(xii) ***Specialty Stores Segment***. The specialty segment contributed ₱4,073 million in the fourth quarter, bringing full year 2020 net sales to ₱13,271 million, down by 31.2%. The decline in sales was due to shorter operating time as quarantines and LGU lockdowns remained in effect. By format, the consumer appliances and electronics format contributed 61% of total specialty sales, followed by Daiso and Growsari w ith 12%, Toys R Us with 11%, and the balance from fashion & beauty, Super50, No Brand and Pet Lovers. Fast fashion stores are being closed down since 2018 with the last store to be closed in April 2021. As such, no new inventory were purchased for the whole year of 2020.

SSSG of the specialty segment was at -27.6% in the fourth quarter. Holiday season lifted sales in December but was not enough to offset weakness in prior quarters. Full year SSSG was at -28.0%. E-commerce for 2020 rose to 1.8% of sales from 0.7% last year.

Gross margins shrank to 19.8% in the fourth quarter and 20.6% for the year. Margins for appliances remained compressed in the last quarter of 2020, partially offset by margin improvement from the toys segment. EBITDA margin fell to 6.4% in 2020 due to the challenged SSSG.

Financial Position

As of December 31, 2020, after the impact of the new accounting standard PFRS 16-Leases, the Group's balance sheet showed consolidated assets of ₱141,596 million. Without the impact of the new standard, consolidated assets amounted to ₱116,558 million.

Cash and cash equivalents as of December 31, 2020 is at ₱21,338 million. Net cash provided by operating activities excluding the impact of PFRS 16 totaled ₱3,679 million. Net cash spent from investing activities amounted to ₱4,937 million, ₱4,333 million of which pertains to the acquisition of Rose Pharmacy. Excluding the impact of PFRS 16, net cash provided by financing activities amounted to ₱2,290 million of which ₱4,950 million came from net loan proceeds offset by ₱1,921 million payment of dividends and ₱793 million to buy back treasury shares.

Trade and other receivables decreased by 18.7% from ₱3,865 million to ₱3,144 million as of December 31, 2020.

Debt and equity instrument financial assets declined by ₱926 million or 6.2% for the full year 2020 due to redemptions during the period.

Trade and other payables decreased from ₱25,102 million to ₱23,363 million as of December 31, 2020 mainly driven by tempered purchases and spending. Current loans payable increased by ₱4,950 million to augment working capital.

Stockholder's equity stood at ₱77,590 million as of December 31, 2020.

December 31, 2019 vs December 31, 2018

Consolidated Results of Operations
(Amounts in Million Pesos)

In 2019, the Group adopted Philippine Financial Reporting Standards (PFRS) 16, Leases in accounting for its operating leases where the Group is the lessee. The Group recognized an asset representing right of use of the leased property (ROU) and a liability for lease payments (lease Liability).

Financial Summary (Amount in million Pesos except EPS)	Years Ended December 31: 2019 Under PFRS 16 (A)	2019 Under Previous Standard (B)	2018 Under Previous Standard ('C)	% Change: 2019 (A) vs. 2018 (C)	2019 (B) vs. 2018 (C)
Consolidated Statement of Comprehensive Income Data					
Sales- net of sales discounts and returns	162,915.7	162,915.7	132,680.5	22.8%	22.8%
Cost of merchandise sold	125,734.5	125,734.5	102,845.4	22.3%	22.3%
Operating expenses	32,123.2	32,761.2	25,631.4	25.3%	27.8%
Interest expense	2,578.5	300.7	159.1	1521.0%	89.0%
Income before income tax	6,109.6	7,749.3	7,597.2	-19.6%	2.0%
Provision for income tax	1,559.3	2,091.7	1,772.0	-12.0%	18.0%
Net income	4,550.3	5,657.7	5,825.1	-21.9%	-2.9%
Net income attributable to Parent Company	3,918.6	4,907.8	5,107.3	-23.3%	-3.9%
EPS	2.49	3.11	3.65	-31.8%	-14.6%
Consolidated Statement of Cash Flow Data					
Net cash from operating activities	12,049.0	7,606.8	9,087.1	32.6%	-16.3%
Net cash provided by (used in) investing activities	1,817.8	1,817.8	(6,373.8)	-128.5%	-128.5%
Net cash used in financing activities	(8,359.8)	(3,917.7)	(2,494.7)	235.1%	57.0%
Consolidated Statement of Financial Position Data					
Total assets	137,866.1	111,055.5	107,777.1	27.9%	3.0%
Total liabilities	61,339.7	33,421.7	35,072.9	74.9%	-4.7%
Total stockholder's equity	76,526.4	77,633.8	72,704.2	5.3%	6.8%

Robinsons Retail Holdings, Inc. recorded net income at ₱4,550 million for the twelve months ended December 31, 2019, a decrease of 22% as compared to ₱5,825 million for the twelve months ended December 31, 2018. Without the impact of PFRS 16, net income would be ₱5,658 million, a 2.9% decrease compared to last year. The decrease was largely due to one-offs in 2019. Net income attributable to parent amounted to ₱3,919 million for the twelve months ended December 31, 2019 after impact of PFRS 16. Without its impact, net income attributable to parent amounted to ₱4,908 million, a decrease of 3.9% as compared to ₱5,107 million for the twelve months ended December 31, 2018.

Consolidated net sales increased by 22.8% from ₱132,681 million for the twelve months ended December 31, 2018 to ₱162,916 million for the twelve months ended December 31, 2019. The robust revenue growth was largely due to the full year sales contribution of the stores that opened in 2018 as well as strong same stores sales growth. Royalty, rent and other income also increased from ₱2,422 million to ₱2,740 million, a growth of 13.1%, due to higher royalty fee income of the convenience store segment.

Gross profit for the twelve months ended December 31, 2019 amounted to ₱37,181 million, 24.6% higher than ₱29,835 million for the twelve months ended December 31, 2018. The increase was attributed to higher sales and full year contribution of RSCI.

Operating expenses grew by 25.3% from ₱25,631 million to ₱32,123 million for the twelve months ended December 31, 2019 after the impact of PFRS 16. Without the new standard, operating expenses amount to ₱32,761, an increase of 27.8% due to higher expenses and accelerated store network expansion.

Earnings before interests and taxes (EBIT) grew by 17.7% from ₱7,798 million to ₱6,626 million for the twelve months ended December 31, 2019 after impact of PFRS 16. Without the new standards, EBIT grew by 8.1% to ₱7,160 million. As a percentage of sales, EBIT before PFRS 16 is at 4.4% this year versus 5.0% last year due to faster increase in operating expenses as a percentage of sales.

Other income and charges (before PFRS 16) decreased by 39% from ₱971 million to ₱589 million for the twelve months ended December 31, 2019 primarily due to interest expense and one offs in 2019.

Interest expense recognized due to lease liability amounted to ₱2,278 million. Amortization expense on Right of Use assets meanwhile amounted to ₱3,804 million for the year 2019.

Earnings before interests, taxes, depreciation, amortization (EBITDA) and other non-cash items expanded by 62.7% from ₱9,021 million for the twelve months ended December 31, 2018 to ₱14,678 million for the twelve months ended December 31, 2019 after impact of PFRS 16. Without the new standards, EBITDA for the year 2019 amounted to ₱10,236 million. As percentage of sales, this is 6.3% this year versus 6.8% last year.

Segment Operations

(xiii) ***Supermarket***. The Supermarket segment continued to account for the largest share in the group's sales, EBIT and EBITDA for the full year ended 2019. Supermarket generated net sales of ₱88,515 million for the twelve months ended December 31, 2019 expanding by 42% from ₱62,362 million sales registered in 2018. The increase includes a full year consolidation of Rustan's. The growth was driven by the store expansion this year with the addition of 12 new stores to 176 Robinsons supermarket stores and 87 Rustan's stores acquired in 2018 and further boosted by sustained performance of existing stores and strong same store sales growth of 3.6%.

Gross profit expanded to ₱18,612 million, 52.7% higher than last year's ₱12,189 million. As a percentage to sales, gross profit margin grew by 150 bps to 21% this year versus 19.5% last year as a result of the higher margin business of Rustan's.

Without impact of PFRS 16, EBIT reached ₱3,344 million for the twelve months ended December 31, 2019, 16.6% growth from ₱2,868 in the same period last year. Likewise, EBITDA, without impact of the new standards, expanded by 28% to ₱4,968 million for the full year 2018 against ₱3,883 million in 2018. As a percentage to sales, EBITDA declined by 60 bps at 5.6% in 2019 compared to 6.2% in 2018.

(xiv) ***Department Stores.*** Robinsons Department Store (RDS) sales for the year ended December 31, 2019 grew 1.5% from last year's ₱17,781 million to this year's ₱18,040 million.

This resulted to a gross margin of ₱4,989 million for 2018 against ₱4,769 million for the same period last year. As percentage of sales, this is 90bps higher than last year. The increase in sales contributed to the improved margins for the year.

Without the impact of PFRS 16, RDS generated EBITDA of ₱977 million for the year December 31, 2019, an increase of 6.1% against ₱921 million in the same period last year.

(xv) ***Convenience stores.*** The convenience stores segment registered a system-wide sales and merchandise sales of ₱9,794 million and ₱6,744 million, respectively for the period ended December 31, 2019, a 8.0% and 9.2% increase from ₱9,065 million and ₱6,177 million for the same period last year. The increase in sales is attributed to the acceleration of same store sales growth of 3.2% in 2019.

Other income which mainly consists of royalty fee is at ₱1,847 million this year. Royalty fee is computed as a percentages of system-wide gross profit and accounts for the bulk of the total other income. Gross margin and other income is 450bps lower from 39.6% last year to 35.1% this year.

Before impact of PFRS 16, Convenience stores recorded a negative EBIT of ₱36 million this year versus last year's ₱101 million. EBITDA generated for 2019 is at ₱ 267 million, a decline of 21.9% versus ₱340 million of the same period last year.

(xvi) ***Drug Stores***. The drug store segment registered net sales of ₱17,685 million as of December 31, 2019, representing a growth of 11.8% from last year's net sales of ₱15,824 million. The growth was mainly driven by the segment's healthy same store sales growth and sales contribution of new stores.

Gross profit expanded by 11.1% from ₱3,077 million in 2018 to ₱3,419 million this year. Gross profit as a percentage of sales shrank by 10 bps to 19.3% in 2019 against 19.4% last year.

Before impact of PFRS 16, EBIT as of December 31, 2019 reached ₱1,203 million, an increase of 12.3% from last year's ₱1,071 million. Likewise, EBITDA also grew by 12.7% from ₱1,192 million in 2018 to ₱1,344 million this year. As a percentage of sales, EBITDA increased 10bps from 7.5% last year to 7.6% this year.

(xvii) ***DIY Stores.*** Net sales grew by 3.4% from ₱13,905 million to ₱14,383 million for the year ended December 31, 2018 and December 31, 2019, respectively.

The sales lift was driven primarily by same store sales growth of 2.5%.

Gross profit increased by 5.2% to 4,675 million for the year ended December 31, 2019 from ₱4,445 million in the same period last year. As a percentage to sales, gross profit is 50bps higher at 32.5% compared to 32.0% last year.

Without the impact of PFRS 16, with operating expenses increasing at a higher pace than the growth in gross profit, EBIT grew by 2.0% at ₱1,223 million for the year ended December 31, 2019 versus ₱1,199 million in same period last year. EBITDA, without the impact of the new accounting standard grew only by 2.7% to ₱1,467 million for the year 2019 against ₱1,428 million for the same period in 2018.

(xviii) ***Specialty Stores Segment***. The net sales of the Specialty Stores segment increased by 6.0% from ₱18,200 million to ₱19,283 million for the twelve months ended December 31, 2018 and December 31, 2019, respectively. The Specialty segment has 376 stores in 2019 lower by 11 net stores compared to 387 stores last year.

The gross profit meanwhile increased by3.5% from ₱4,797 million to ₱4,966 million for the period.

For the year ended December 31, 2019, without impact of new standards, the Specialty Stores segment generated an EBITDA of ₱1,262 million, a decrease of 1.7% from last year's EBITDA of ₱1,283 million.

Financial Position

In 2019, the Company adopted PFRS 16, leases which resulted in recognition of right of use asset (ROU) of ₱26,317 million and lease liability of ₱28,053 million. As of December 31, 2019, after the impact of the new accounting standards, the Company's balance sheet showed consolidated assets of ₱137,866 million, which is 28% higher than the total consolidated assets of ₱107,777 million as of December 31, 2018. Without the new standards, consolidated assets amounted to ₱111,056 or 3.0% higher compared to last year.

Cash and cash equivalents increased from ₱14,788 million as of December 31, 2018, to ₱20,293 million as of December 31, 2019. Before the impact of PFRS 16, Net cash generated from operating activities totaled ₱7,607 million. Net cash in investing activities amounted to ₱1,818 million, ₱3,346 million of which was used to acquire properties and equipment and net proceeds of ₱5,583 from available-for-sale investments. Net cash spent from financing activities amounted to ₱3,995 million.

Trade and other receivables increased by 21.9% from ₱3,172 million to ₱3,865 million as of December 31, 2019.

Available for Sale financial assets declined by 24.8% for 2019 due to redemptions during the year. Investment in associates meanwhile increased by 15.1% primarily due to new investments and increase in share of fair value in AFS of associates.

Trade and other payables increased from ₱24,577 million to ₱25,102 million as of December 31, 2019.

Current loans payable decreased as a result of availment and payments during the year amounting to ₱915 million and ₱3,075 million, respectively.

Stockholder's equity grew from ₱72,704 million as of December 31, 2018, to ₱76,526 million as of December 31, 2019. Without PFRS 16, the stockholder's equity will be ₱77,634 million. The new accounting standards resulted to a decline of 1.4% in total stockholder's equity due to decline in net income by ₱1,107 million.

Material Changes in the 2021 Financial Statements
(Increase/decrease of 5% or more versus 2020)

Consolidated Statements of Comprehensive Income-Year Ended December 31, 2021 versus year ended December 31, 2020

7.1% increase in Gross Profit
The increase is due to higher vendor supports and better product mix.

46.2% decrease in royalty, rent and other income
Primarily due to lower royalty income from convenience stores segment caused by COVID 19 pandemic.

4.5% increase in operating expenses
Primarily due to lower expenses last year from containment measures to cushion impact of Covid-19.

34.0% decrease in interest income
Caused by disposal of available for sale investment.

234.8% decrease in foreign currency exchange loss
Primarily due to higher forex rates of USD to Peso.

181.3% increase in dividend income
Primarily due to additional investment in financial instruments on equity securities.

48.6% increase in earnings from associate
Increase caused by equity in earnings in Rbank.

15.7% decrease in interest expense
Decrease during the year is primarily due to lower interest expense of lease liability recognized.

47.2% decrease in other charges
This is due to lower one-off other income for the period

21.1% decrease in provision for income tax-current
Due to higher tax credits of the subsidiaries and impact of CREATE Law.

43.8% decrease in provision for income tax-deferred
Due deferred tax impact of PFRS 16, excess MCIT and CREATE Law

39.2% increase in net income
Due to forex gains, increase earnings from associates and lower income tax rate due to CREATE Law.

67.8% decrease in other comprehensive income
Primarily due to marked-to-market movements in the fair value of debt and equity instrument financial assets.

Consolidated Statements of Financial Position - December 31, 2021 versus December 31, 2020

24.2% decrease in cash and cash equivalents
Primarily from operations and redemption of available for sale investments.

15.2% decrease in trade and other receivables
Due to collections for the period.

12.8% increase in merchandise inventories
Due to increased volume of inventories from higher store network versus last year.

12.6% increase in other current assets
Due to higher creditable withholding tax.

16.6% decrease in Available for Sale Investment
Decline is due to redemptions during the year.

9.6% decrease in Right-of-use assets
Decline is due to amortization during the year

11.9% decrease in deferred tax asset-net
Primarily due to DTA from impact of PFRS 16 and impact of CREATE Law.

106.4% increase in retirement plan asset
Increase is due to the contribution to the retirement fund.

8.7% increase in other non-current asset
Caused by increase in security deposits and construction bonds

9.2% decrease in payables
The decrease is caused by payments of payable for the year.

19.3% decrease in Loans
Decline is caused by payment of loans for the period.

5.5% decrease in lease liability
Decline is due to rental payments offset by accretion of interest expense.

35.0% decrease in income tax payable
Decrease in income tax payable is due to higher tax credits and impact of CREATE Law.

20.5% decrease in deferred tax liability
Caused by the impact of CREATE Law.

47.5% decrease in net retirement obligation
Increase is due to the contribution to the retirement fund..

346.4% increase in treasury stock
This is caused by share buyback of the Company for the period.

5.3% increase in retained earnings
Movement is due to net income during the year, net of dividends declared.

Key Performance Indicators
A summary of RRHI's key performance indicators follows:

Key Performance Indicators	**2021**	**2020**	**2019**
		(in millions)	
Net sales	153,327.4	151,070.3	162,916.5
EBIT	6,059.5	5,779.4	7,798.2
EBITDA	13,147.2	12,766.5	14,678.0
Core Net Earnings	3,801.4	2,710.8	4,053.5
		Ratios	
Liquidity ratio:			
Current ratio	1.44	1.36	1.42
Profitability ratio:			
Gross profit margin	0.23	0.22	0.23
Debt to equity ratio	0.75	0.82	0.80
Asset to equity ratio	1.75	1.82	1.80
Interest rate coverage ratio	3.09	2.48	3.02

The manner in which the Company calculates the above key performance indicators is as follows:

Key Performance Indicators

Net sales	= Gross sales net of VAT, less sales returns and allowances and sales discounts
EBIT	= Operating income
EBITDA	= Operating income add depreciation and amortization expense.
Core Net Earnings	= Net income less equity in net earnings of an associate less interest income on bond investments less unrealized foreign currency exchange gain (loss)
Current ratio	= Total current assets over current liabilities
Operating margin	= Operating income over net sales
Debt to equity ratio	= Total liability over total equity
Asset to equity ratio	= Total assets over total equity
Interest coverage ratio	= EBIT over interest expense

The Company pursued its efforts in converting the proceeds from its IPO into acquisition of investments and network expansion. The Company does not expect any liquidity problems that may arise in the near future.

Trends, Events or Uncertainties that have had or that are reasonably expected to affect revenues and income

a.) The Philippine retail industry has experienced strong growth in recent years, primarily due to robust domestic economic growth as well as the population's growing desire to upgrade their lifestyles. However, market concentration of the Philippines' store-based retailing industry remains relatively low, with only a few major retail chain operators having a sizeable presence. The leading incumbent domestic retailers have created high barriers to entry based on their nationwide network of stores, brand equity as well as deep understanding of the market. In addition, foreign retail presence is also relatively limited as foreign entry was highly regulated until 2000.

As one of the most underpenetrated markets in Asia, the Philippine store-based retail industry presents strong growth potential in the foreseeable future. Similarly, total retail space per capita in the Philippines is behind that of other emerging Asian economies such as China, Thailand, Malaysia and Vietnam.

Penetration level of the modern retail format is currently low in the Philippines, with only a few major retail chains. Small traditional sari-sari stores remain the dominant channel for the entire grocery retail market, especially in lower-tier cities where the level of economic activity does not yet justify significant development by the larger retail chains. Sari-sari, which means "variety", indicates the wide array of grocery products sold by these small shops, which are prevalent, both in urban and rural areas. In provincial areas, the absence of supermarket chains and independent small grocers highlights the importance of sari-sari stores as the primary source of grocery products including packaged food, home care, and beauty and personal care, especially among the lower-income population.

With the rapid emergence of modern retail formats driven by increasing affluence in urban areas as well as the creation of a wider pool of higher-income consumers in provincial cities, the proportion of sales from traditional retail formats is expected to gradually decline and replaced by successful large-scale modern retailers.

On March 16, 2020, the President of the Philippines issued Proclamation No. 929 declaring a state of calamity throughout the Philippines due to COVID 19 which resulted to the imposition of an Enhanced Community Quarantine throughout Luzon starting midnight of March 16, 2020 until April 12, 2020.

The Group has recognized the health and business risks posed by the virus to the general public and the need to join the collective effort in mitigating the spread of COVID-19. Its supermarkets, convenience stores and drugstores formats, which are considered essential to the nationwide effort, remain open to serve the public. In the face of this global crisis, the Group remains collected and vigilant as it operates and maintains mitigation efforts to help safeguard the health and safety of its employees and customers.

Given the dynamic nature of these circumstances, the related impact on the Group's results of operations, cash flows and financial condition could not be reasonably estimated at this time and will be reflected in the Group's 2020 financial statements.

b.) Any events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

Not Applicable

c.) All material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entries or other persons created during the reporting period.

Not Applicable

Item 7. Financial Statements

The Consolidated financial statements are filed as part of this report.

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

There were no disagreements with the external auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company and its subsidiaries.

(A) External Audit Fees and Services

Audit and Audit - Related Fees

The following table sets out the aggregate fees billed to the Company and its subsidiaries for the last two years for professional services rendered by SyCip, Gorres Velayo & Co.,

	2021	**2020**	**2021**
Audit and Audit-Related Fees			
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱8,712,640	₱9,407,440	₱8,788,422
Professional Fees related to the Initial Public Offering	None	None	None
Tax Fees	None	None	None
All Other Fees	98,560	430,000	370,370
Total	₱8,811,200	₱9,837,440	₱9,158,792

No other service was provided by external auditors to the Company for the calendar years 2021, 2020 and 2019.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Registrant

(A) Board of Directors and Executive Officers of the Registrant

Currently, the Board consists of nine members, of which four are independent directors. The table below sets forth certain information regarding the members of our Board.

DIRECTORS

Name	Age	Position	Citizenship
Lance Y. Gokongwei	55	Chairman	Filipino
James L. Go	82	Vice-Chairman	Filipino
Robina Gokongwei-Pe	60	President and Chief Executive Officer	Filipino
Ian McLeod	63	Director	British
Choo Peng Chee	61	Director	Singaporean
Antonio L. Go*	82	Independent Director	Filipino
Roberto R. Romulo**	83	Independent Director	Filipino
Rodolfo P. Ang	60	Independent Director	Filipino
Cirilo P. Noel	65	Independent Director	Filipino

** He is not related to any of the other directors*
**Amb. Roberto R. Romulo passed away on January 23, 2022*

All of the above directors have served their respective offices since May 14, 2021 except for Mr. Choo Peng Chee who has been an independent director of the Company since July 30, 2021. There are no other directors who resigned or declined to stand for re-election to the board of directors since the date of the last annual meeting of the stockholders for any reason whatsoever.

Messrs. Antonio L. Go, Roberto R. Romulo(+), Rodolfo P. Ang and Cirilo P. Noel are the independent directors of the Company.

The table below sets forth certain information regarding our executive officers.

Name	Age	Position	Citizenship
Mylene A. Kasiban	52	Chief Financial Officer and Chief Risk Officer	Filipino
Gina R. Dipaling	56	Investor Relations Officer	Filipino
Gabriel Tagala III	53	Vice President, Human Resources	Filipino
Graciela A. Banatao	46	Treasurer	Filipino
Rosalinda F. Rivera	51	Corporate Secretary	Filipino
Gilbert S. Millado, Jr.	48	General Counsel and Compliance Officer	Filipino

A brief description of the directors and executive officers' business experience and other directorships held in other reporting companies are provided as follows:

James L. Go is the Vice Chairman of the Company and the Chairman of JG Summit Holdings, Inc., and Cebu Air, Inc. He is also Chairman and Chief Executive Officer of Oriental Petroleum and Minerals Corporation. He is the Chairman Emeritus of Universal Robina Corporation, Robinsons Land Corporation, JG Summit Petrochemical Corporation and JG Summit Olefins Corporation. He is also the President and Trustee of the Gokongwei Brothers Foundation, Inc. He has been a director of PLDT, Inc. since November 3, 2011. He is a member of the Technology Strategy and Risk Committees and Advisor of the Audit Committee of the Board of Directors of PLDT, Inc. He was elected a director of Manila Electric Company on December 16, 2013. Mr. James L. Go received his Bachelor of Science Degree and Master of Science Degree in Chemical Engineering from Massachusetts Institute of Technology, USA.

Lance Y. Gokongwei is the Chairman of the Company. He is likewise the Chairman of Robinsons Supermarket Corporation and Robinsons Convenience Stores, Inc. He is the President and Chief Executive Officer of JG Summit Holdings, Inc. and Cebu Air, Inc. He is the Chairman of Universal Robina Corporation, Robinsons Land Corporation, Altus Property Ventures, Inc., JG Summit Olefins Corporation, and Robinsons Bank Corporation. He is the Vice Chairman and a Director of Manila Electric Company and a Director of RL Commercial REIT, Inc., Oriental Petroleum and Minerals Corporation, Singapore Land Group Limited, Shakey's Asia Pizza Ventures, Inc., AB Capital and Investment Corporation, and Endeavor Acquisition Corporation. He is a trustee and the Chairman of the Gokongwei Brothers Foundation, Inc. Mr. Lance Y. Gokongwei received a Bachelor of Science degree in Finance and a Bachelor of Science degree in Applied Science from the University of Pennsylvania.

Robina Gokongwei Pe is the President and Chief Executive Officer of the Company. She is also a director of JG Summit Holdings, Inc., Robinsons Land Corporation, Cebu Air, Inc., and Robinsons Bank Corporation. She is a trustee and the secretary of the Gokongwei Brothers Foundation, Inc. and a trustee and Vice Chairman of the Immaculate Concepcion Academy Scholarship Fund. She is also a member of the Xavier School Board of Trustees. She was formerly a member of the University of the Philippines Centennial Commission. She attended the University of the Philippines-Diliman from 1978 to 1981 and obtained a Bachelor of Arts degree (Journalism) from New York University in 1984.

Ian McLeod was elected as a director of the Company on November 23, 2018. He was named Group Chief Executive of The Dairy Farm Group in September 2017 (the pan-Asian multi-format retailer), having spent the previous two years as Chief Executive Officer of Southeastern Grocers, the fifth largest supermarket chain in the United States. With over 30 year's retail experience, Ian began his career with Asda (subsequently Wal-Mart) in 1981, where he spent 20 years working in the United Kingdom and Germany. Following this, he moved to Halfords (the UK's leading cycling and motoring retailer) where he became Chief Executive Officer in 2005. In 2008, he moved to Australia as Managing Director of Coles, overseeing 2,200 outlets and 100,000 employees. Whilst there he oversaw fundamental improvements in product quality and value as well as customer service. This resulted in Coles producing substantial increases in both turnover and profits, as well as significant market outperformance. Ian attended the Harvard Business School Advanced Management Program in 1999 and was awarded an Honorary Doctorate in his native Scotland in 2010 for services to Business and Retail.

Choo Peng Chee was elected as a director of the Company on July 30, 2021. He was appointed CEO DFI Retail North Asia of the DFI Retail Group in August 2021, covering all food retail operations (grocery retail and convenience stores) in Hong Kong, Macau, China, as well as the convenience format in Singapore. A director of the Dairy Farm Management Services Board since 2013 and also a member of the Executive Board of the DFI Retail Group. He joined the Group in 2000 and was the Chief

Executive Officer of Cold Storage, Market Place and Shop N Save in Singapore from 2005 to 2009. He subsequently served as the Chief Executive Officer for Wellcome Hong Kong from 2010, and was appointed as the Regional Director, North Asia (Food) in 2013, and CEO – North Asia & Group Convenience in 2018. He brings with him more than 35 years of retail experience to this role and has an MBA in Retailing from the University of Stirling, Scotland.

Antonio L. Go has been an Independent Director of the Corporation since July 4, 2013. He is currently the Chairman of Equicom Savings Bank and ALGO Leasing and Finance, Inc., and MyHealth Ventures Corporation. He is also the Vice-Chairman of Maxicare Healthcare Corporation. He is a Director of Equitable Computer Services Inc., Medilink Network, Inc., Equicom Manila Holdings Inc., Equicom, Inc., Equitable Development Corporation, Pin-An Holdings Corp., Equicom Information Technology, Inc., DDMP REIT, Inc., Maxicare Health Services, Inc., T32 Dental Centre Pte. Ltd. (Singapore), Dental Implant and Maxillofacial Centre Pte. Ltd. (Hong Kong), Mioki Holdings Pte Ltd., Algo Healthcare Holdings Pte. Ltd., Equicom Health Solutions Pte. Ltd.,SteelAsia Manufacturing Corporation, Oriental Petroleum and Minerals, Inc., JG Summit Holdings, Inc., and Dito Telecommunity Corporation. He is also a Trustee of the Go Kim Pah Foundation, Equitable Foundation, Inc, and Gokongwei Brothers Foundation, Inc. Mr. Go graduated from Youngstown University, United States with a degree in BS Business Administration. He attended the International Advance Management Program at the International Management Institute, Geneva, Switzerland as well as the Financial Planning/Control program at the ABA National School of Bankard Management, Northwestern University, United States.

Roberto R. Romulo (+) has been an independent director of the Company since July 4, 2013. He is the Chairman of AIG Philippines Insurance Inc., Medilink Network Inc., Nationwide Development Corporation, and Romulo Asia Pacific Advisory. He is currently a board member of Equicom Savings Bank, Philippine Long Distance Telephone Co. and Maxicare Healthcare Corporation. He is a Member of the Board of Counselors of McLarty Associates (formerly Kissinger McLarty Associates). He is the Chairman Emeritus of Zuellig Family Foundation and is the Chairman of other non-profit organizations, namely, Carlos P. Romulo Foundation for Peace and Development and Asia Europe Foundation of the Philippines. He joined government service in June 1989 when he was appointed Ambassador to Belgium, Luxembourg and the Commission of the European Communities. In 1992, he was appointed Secretary of Foreign Affairs. In 1995, he rejoined the private sector and was elected as Chairman of PLDT, and Vice-Chair of San Miguel International. He was Chairman of Interpharma Investments Ltd. (Zuellig Pharma) from 1997 to 2007. He was also a board member of United Industrial Corporation Limited from January 2003 to April 2010 and of Singapore Land Limited from January 2003 to August 2014. He graduated with a Bachelor of Arts degree (Political Science) from Georgetown University, Washington, D.C. and a Bachelor of Laws degree from Ateneo de Manila University.

Rodolfo P. Ang was elected as an independent director of the Corporation on March 9, 2020. He is the Vice President for Administration and Information Systems and an Associate Professor of the School of Management of Ateneo De Manila University. He is the former Dean of the Ateneo Graduate School of Business. He is also an independent director of the Philippine Insurers and Reinsurers Association. He sits on the Board of Trustees of Xavier School. He has served the Commission on Higher Education in various capacities, as a member of the Technical Panel for Business and Management Education, member of the Technical Committee for Business Administration and Entrepreneurship, and member of the NCR Regional Quality Assessment Team. He obtained his Bachelor of Science Degree in Management (Honors Program) and Bachelor of Arts Degree in Communications from Ateneo De Manila University where he graduated Magna Cum Laude. He received his Master's Degree in Business Administration Major in Finance from Boston College, Carroll Graduate School of Management.

Cirilo P. Noel was elected as an independent director of the Corporation on August 12, 2020. He is a lawyer and certified public accountant. Mr. Noel is a member of the Board of Directors of Security Bank Corporation and was appointed Vice Chairman in April 2020. He is likewise a Board member of the following publicly listed companies: Globe Telecom, Inc., San Miguel Foods and Beverage, Inc. and First Philippine Holdings Corporation. He is the Chairman of Palm Concepcion Power Corporation, Juxtapose Ergo Consultus, Inc. and Cofiar Land Corp. He is a member of the Board of St. Luke's Medical Center-Global City since August 2017. He is also a member of the Board of Trustees of St. Luke's Medical Center-Quezon City, St. Luke's Medical Center College of Medicine, and St. Luke's Medical Center Foundation, Inc. He is also currently affiliated with the Makati Business Club, Harvard Law School Association of the Phils., and Harvard Club of the Philippines. He held various positions in SGV & Co. including Chairman (from 2010 to 2017), Managing Partner (from 2009 to 2016), Vice Chairman & Deputy Managing Director (from 2004 to 2009), Head of Tax Division (from 2001 to 2008), and Partner, Tax Services (from 1993 to 2017). He graduated from the University of the East with a Bachelor of Science degree in Business Administration and obtained his Bachelor of Law degree from the Ateneo Law School. He has a Master of Law degree from the Harvard Law School and a Fellow of the Harvard International Tax Program. He attended the AIM Management Development Program.

***Rosalinda F.* Rivera** has been the Corporate Secretary of the Company since June 2013. In 2020, she assumed the role of Corporate Secretary for all the subsidiaries of the Company. She was the Corporate Secretary of JG Summit Holdings, Inc., Universal Robina Corporation, and Robinsons Land Corporation from 2003 up to 2020. Prior to joining the JG Group in 2002, she was a Senior Associate at Puno and Puno Law Offices. She received a degree of Juris Doctor from the Ateneo de Manila University School of Law and a Masters of Law degree in International Banking from the Boston University School of Law.

(i) Officers

James L. Go, see "i. Directors".

Robina Y. Gokongwei-Pe, see "i. Directors".

Mylene A. Kasiban, is the Chief Financial Officer (CFO) of the Company since May 2016. She has more than 15 years of experience as a CFO in country and regional capacities for multinational companies such as Mondelez, The Hershey Company and Johnson and Johnson. Mylene is a Certified Public Accountant and graduated Cum Laude with a Bachelor of Science in Accounting and Economics from St. Scholastica's College. She has a Masters in Business Administration from the University of Bath, UK and a Post Graduate Diploma in Financial Strategy from the Said Business School, University of Oxford.

Graciela A. Banatao, is the Company Treasurer. She graduated Cum Laude with a Bachelors Degree in Accountancy from St. Paul University (Tuguegarao City) in 1996 and became a Certified Public Accountant in the same year. She started her career in Sycip, Gorres and Velayo (SGV) as account-in-charge in 1996 and has a total of 19 years experience in treasury and accounting from companies such as SGV, Questronix Corporation, Abbott Laboratories and Universal Robina Corporation. She joined the Robinsons Retail group in 2014.

***Rosalinda F.* Rivera** has been the Corporate Secretary of the Company since June 2013. In 2020, she assumed the role of Corporate Secretary for all the subsidiaries of the Company. She was the Corporate Secretary of JG Summit Holdings, Inc., Universal Robina Corporation, and Robinsons Land Corporation from 2003 up to 2020. Prior to joining the JG Group in 2002, she was a Senior Associate at Puno and Puno Law Offices. She received a degree of Juris Doctor from the Ateneo de Manila University School of Law and a Masters of Law degree in International Banking from the Boston University School of Law.

Gina R. Dipaling is the Vice-President for Corporate Planning and Investor Relations Officer for the Company. She was an Investment Research Analyst and Director for two decades at various multinational stock brokerage firms before joining the Gokongwei Group in 2010. She started as Corporate Planning Manager and IR Director at JG Summit and was promoted and transferred to Robinsons Retail in 2013. She is a graduate of BS Mathematics Cum Laude at Silliman University and a masters degree candidate on MS Statistics at the University of the Philippines Diliman.

Gabriel D. Tagala III is the Vice-President for Human Resources of the Company, joining the Company 2017. He was previously the Human Resources Director for Southeast Asia, Branded Consumer Foods Group, of Universal Robina Corporation. He received a Bachelor of Arts degree from San Sebastian College.

Atty. Gilbert S. Millado Jr., is the General Counsel, Assistant Corporate Secretary, and Compliance Officer of the Company and the General Counsel and Corporate Secretary of all subsidiaries under the Company. He was previously the Corporate Legal Counsel of RLC from 2003 to 2012. He also served as the Corporate Legal Counsel of the Araneta Properties from 2000 to 2003. He received a Bachelor of Laws degree from Far Eastern University and was admitted to the Philippine Bar in 2000.

(B) Significant Employees

The Company does not believe that its business is dependent on the services of any particular employee.

(C) Family Relationships

a. Mr. James L. Go is the uncle of Mr. Lance Y. Gokongwei.
b. Mr. Lance Y. Gokongwei and Ms. Robina Gokongwei-Pe are siblings.

(D) Involvement in certain Legal Proceedings of Directors and Executive Officers

As of December 31, 2021, and to the best of the Company's knowledge and belief and after due inquiry, none of the Company's directors, nominees for election as director, or executive officers, in the past five years up to the date of this report: (i) have had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a three-year period of that time; (ii) have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offences; (iii) have been subjected to any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities; or (iv) been found by a domestic or foreign court of competent jurisdiction (in a civil action), the Philippine SEC 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.

Item 10. Executive Compensation

Key management personnel of the Group include the President and Chief Operating Officer.

(A) Summary Compensation Table

The following table sets out the Company's chief operating officer and four most highly compensated senior officers for the last three years and projected for the ensuing year (2022).

Name	Position
Robina Y. Gokongwei-Pe…………………...	President and Chief Executive Officer
Mylene A. Kasiban………………………….	Chief Financial Officer
Stanley C. Co..	Managing Director – Supermarket Segment
Jovito U. Santos……………………………..	Group General Manager – Appliances Segment
Stephen M. Yap……………………………..	Vice President – Chief Information Officer

The aggregate compensation of executive officers and directors of the Company for last year and projected for the year 2022 are as follows:

ACTUAL

	Year	Salaries	Bonuses	Total
		(in ₱ million)		
President, Managing Director of Supermarket Segment, Chief Financial Officer, Group General Manager of Appliances Segment and Chief Information Officer named above	2018	45.43	3.22	48.65
	2019	48.57	3.45	52.02
	2020	51.67	4.36	56.03
	2021	49.27	4.36	53.59
Aggregate compensation paid to all other general managers, heads for shared services and directors as a group unnamed	2018	89.17	6.93	96.10
	2019	112.74	9.54	122.3
	2020	116.8	9.95	126.76
	2021	127.78	10.89	138.67

(B)

PROJECTED 2022 (in ₱ million)			
	Salaries	Bonuses	Total
President, Managing Director of Supermarket Segment, Chief Financial Officer, Group General Manager of Appliances Segment and Chief Information Officer named above	53.35	4.51	57.86
Aggregate compensation paid to all other general managers, heads for shared services and directors as a group unnamed	137.90	11.66	149.56

(C) Standard Arrangements

Other than payment of reasonable per diem as may be determined by the Board for every meeting, there are no standard arrangements pursuant to which the directors are compensated, directly or indirectly, for any services provided as a director.

(D) Other Arrangements

There are no other arrangements pursuant to which any of the directors is compensated, directly or indirectly, for any service provided as a director.

(E) Terms and Conditions of any Employment Contract or any Compensatory Plan or Arrangement between the Company and the Executive Officers

Not applicable.

(F) Outstanding Warrants or Options Held by the Company's CEO, the Executive Officers and Directors.

Not applicable.

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

Security Ownership of Certain Record and Beneficial Owners holding more than 5% of the Company's voting securities as of December 31, 2021

As of December 31, 2021, the Company knows no one who beneficially owns in excess of 5% of the Company's common stock except as set forth in the table below.

Title of Class	Names and addresses of record owners and relationship with the Company	Name of beneficial owner and relationship with record owner	Citizenship	Number of shares held	% to Total Outstanding
Common	JE Holdings, Inc. 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street Ortigas Center, Pasig City (stockholder)	Same as record owner (See note 1)	Filipino	491,299,997	32.49%
Common	GCH Investments Pte Ltd 239 Alexandra Road, Singapore 159930 (stockholder)	Same as record owner (See note 2)	Singaporean	315,308,689	20.85%
Common	PCD Nominee Corporation (Filipino) 37/F Tower 1, The Enterprise Center, Ayala Ave. cor. Paseo de Roxas, Makati City (stockholder)	PDTC Participants and their clients (See note 3)	Filipino	219,006,808	14.48%
Common	PCD Nominee Corporation (Non-Filipino) 37/F Tower 1, The Enterprise Center, Ayala Ave. cor. Paseo de Roxas, Makati City (stockholder)	PDTC Participants and their clients (See note 3)	Non-Filipino	178,471,773	11.80%
Common	Lance Y. Gokongwei 43/F Robinsons Equitable Tower, ADB Avenue corner Poveda Street Ortigas Center, Pasig City (Chairman, Director and stockholder)	Same as record owner	Filipino	91,952,655	6.08%
Common	Robina Gokongwei Pe 110 E. Rodriguez Jr. Ave., Bagumbayan, Quezon City (President and CEO, Director and stockholder)	Same as record owner	Filipino	91,952,654	6.08%

Notes:

1. JE Holdings, Inc. is a company owned by members of the Gokongwei family. Under the By-Laws of JE Holdings, Inc., the President is authorized to represent the Corporation at all functions and proceedings. The incumbent President of JE Holdings, Inc. is Mr. Lance Y. Gokongwei.

2. GCH Investments Pte Ltd is a wholly owned member of the Dairy Farm International Holdings Ltd. Group of Companies.

3. PCD Nominee Corporation is the registered owner of the shares in the books of the Corporation's transfer agent. PCD Nominee Corporation is a corporation wholly-owned by Philippine Depository and Trust Corporation, Inc. (formerly the Philippine Central Depository) ("PDTC"), whose sole purpose is to act as nominee and legal title holder of all shares of stock lodged in the PDTC. PDTC is a private corporation organized to establish a central depository in the Philippines and introduce scripless or book-entry trading in the Philippines. Under the current PDTC system, only participants (brokers and custodians) will be recognized by PDTC as the beneficial owners of the lodged shares. Each beneficial owner of shares though his participant will be the beneficial owner to the extent of the number of shares held by such participant in the records of the PCD Nominee.

   Out of the PCD Nominee Corporation account, CLSA Philippines, Inc., Deutsche Bank Manila, holds the following shares of the Corporation as of December 31, 2021:

	No. of shares	% to outstanding shares
CLSA Philippines, Inc.	123,819,948	8.18%

   Voting instructions may be provided by the beneficial owners of the shares.

(A) Security Ownership of Management as of December 31, 2021

Title of Class	Name of beneficial owner	Position	Amount & nature of beneficial ownership		Citizenship	% to Total Outstanding
			Direct	Indirect		
Named Executive Officers (Note 1)						
Common	1. Lance Y. Gokongwei	Director, Chairman	91,952,655	-	Filipino	6.08%
Common	2. Robina Gokongwei-Pe	Director, President and Chief Executive Officer	91,952,654	-	Filipino	6.08%
	Sub-Total		183,905,309	-		12.16%
Other Directors and Executive Officers						
Common	3. James L. Go	Director and Vice Chairman	31,928,005	-	Filipino	2.11%
Common	4. Ian McLeod	Director	1	-	British	*
Common	5. Choo Peng Chee	Director	1	-	Singaporean	*
Common	6. Antonio L. Go	Director (Independent)	1	-	Filipino	*
Common	7. Roberto R. Romulo(+)	Director (Independent)	1	-	Filipino	*
Common	8. Rodolfo P. Ang	Director (Independent)	1	-	Filipino	*
Common	9. Cirilo P. Noel	Director (Independent)	1	-	Filipino	*
-	10. Mylene A. Kasiban	Chief Financial Officer	-	-	Filipino	-
-	11. Graciela A. Banatao	Treasurer	-		Filipino	
Common	12. Gina R. Dipaling	Investor Relations Officer	1,500	-	Filipino	-

Title of Class	Name of beneficial owner	Position	Amount & nature of beneficial ownership Direct	Indirect	Citizenship	% to Total Outstanding
-	13. Gabriel Tagala III	Vice President, Human Resources	-	-	Filipino	-
-	14. Rosalinda F. Rivera	Corporate Secretary	-	-	Filipino	-
Common	15. Gilbert S. Millado, Jr.	General Counsel and Compliance Officer	500	-	Filipino	*
-	16. Stanley Co	Managing Director – Supermarket Segment	-	-	Filipino	-
-	17. Jovito Santos	Group General Manager – Appliances Segment	-	-	Filipino	-
-	18. Stephen M. Yap	Vice President – Chief Information Officer	-	-	Filipino	-
	Sub-Total		31,930,011	-		2.11%
All directors and executive officers as a group unnamed			215,835,320	-		14.27%

Notes:
As defined under Part IV (B) (1) (b) of Annex "C" of SRC Rule 12, the "named executive officers" to be listed refer to the Chief Executive Officer and those that are the four (4) most highly compensated executive officers as of December 31, 2021.

(B) Voting Trust Holders of 5% or more - as of December 31, 2021

There are no persons holding more than 5% of a class under a voting trust or similar agreement.

Changes in Control

As of December 31, 2021, there has been no change in the control of the Corporation since the beginning of its last fiscal year.

Item 12. Certain Relationships and Related Transactions

See Note 24 (Related Party Transactions Disclosures) of the Notes to Consolidated Financial Statements.

The Company and its subsidiaries and affiliates, in their regular conduct of business, have engaged in transactions with each other and with other affiliated companies, consisting principally of sales and purchases at market prices and advances made and obtained.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

Corporate Objectives
Robinsons Retail Holdings, Inc. aims to retain its position as the second-largest multi-format retailer in the Philippines catering to the broad middle market. It plans to expand its store network across its retail formats with focus on regions outside of Metro Manila where modern retail penetration is still low. Aside from organic expansion, part of its strategy is to participate in the market's consolidation by entering into mergers and acquisitions in existing and complementary retail formats. Robinsons Retail targets consistent sales growth while improving margins to ensure sustainability of operations.

Dividend Policy
On March 9, 2020, the Board of Directors of the Company approved the adoption of a new dividend policy effective 2020. Under the dividend policy, the Company shall implement an annual cash dividend payout ratio of forty percent (40%) of its audited consolidated net income for the preceding fiscal year subject to compliance with the requirements of applicable laws and regulations, the terms and conditions of its outstanding loan facilities and the absence of circumstances which may restrict the payment of such amount of dividends, including, but not limited to, instances wherein the Company proposes to implement and undertake major projects and developments through its subsidiaries. There can be no guarantee that the Company will pay any dividends in the future.

Robinsons Retail Holdings, Inc. (RRHI) complies with its Corporate Governance Manual which contains relevant provisions of the Code of Corporate Governance. RRHI submitted the following documents in compliance with the rules and regulation of the Securities and Exchange Commission (SEC) and the Philippine Stock Exchange (PSE):

Document	Submitted to	Date of Submission
2013 Annual Corporate Governance Report (ACGR)	Securities and Exchange Commission (SEC)	May 30, 2014
2014 Annual Corporate Governance Report (ACGR)	Securities and Exchange Commission (SEC)	January 20, 2015 (uploaded in the Company website)
2014 Corporate Governance Guidelines Disclosure Survey	The Philippine Stock Exchange, Inc. (PSE)	March 27, 2015
Revised Corporate Governance Manual	Securities and Exchange Commission (SEC)	July 16, 2015
2015 Annual Corporate Governance Report (ACGR)	Securities and Exchange Commission (SEC)	January 31, 2016 (uploaded in the Company website)
2015 Corporate Governance Guidelines Disclosure Survey	The Philippine Stock Exchange, Inc. (PSE)	March 31, 2016
2016 Annual Corporate Governance Report (ACGR)	Securities and Exchange Commission (SEC)	January 10, 2017 (uploaded in the Company website)
2016 Corporate Governance Guidelines Disclosure Survey	The Philippine Stock Exchange, Inc. (PSE)	March 31, 2017
Revised Corporate Governance Manual	Securities and Exchange Commission (SEC)	May 31, 2017

2017 Integrated Annual Corporate Governance Report (I-ACGR)	Securities and Exchange Commission (SEC) and The Philippine Stock Exchange, Inc. (PSE)	May 30,2018
2018 Integrated Annual Corporate Governance Report (I-ACGR)	Securities and Exchange Commission (SEC) and The Philippine Stock Exchange, Inc. (PSE)	May 30, 2019
2019 Integrated Annual Corporate Governance Report (I-ACGR)	Securities and Exchange Commission (SEC) and The Philippine Stock Exchange, Inc. (PSE)	June 1, 2020
2020 Integrated Annual Corporate Governance Report (I-ACGR)	Securities and Exchange Commission (SEC) and The Philippine Stock Exchange, Inc. (PSE)	June 23, 2021
Revised Corporate Governance Manual	Securities and Exchange Commission (SEC) and The Philippine Stock Exchange, Inc. (PSE)	May 14, 2021
Revised Corporate Governance Manual	Securities and Exchange Commission (SEC) and The Philippine Stock Exchange, Inc. (PSE)	August 13, 2021

SEC Memorandum Circular No. 15, Series of 2017 mandates all listed companies to submit an Integrated Annual Corporate Governance Report (I-ACGR) on May 30 of the following year for every year that such companies remain listed in the PSE, subject to such extension of the date of submission as may be allowed by the SEC. Beginning 2018, the I-ACGR replaced the ACGR and the PSE's Corporate Governance Disclosure Report.

In compliance with SEC Memorandum Circular No. 15 Series of 2017, RRHI submitted its I -ACGR (formerly known as the Annual Corporate Governance Report or the ACGR) for the year 2020 with the SEC and PSE on June 23, 2021 since the SEC extended the deadline for the submission of the I-ACGR.

Continuous improvement and monitoring of governance and management policies have been undertaken to ensure that RRHI observes good governance and management practices. This is to assure the shareholders that RRHI conducts its business with the highest level of integrity, transparency and accountability.

PART V – EXHIBITS AND SCHEDULES

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

List of Corporate Disclosures / Replies to SEC letters
Under SEC Form 17-C
January 1, 2021 to December 31, 2021

Date of Disclosure	Description
Jan. 4, 5, 6, 7, 8, 11, 12, 13, 14, 15, 18, 19, 20, 21, 22, 25, 26, 27, 28 and 29, 2021	Share Buy-back Transactions
Feb. 1, 2, 3, 4, 5, 8, 9, 10, and 11, 2021	Share Buy-back Transactions
Feb. 15, 2021	Changes in the Shareholdings of Mr. Lance Y. Gokongwei and Ms. Robina Gokongwei Pe as Directors and Principal Officers of RRHI Share Buy-back Transactions Press release – “Statement on the Disposition by Mr. Lance Y. Gokongwei of Shares of Robinsons Retail Holdings, Inc.”
Feb. 16, 2021	Press release entitled “GoRobinsons.ph adds Handyman and No Brand to E-commerce Portfolio” Share Buy-back Transactions
Feb. 17, 18, 19, 22, 23, and 24, 2021	Share Buy-back Transactions
Feb. 26, 2021	Extension of the Share Buyback Program for an additional Two Billion Pesos (Php 2,000,000,000.00) Press release entitled “Robinsons Retail Net Sales Hits Php151 billion in 2020 as E-commerce Sales Rise” Share Buy-back Transactions
March 1, 2, 3, 4 and 5, 2021	Share Buy-back Transactions
March 8, 2021	Press release entitled “Robinsons Retail Holdings, Inc. (RRHI) to buback additional P2.0 billion worth of shares” Share Buy-back Transactions
March 9, 10, 11, 12, 15, 16,17, 18, and 19, 2021	Share Buyback
March 22, 2021	Notice of Annual Meeting of Stockholders Share Buy-back Transactions
March 23, 24, 25, 26, 29, 30, and 31 2021	Share Buy-back Transactions
April 5, 6, 7, 8, 12, 13, 14, 15, 16, 19, 20, 21, 22, 23, and 26 2021	Share Buy-back Transactions

April 27, 2021	Declaration of a regular cash dividend and a special cash dividend Share Buy-back Transactions
April 17, 20, 21, 22, 23, 24, 27, and 28 2021	Share Buyback Transactions
April 28, 2021	Share Buy-back Transactions
April 29, 2021	Press release entitled "Robinsons Retail Net Income Reaches P945m in 1Q2021; E-commerce Sales Continues to Grow" Share Buy-back Transactions
April 30, 2021	Share Buy-back Transactions
May 3, 4, 5, 6, 7, 10, 11 and 12, 2021	Share Buy-back Transactions
May 14, 2021	Results of Annual Meeting of Stockholders Results of Organizational Meeting of the Board of Directors Share Buyback Approval of the revisions to the Corporate Governance Manual and adoption of such Corporate Governance Manual, as revised Share Buy-back Transactions
June 17, 18, 21, 23, 24, 25, 28 29, and 30 , 2021	Share Buy-back Transactions
July 2, 5, 6, 7, 8, 9, 12, 13, 14, 15, 16, 19, 21, 22, 23, 26, 27, and 28, 2021	Share Buy-back Transactions
July 30, 2021	Election of a Director and Appointment of a member of the Audit Committee
Aug. 4, 2021	Press release entitled "Robinsons Retail Registers Sales and Net Income Improvement in 2Q2021"
Aug. 9, 10, 11, and 12, 2021	Share Buy-back Transactions
Aug. 13, 2021	Creation of the Audit and Risk Oversight Committee Approval of the revisions to the Corporate Governance Manual and adoption of such Corporate Governance Manual, as revised Share Buy-back Transactions
Aug. 16, 17, 19, 20, 23, 24, 25, 26, 27 and 31, 2021	Share Buy-back Transactions
Sept. 1, 2, 3, 6, 7, 8, 9, 10, 13, 14, 15, 16, 17, 2021	Share Buy-back Transactions
Sept. 20, 2021	Press release entitled "Robinsons Retail Opens 870th Drugstore" Share Buy-back Transactions
Sept. 21 and 22 2021	Share Buy-back Transactions
Sept. 23, 2021	Press release entitled "Robinsons Retail Appoints New Managing Director for Supermarket Segment" Share Buy-back Transactions
Sept. 24, 27, 28, 29, and 30, 2021	Share Buy-back Transactions
Oct. 1, 4, 5, 6, 7, 8, 11, 12, 13, 14, 15, 18, 19, 20, 21,	Share Buy-back Transactions

22, 25, 26, 27, 28, and 29 2021	
Nov. 2, and 3 2021	Share Buy-back Transactions
Nov. 4, 2021	Press release entitled “Robinsons Retail Net Income up 38.7% in 3Q2021”
Nov. 9, 10, 11, 12, 15, 16, 17, 18, 19, 22, 23, 24, 25, 26 and 29, 2021	Share Buy-back Transactions
Dec. 1, 2, 3, 6, 7, 9, 10 and 13, 2021	Share Buy-back Transactions
Dec. 14, 2021	Dissolution of Non Operating Subsidiaries of Robinsons Retail Holdings, Inc. Share Buy-back Transactions
Dec. 15, 16, 17, 20, 21, 22, 23, 24, 27, 28, 29 and 31, 2021	Share Buy-back Transactions

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Quezon on March 28, 2022.

By:

LANCE Y. GOKONGWEI
Chairman of the Board

ROBINA GOKONGWEI PE
President and Chief Executive Officer

MYLENE A. KASIBAN
Chief Financial Officer

ROSALINDA F. RIVERA
Corporate Secretary

GRACIELA A. BANATAO
Treasurer

SUBSCRIBED AND SWORN to before me this _____ day of 2 8 MAR 2022 affiant(s) exhibiting to me his/their Residence Certificates, as follows:

NAMES	RES. CERT. NO.	DATE OF ISSUE	PLACE OF ISSUE
LANCE Y. GOKONGWEI	P0870174A		
ROBINA GOKONGWEI PE	0003-7860984-5		
MYLENE A. KASIBAN	DO4-97-108149		
ROSALINDA F. RIVERA	33-2484959-1		
GRACIELA BANATAO	DO6-06-255881		

Notary Public

ATTY. GILBERT S. MILLADO, JR.
Roll No. 45039
Notary Public
Until June 30, 2022
110 E. Rodriguez Jr. Ave., Bagumbayan, Quezon City
PTR No. 2463284; January 03, 2022; Quezon City
IBP No. 168679; December 28, 2021; CALMANA
TIN No. 166-215-465
Commission Adm. No. 391 (2019-2020)
MCLE Compliance VI-0027451; June 24, 2019
Commission Extended until June 30, 2022
SC EN BANC B.M. No. 3795

Doc. No. 493;
Page No. 100;
Book No. 1;
Series of 2022.

SUSTAINABILITY REPORTING ANNEX

2021

Annex A: Reporting Template

(For additional guidance on how to answer the Topics, organizations may refer to Annex B: Topic Guide)

Contextual Information

Company Details	
Name of Organization	Robinsons Retail Holdings, Inc.
Location of Headquarters	43F Robinsons Equitable Tower ADB Avenue corner Poveda St. Ortigas Center, Pasig City, Metro Manila, Philippines
Location of Operations	Nationwide Operations
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Robinson's Supermarket Corporation; Robinson's Handyman Inc.; Robinsons True Serve Hardware Philippines Inc.; South Star Drug Inc.; Rose Pharmacy, Inc., TGP Pharma Inc.; Robinsons Appliances Corp.; and Robinsons Daiso Diversified Corp.
Business Model, including Primary Activities, Brands, Products, and Services	Multi-format Retailing including supermarkets, department stores, drugstores, do-it-yourself stores, and specialty stores. *Please see Business and General Information in RRHI 2021 SEC 17A.*
Reporting Period	January 1, 2021 to December 31, 2021
Highest Ranking Person responsible for this report	Gina Roa-Dipaling Vice President for Corporate Planning and Investor Relations Officer and Sustainability Head

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]
The Company generated its material topics by probing the impacts of its business units along its key business activities – from product sourcing to empowering our employees and customers, to giving access to quality goods, and determined to scope of this report to cover subsidiaries with the most material contributions to the continuity of our operations. The material topics were validated through workshops with key officers from the Company's business units and engagement with major stakeholder groups. For our selection of stakeholders affected, we also based this on the principle on to whom the material topic is most material and directly influential to their interests.

ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount (in millions)	Units
Direct economic value generated (revenue)	155,013.2	PhP
Direct economic value distributed:		
a. Operating costs	139,283.0	PhP
b. Employee wages and benefits	9,802.3	PhP
c. Payments to suppliers, other operating costs	Already included in operating cost	Php
d. Dividends given to stockholders and interest payments to loan providers	3,306.0	PhP
e. Taxes given to government	1,743.7	PhP
f. Investments to community (e.g. donations, CSR)	37.6	PhP

**Dividends + interest payments*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The economic value generated from the Company's activities primarily affect the economic conditions of the areas where it operates. Its operations and supply chain allow the Company to directly and indirectly support employment and foster a sophisticated system of partners	• Suppliers • Employees • Government • Communities • Customers • Shareholders	Robinsons Retail Holdings, Inc. aims to retain its position as one the largest multi-format retailer in the Philippines catering to the broad middle-income market. It plans to expand its store network across its retail formats with focus on regions outside of Metro Manila where modern retail penetration is still

[1] See *GRI 102-46* (2016) for more guidance.

and suppliers from across various entrepreneurial backgrounds, from big manufacturers to small and medium enterprises for both the trade and non-trade needs of its businesses. As it conducts its day-to-day processes, the Company believes that it positively contributes to economic growth and social mobility among its affected stakeholders.		low. Aside from organic expansion, part of its strategy is to participate in the market's consolidation by entering into mergers and acquisitions in existing and complementary retail formats. Robinsons Retail targets consistent sales growth while improving margins to ensure sustainability of operations. Throughout 2020 and 2021, the Company implemented its Share Buy Back Program totaling Php4.0bn to protect and sustain shareholder value. For its shareholders, the Company increased the annual cash dividend payout ratio of 89.4 percent in 2021 from 40 percent in 2020 of its audited consolidated net income for the preceding fiscal year subject to compliance with the requirements of applicable laws and regulations, the terms and conditions of its outstanding loan facilities and the absence of circumstances which may restrict the payment of such amount of dividends, including, but not limited to, instances wherein the Company proposes to implement and undertake major projects and developments through its subsidiaries.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Please see Risks in RRHI 2021 SEC Disclosure 17-A.	• Suppliers • Employees • Government • Communities • Customers • Shareholders	RRHI operates as a multi-format stakeholder with a diverse portfolio offering the market both staple and discretionary goods and services. It also has strong financial foundations to continue operations and remain resilient. It has also developed business continuity plans to protect its assets and has a dedicated Enterprise Risk Management

		Team overseen by the Board of Directors of the Company. Please see: http://www.robinsonsretailholdings.com.ph/corporate-governance/enterprise-risk-management
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
The Company has identified the following opportunities: • Store expansion into underpenetrated cities and municipalities • E-commerce and digital investments • Strategic synergies with partners and affiliates • Mergers & Acquisitions • Better margins through increased scale • Deepening involvement in sustainable initiatives	• Suppliers • Employees • Government • Communities • Customers • Shareholders	RRHI crafts long-term objectives and goals, which includes strengthening its business development for store expansion and identification of key areas for efficiency within its business. It also looks towards data-driven decision making, especially in bolstering its loyalty programs, efficiency in supply chains and operations, and collaborative initiatives with partners for sustainability.

Climate-related risks and opportunities[2]

RRHI commits to a target of reducing GHG intensity by 20% by 2030, measured as GHG emissions relative financial performance in terms of revenue. In compliance to requirements of the Department of Energy, the Company closely monitors its facilities that cross the electricity consumption threshold and seeks ways to reduce greenhouse gas (GHG) emissions, with annual target of 5-10% in absolute reduction in consumption for these facilities. Under our Supermarket Segment, the Company will also pursue initiatives to reduce energy intensity by 10% through more energy-efficient materials and equipment in stores, as well as the usage of lower impact refrigerants. The Supermarket Segment likewise continues its Farm to Table Program, which encourages sustainable practices in production as it sources fresh produce from smallhold farmers as fair trade prices.

In 2021, the Company underwent capacity building for its key officers in Science-Based Targets initiative (SBTi) and Enterprise Risk Management, taking into account relevant Climate Issues and trends in sustainability that are material to the business. Using learnings from SBTi, the Company is reinforcing its data-collection efforts to serve as a baseline for target-setting, and is conducting further studies internal for feasible opportunities for absolute reduction that are aligned with the Paris Agreement. The Company also considers the Task Force on Climate-Related Financial Disclosures (TFCD) Framework to further improve its disclosures over time, where it takes into consideration the key areas of Governance, Strategy, Risk Management, and Targets and Metrics to guide management in its approach to Climate Action. Acknowledging that Sustainability is indeed a material aspect of governance, in 2021, RRHI's Board Committee on Corporate Governance was changed to Corporate Governance & Sustainability, which oversees material ESG issues and how they affect the business in the long-term.

The Company recognizes the relevance of climate-related risks and opportunities in its conduct of business. As part of its risk management exercises, its business units conducted preliminary studies on its facilities that may be affected by adverse weather conditions and what structures it has in place to mitigate both financial and physical risks to assets and personnel. At present, it mitigates the effects of typhoon-affected stores and buildings through insurance systems, a standard procedure to assist affected personnel and communities during disaster-response activities, and it also supports initiatives that promote climate-resilience.

In terms of opportunities, as a retailer, the Company constantly seeks potential partnerships to manage environmental impact, such as those to further strengthen its knowledge-base on climate risk-mitigation, explore potential contributions for renewable energy, and waste management and diversion. It also sees potential opportunities in further promoting sustainable lifestyles through its assortment of energy-efficient products for consumers, as well as sustainably sourced merchandise with lower environmental impact.

[2] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

As part of its monitoring activities, RRHI has been continually implementing energy-saving practices over the past years in select areas of our operations, such as the shift to energy-efficient bulbs in our stores, inverter technology air-conditioners, and refrigeration systems that make use of refrigerants that have less impact on the environment. While RRHI is not water-intensive as a business, it also acknowledges the importance of reducing water consumption and implements daily maintenance checks on its facilities.

Enterprise Risk Management

In 2021, RRHI expanded its Enterprise Risk Management (ERM) for key officers of the company and is currently in the process of crafting a comprehensive Enterprise Risk Management Policy. The policy provides the framework for managing risks across RRHI. It promulgates and encourages the adoption of a standard risk evaluation process, which properly identifies, analyzes, evaluates, treats and monitors risks that affect the achievement of the Company's business objectives. It also contains the fundamental policies to guide all RRHI employees, including Senior Management and the Board of Directors, who are directly or indirectly involved in the strategic, operations, compliance and financial activities of the Company.

In RRHI, risks are categorized as Strategic, Financial, Operational, Reputational, People, Legal and Governance and Digital. RRHI's ERM Committee has been created to review and assess the enterprise risks and to come up with plans and mitigation strategies. This helps set the tone of the ERM process of the Company which is incorporated in the formulation of the Company's strategies and objectives by Senior Management.

The Chief Risk Officer (CRO) is in charge of ensuring that all risk management strategies, including the identification of risks and mitigation strategies are implemented monitored at the business unit and enterprise level The detailed identification and assessment of risks by the business unit risk owners play a crucial role in ensuring that the ERM policy of the Company is effectively carried out.

RRHI uses the Committee of Sponsoring Organizations (COSO) 2017 Framework in its risk management, which has the following key areas: Governance and Oversight, Strategy and Objective-Setting, Performance, Review and Revision, and Information, Communication & Reporting. A quarterly review and reporting of identified issues and equivalent resolution conducted by the Company's Internal Audit and Financial Systems and Controls guarantees that all concerns are addressed, monitored and communicated to all concerned parties in a timely manner.

ERM Board Oversight

The Board of Directors and its various committees receive updates from the ERM Committee, Senior Management and key risk functions regarding enterprise risk management issues and mitigation strategies related to our businesses including active and potential litigation and reputational risks.

The ERM Committee, led by the CRO, reviews and assesses the identified enterprise risks in order to formulate plans, establish mitigation strategies and institutionalize monitoring processes both at the business unit and enterprise level.

Members of the Senior Management establishes internal controls and executes procedures to identify, assess and manage events that may pose a risk to the business units of the Company. Related risk functions and risk owners are likewise tapped to analyze risks and how to mitigate and resolve them.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	*99.3*	*%*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Procurement of goods and services from local suppliers is crucial to sustaining the core operations of RRHI. It impacts livelihood and access to goods for end consumers. For this disclosure, "local suppliers" are defined as Philippine-based companies and businesses, including distributors with import licensees for foreign products, and defines "non-local suppliers" as those it directly engages for imports of foreign products. The Company imports directly through its subsidiary, Robinsons Supermarket Corporation, and total importations constitute 0.7% of payments to suppliers and other operating costs. RRHI's supply chain represents many retailers, ancillary businesses and various service providers who in turn	• Suppliers • Employees • Customers • Communities	RRHI's Business Units directly engage suppliers through its Merchandising and Operations Departments, and through the Marketing Departments for joint programs and promotions. Through its stakeholder engagement and internal assessments, RRHI has identified the Procurement terms, Payment schedule, and availability of stocks for fast moving items as relevant issues that the Company closely monitors with its suppliers. RRHI values collaboration to achieve mutually-beneficial terms with our suppliers. For more information, please see page 40 of the 2018 RRHI Sustainability Report. *Please see:* • Supplier Accreditation Policy: http://www.robinsonsretailholdings.com.ph/corporate-

provide businesses and employment to various other groups.		governance/supplier-accreditation-policy or *http://www.robinsonsretailholdings.com.ph/download.php?file=media/files/2020/Supplier%20Accreditation%20Policy.pdf* • Pages 34-45 of the 2018 RRHI Sustainability Report: *http://www.robinsonsretailholdings.com.ph/download.php?file=media/files/2018/RRHI18SR_FA.pdf*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
RRHI has identified the following risks under the material topic: • Quality Assurance and Control for procured products • Capacity to supply and replenish items for store • Proper waste disposal of bad items	• Suppliers • Customers	RRHI has a supplier accreditation policy to assure that suppliers have the capacity to meet the demands of the business at consistent quality. Goods and stores are also monitored by quality assurance officers. It also has standard store procedures on the proper disposal of waste and expired items. *Please see:* • Supplier Accreditation Policy: http://www.robinsonsretailholdings.com.ph/corporate-governance/supplier-accreditation-policy or *http://www.robinsonsretailholdings.com.ph/download.php?file=media/files/2020/Supplier%20Accreditation%20Policy.pdf* • Pages 34-45 of the 2018 RRHI Sustainability Report: *http://www.robinsonsretailholdings.com.ph/download.php?file=media/files/2018/RRHI18SR_FA.pdf*

What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
RRHI has identified the following opportunities under the material topic: • Greater involvement with small and medium enterprises • Introducing the market to high-quality locally sourced products • Improved demand forecasting	• Suppliers • Customers	RRHI aims to forecast demand more accurately to maintain a just-in time inventory system. This, in return, increases supply efficiency as goods arrive only when they are needed. RRHI's distribution centers follow a cross-docking system, where goods from suppliers are consolidated and sent to RRHI's stores in a strict, time-bound manner. This enables the faster delivery of products and reduces the unnecessary maintenance of stocks.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	%
Percentage of directors and management that have received anti-corruption training*	73	%
Percentage of employees that have received anti-corruption training	100	%

**Board of Directors and Senior Management who have undergone AMLA Training.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The impact occurs across multiple touchpoints in the company's commercial operations, where its employees are primarily involved. As a large multi-format retailer, RRHI transacts with multiple stakeholders and safeguards its financial and physical assets against corruption through a culture of integrity and accountability.	• Employees	RRHI has anti-corruption policies and programs contained within its Corporate Governance manual, which are disseminated with the publication of RRHI Annual Report, which is accessible online. Through the Robinsons Retail Academy's New Employees Orientation (Program), the Company's Code of Ethics and Discipline is discussed as part of the onboarding process. Through this,

		employees are also made aware of stipulated rules on potential disciplinary actions from offenses. In 2020, the Company also increased the number of its Independent Director from two (2) to four (4) out of the nine (9) Board of the Directors. The shift in board composition is strategic to the Company's long-term plans as it benefits from the expertise of its members and fosters impartial insight to protect stakeholder interests, including minority shareholders. The inclusion of Independent Directors and their position as Chairpersons in a number of Board Committees is also in line with RRHI's adaptation of global best practices for listed corporations.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The company identifies potential incidences of corruption across its workforce.	• Employees	The Company relies on the strict implementation of checks and balances across its operational and administrative processes to monitor and track all material transactions. Its Internal Audit procedures and policies, as well as engagement with reputable external auditors, are significant measures to ensure clarity and traceability in Finance and Operations.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
No identified opportunities.	*Not applicable.*	*Not applicable.*

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
No material impacts.	*Not applicable.*	*Not applicable.*
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
No identified material risks.	*Not applicable.*	*Not applicable.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
No identified material opportunities.	*Not applicable.*	*Not applicable.*

Whistle-Blowing Policy

Whistleblowing refers to the act of filing a written complaint/report, by an employee, a business partner of the Company or other stakeholder who, in good faith, reasonably believes that an employee or business partner or stakeholder violated Company policies, or committed any unlawful act or omission or one that is similar to or in the nature of a corrupt practice, unethical behavior, malpractice, misconduct, irregularity or any risk affecting the Company or is aware of any irregularity or circumstances that may have an adverse effect on the Company.

The Company is committed to conduct business according to the highest ethical and legal standards. In line with this commitment, RRHI encourages employees and business partners to raise concerns about any aspect of the business operation, such as concerns involving actual or suspected violations of Company policies, its code of conduct, criminal or unlawful acts or omissions, and instances when an act or omission endangers the health and safety of the employees.

The policy protects the Whistleblower against any form of retaliation, and it applies to all employees of the Company, employees of third party service providers, on the job trainees, business partners and other stakeholders of the Company, its subsidiaries and affiliates.

ENVIRONMENT

Resource Management

Energy consumption within the organization:

Disclosure	2019	2020	2021	Units
Energy consumption (electricity)*	201,262,399.78	239,769,175.61	286,508,318.58	kWh
Fuel Consumption from Company-Owned Vehicles (gas)	188,565.96	161,340.59	178,413.82	Liters
Fuel Consumption from Company-Owned Vehicles (diesel)	129,584.35	156,253.22	164,943.88	Liters

**Excludes Ministop as data collection for the format is currently ongoing*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company relies on energy and fuel for its daily operations and across its supply chain. Energy is sourced primarily from the local electrical grid that services areas where the Company's stores operate. RRHI relies on fuel as well for its company-owned vehicles for management and key officers, as well as its own fleet of delivery trucks for services not outsourced to third party truckers. RRHI's format that has the largest consumption of electricity is its Supermarket Segment, due to the size of its stores and the need for refrigeration equipment, representing around 80% of total consumption. For comparability over the periods stated, the scope of the data for electricity consumption above excludes consumption from Ministop, RRHI's convenience store format, which is currently undergoing a	• *Suppliers* • *Employees* • *Customers*	At present, RRHI implements energy-saving practices such as maintenance and conversion to energy efficient materials and appliances, such as LED bulbs, inverter technology airconditioners, and refrigeration systems with less impact on the environment. The Company also closely monitors compliance requirements from the Department of Energy on standardized measures for energy and resources, especially for sites that may cross the materiality threshold on required disclosures for the agency.

comprehensive review of consumption for more reliable data collection.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
RRHI has identified potential increased emissions with increased scale and for stores and distribution centers that have not yet converted to energy efficient technologies.	• *Suppliers* • *Employees* • *Customers*	The Company is setting developing action plans to reduce the dependence on high-intensity equipment across its operations. Its Engineering Department spearheads initiatives on the conversion to energy efficient equipment which use less energy and make use of refrigerants with a lower carbon footprint once old equipment reach their end-of-life usage.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
RRHI has identified the following opportunities under the material topic: • Scaling sustainable technologies in more stores and distribution centers • Renewable energy • Waste-to-energy initiatives	• *Suppliers* • *Employees* • *Customers*	The Company is exploring the potential of renewable sources of energy for its sites of operations, specifically buildings which it directly manages, such as the Robinsons Townville Community Malls, Shopwise hypermarkets, and standalone Robinsons Supermarket and The Marketplace stores. The Company has also implemented more comprehensive monitoring mechanisms for energy consumption.

Water consumption within the organization

Disclosure	2019	2020	2021	Units
Water consumption	688,514.40*	1,072,384.63	1,088,704.47	Cubic meters

*2019 data excludes consumption from Shopwise and The Marketplace due to the unavailability of data.

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
As a retailing company, RRHI's core operations are not water intensive as compared to other businesses	• Employees	Water consumption is monitored and daily maintenance and monitoring of

and sources water through local third-party lines. The company primarily consumes water through employee lavatories and maintenance of cleanliness in work areas and stores.		office pipes is conducted to address leakage.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
No identified material risks to core operations.	*Not applicable.*	*Not applicable*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
RRHI has identified the following opportunities under the material topic: • Water-recycling facilities • Waterless urinals • Water saving campaigns	• Employees • Communities	RRHI is exploring possible implementation of water-saving facilities across its stores, distribution centers, and headquarters.

Materials used by the organization

Disclosure	2019	2020	2021	Units
Materials used by weight or volume				
• renewable	3,040	2,227	3,319	Metric tonnes
• non-renewable	1,424	891	907	Metric tonnes

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
RRHI's business operations rely on the paper and plastic as primary materials for packing goods at the point of sale, which consumers will transport to their homes. The scope of this disclosure includes estimates of weighted plastics and	• Consumers • Government	RRHI considers packaging of goods, which it procures from third party suppliers, in its material usage since it does not manufacture goods in its primary business of retail. The Company approaches material efficiency from both the perspective of compliance and

<table>
<tr>
<td>paper (renewable) and plastic (non-renewal) bags centrally procured for the Company’s most material business segments: supermarkets, department stores, and DIY stores; with further studies being undertaken to estimate the materials footprint of the company across its other subsidiaries and sites of operation.</td>
<td></td>
<td rowspan="5">customer engagement. It mitigates potential risks under the material topic through compliance as a basic level of mitigation and observes strict adherence with the pertinent regulations on using plastic and paper from local governments of its stores. Likewise, it informs and encourages customers to reduce uncontrolled waste disposal through initiatives that divert waste from the natural environment into usable recycled items, such as the “Easy on Plastic” and “Green Fund” projects. The company also has contracts with recyclers, and is in talks for alternative packaging and customer engagement opportunities, as well as crafting comprehensive waste/material tracking system to manage the Company’s solid waste footprint.

Digitalization also plays a key-role in resource management for RRHI. The Company’s Shared Services Departments also implemented resource reduction initiatives, with less reliance on paper across transactions and investment in printing equipment that make use of less ink and materials. The Business Unit Marketing Departments have likewise reduced dependence on printed collaterals in favor of Digital Marketing.</td>
</tr>
<tr>
<td>What are the Risk/s Identified?</td>
<td>Which stakeholders are affected?</td>
</tr>
<tr>
<td>RRHI has identified the following risks under the material topic
Policy/legislative risks through sanctions
Environmental risks of plastic leakage</td>
<td>Consumers
Government</td>
</tr>
<tr>
<td>What are the Opportunity/ies Identified?</td>
<td>Which stakeholders are affected?</td>
</tr>
<tr>
<td>RRHI has identified the following opportunities under the material topic:
Searching for viable alternatives to plastic
Conducting life-cycle analysis on alternative packaging
Sourcing less resource intensive and invasive materials
Identifying the recyclability of materials used by the company</td>
<td>Consumers
Government</td>
</tr>
</table>

Environmental impact management

Air Emissions

GHG

Disclosure	2019	2020	2021	Units
Scope 1 GHG Emissions (fuel from Company-Owned Vehicles)	719.10	724.57	782.36	Tonnes CO_2e
Scope 2 GHG Emissions (electricity)	134,075.87	162,654.93	198,776.33	Tonnes CO_2e

Environmental compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	*n/a*	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	*n/a*	#
No. of cases resolved through dispute resolution mechanism	*n/a*	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Which stakeholders are affected?**	**Management Approach**
The potential impact is environmental in nature and would occur on a per location basis (e.g. stores), with some stores having pending cases on environmental compliance, albeit not breaching the Company's materiality threshold RRHI has in place an Environment, Health and Safety Policy that considers measures to mitigate any potential issues under the topic.	*Not applicable.*	Please see the Gokongwei Group of Companies' EHS Policy: http://www.robinsonsretailholdings.com.ph/corporate-governance/corporate-environment-health-and-safety-policy
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
No identified material risks	*Not applicable.*	*Not applicable.*
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
No identified material opportunities	*Not applicable.*	*Not applicable.*

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee data

Disclosure	2019	2020	2021	Units
Total number of employees[3]	20,447	18,555	20,535	#
a. Number of female employees	14,372	13,149	14,629	#
b. Number of male employees	6,075	5,406	5,906	#
Voluntary Attrition rate	24%	14%	9%	rate

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	100%	100%
PhilHealth	Y	100%	100%
Pag-ibig	Y	100%	100%
Parental leaves	Y	0.24%	0.86%
Vacation leaves	Y	83%	26%
Sick leaves	Y	67%	21%
Medical benefits (aside from PhilHealth))	Y	63%	26%
Housing assistance (aside from Pag-ibig)	N		
Retirement fund (aside from SSS)	Y	0.09%	0.06%
Further education support	N		
Company stock options	N		
Telecommuting	N		
Flexible-working Hours	N		
(Others)			

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Benefits and compensation are key factors in determining employee satisfaction and talent retention for RRHI to maintain its operations. As of end 2020, the number of direct hire employees was reduced due to manpower rationalization as a consequence of COVID-19.	The Company abides by safety, health, and welfare standards and policies set by the Department of Labor and Employment. Likewise, the Company has Security and Safety Manuals that are implemented and regularly reviewed to ensure the security, safety, health, and welfare of the employees in the work place. The Company

[3] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

	has worked with healthcare providers in identifying top diseases based on utilization report and has invited resource speakers to talk about preventive measures. To ensure the safety of the Company's employees, a Corporate Emergency Response Team (CERT) has been created that will be activated and will become the "command center", orchestrating initiatives across the conglomerate during a crisis. Also, the CERT shall be responsible for the periodic review of contingency plans and the institution's emergency preparedness and response procedures to ensure that effective responses and responsible policies are in place to deal with crisis or emergency situations.
What are the Risk/s Identified?	**Management Approach**
RRHI has identified the following risks under the material topic: • Attrition • Employee poaching from competitors	RRHI believes that adequate compensation and above-average benefits are effective strategies for talent acquisition and retention. The Company benchmarks it rates against industry standards and ensures that it is aligned with the 25th percentile in the general industry salary structure. RRHI also provides benefits beyond what is mandated by the government. These include transport services, assistance and allowance package, loans, and various other incentives.
What are the Opportunity/ies Identified?	**Management Approach**
RRHI sees increased engagement with a younger employee base is an opportunity for talent retention, as well as gaining deeper insight into factors that contribute to attrition.	RRHI is exploring ways to grow and retain talent by understanding the culture and priorities of a new breed of Millennial and Generation Z employees through open lines of communication between employees and their immediate supervisors, as well creating an inclusive and flexible work environment that allows employees to create their own work routines and methods for productivity.

Employee Training and Development

Disclosure	2019	2020	2021	Units
Total training hours provided to employees				
a. Female employees	147,815	95,021	83,770.15	hours
b. Male employees	54,776	28,884	40,537.47	hours
Average training hours provided to employees				
a. Female employees	17.4	9.7	5.5	hours/employee
b. Male employees	14.6	11.7	6.4	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
RRHI's training and development programs have led to substantial career growth among its employees, with internal promotions influencing performance from training programs. The Company believes career development is crucial in employee retention, and that employees should be empowered to feel that the successes of the company are their successes as well. The reduction in training hours was due to community lockdowns and in prohibitions in conducting face-to-face training programs. However, the Company implemented online-based courses to continue learning and development, with special attention to adjusting to the new normal of distance learning, familiarization with Microsoft Teams, and resilience and safety during the pandemic.	Robinsons Retail Holdings, Inc. has always been a believer of what continuous learning and development can do for its people and its businesses. Through various Learning and Development (L&D) activities, employees are provided with opportunities to develop, enhance, and enrich themselves with the skills sets they need to perform their roles effectively and efficiently in support of Robinsons Retail's overall vision and mission. Through the Robinsons Retail Academy, the training arm of the entire Retail group, employees have a year-round access to different programs, from basic courses offered to all employees to highly specialized curricula offered to a targeted group. The major programs being implemented by the academy include: • Leadership courses from LinkedIn were introduced to empower Leadership through the pandemic. • CORE, Curriculum on Retail Excellence, is a two-semester offering of basic soft skills courses for all regular employees of the subsidiaries. • STEP, Store Trainee Enhancement Program, is RRHI's Junior Management Traineeship program aimed at developing our future store supervisors.

	• SMART, Store Manager's Required Training, is a highly customized 6-day curriculum for the most critical talent in operations – our store managers. • SMILE, Service Mileage, is our stores' campaign to continuously deliver excellent service to our customers. • General Training includes assemblies, strategy planning, exclusive learning and team collaboration sessions.
What are the Risk/s Identified?	**Management Approach**
RRHI has identified the following risks under the material topic: • Attrition • Employee poaching from competitors	RRHI believes that adequate compensation and above-average benefits are effective strategies for talent acquisition and retention. The Company benchmarks it rates against industry standards and ensures that it is aligned with the 25th percentile in the general industry salary structure. RRHI also provides benefits beyond what is mandated by the government. These include transport services, assistance and allowance package, loans, and various other incentives not offered by other retail groups.
What are the Opportunity/ies Identified?	**Management Approach**
RRHI has identified the following opportunities under the material topic: • Expansion of the scope of Robinsons Retail Academy's Training Programs • Monitoring the training progress of employees • Using a data-driven approach to craft training programs for RRHI employees	Every year, RRHI conducts a Training Needs Assessment, the results of which serve as the basis of RRHI Human Resources and Robinsons Retail Academy, the training arm of RRHI, to design and develop new learning and further development opportunities.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	1,534*	%
Number of consultations conducted with employees concerning employee-related policies	Not monitored.	#

*Employees in Rose Pharmacy covered with CBA

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
RRHI's Labor Management Relations impact its operations and carries implications on employee welfare.	RRHI strives to create open channels of communication between employees and their supervisors, and safe spaces to discuss issues, inquiries, and ideas among peers at the workplace. As one of its Key Strategic Pillars, *Development of People,* the Company nurtures a work environment that supports the growth of employees. RRHI maximizes its people's potential for success by strengthening the prevailing culture of mutual respect and collaboration at the workplace.
What are the Risk/s Identified?	
RRHI has identified the following risks under the material topic: • Limited visibility on employee issues • Attrition	
What are the Opportunity/ies Identified?	
RRHI has identified the following opportunities under the material topic: • Monitoring employee consultation • Communicating company policies on grievance mechanisms	

Diversity and Equal Opportunity

Disclosure	2019	2020	2021	Units
% of female workers in the workforce	70.3	70.9	71.2	%
% of male workers in the workforce	29.7	29.1	28.8	%
% of female workers in executive level positions	53.2	57.1	63.0	%
% of male workers in executive level positions	46.8	42.9	37.0	%
% of female workers in managerial & supervisory roles	62.8	64.8	66.9	%
% of male workers in managerial & supervisory roles	37.2	35.2	33.1	%
% of female workers in rank & file positions	74.0	74.7	74.2	%
% of male workers in rank & file positions	26.0	25.3	25.8	%
Number of employees from indigenous communities and/or vulnerable sector*	22	23	23	# of PWD employees in SSD

**Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).*

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>RRHI's employee base is female-dominated, with around 70% of positions occupied by women, both for the overall workforce and managerial positions. Leadership of the company is also female-led with its President and CEO, Robina Gokongwei-Pe. A number of its other high-ranking officers are also female.</td><td>RRHI's hiring process and organizational culture takes an objective, non-gendered approach to determining compensation rates of its employees, from the hiring process to the onboarding of the employee. Compensation rates are also merit and qualification-based, and benchmarked with industry rates.</td></tr>
<tr><th>What are the Risk/s Identified?</th><th>Management Approach</th></tr>
<tr><td>No identified material risks.</td><td>Not applicable.</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th><th>Management Approach</th></tr>
<tr><td>RRHI has identified the following opportunities under the material topic:
Enhanced facilities for mothers
Identifying potential gender-based issues</td><td>Although the current organizational culture of RRHI has strived to be gender-inclusive, the Company sees opportunities to further articulate its standards on non-discrimination through publicly-accessible policies.</td></tr>
</table>

Recognition for Gender Equality

RRHI constantly strives to foster inclusive spaces where anyone can prosper regardless of gender. At present, Robinsons Retail's employee base is composed of 70% women, with female employees fulfilling leadership roles across all levels of management, including the Chief Financial Officer, Corporate Secretary, Head of Corporate Planning, Investor Relations and Sustainability; and six out 11 of our Business Unit Heads.

In 2021, the Company was recognized by Corporate Women Directors International (CWDI) as one of the World's top 10 companies led by women. CWDI is a nonprofit organization based in Washington, which surveyed nearly 3,000 companies in 55 countries to generate baseline data on women in leadership roles.

More recently, on January 26, 2022, RRHI marked its inclusion in the Bloomberg LP Gender Equality Index (GEI) 2022, which is based on the social data of companies in 2020. The GEI is a modified market capitalization-weighted index that aims to track the performance of public companies committed to transparency in gender-data reporting across five dimensions: female leadership & talent pipeline; equal pay and gender pay parity; inclusive culture; anti-sexual harassment policies; and pro-women brand. The current list is comprised of 418 companies across 11 sectors and 45 countries were included in the list, with Robinsons Retail being one of only four Filipino companies in the 2022 GEI.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	2019	2020	2021	Units
Safe Man-Hours	5,308,992*	42,034,368	*51,419,640*	Man-hours
No. of work-related injuries	10	10	0	#
No. of work-related fatalities	0	0	0	#
No. of work related ill-health	0	0	0	#
No. of safety drills	2	0	0	#

*2019 data only covers Head Office Operations, while 2020 and 2021 data encompasses all major Business Units of the Company.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Occupational Health and Safety impacts the welfare of RRHI's employees and their capacity to work for the company.	The Company recognizes and accepts its statutory responsibility to provide safe and healthy working conditions for employees, customers and other stakeholders who visit the Company's premises, patronize its establishments, shop or dine its stores or may be affected by its activities. *Please see:* • Stakeholders Health, Safety and Welfare Policy: http://www.robinsonsretailholdings.com.ph/download.php?file=media/files//Health%20Safety%20and%20Welfare%20Policy.pdf or http://www.robinsonsretailholdings.com.ph/corporate-governance/stakeholders-health-safety-and-welfare
What are the Risk/s Identified?	
RRHI has identified the following risks under the material topic: • Work-related accidents and injuries leading to permanent disability or fatality • Occurrence of Fire Emergencies	
What are the Opportunity/ies Identified?	**Management Approach**
No identified material opportunities.	*Not applicable.*

Labor Laws and Human Rights

Disclosure	Quantity	Units

No. of legal actions or employee grievances involving forced or child labor	0	#

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g. harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	
Child labor	N	
Human Rights	N	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The topic impacts the welfare of RRHI's employees as they are hired and work for the company.	At present, the Company complies with applicable laws and regulations on employee welfare, the Labor Code, and has grievance and communications mechanisms in place to get in touch with management. RRHI is in the process of crafting policies that specifically addresses these areas of human rights and labor. Please see • Company Policies tab under http://www.robinsonsretailholdings.com.ph/corporate-governance/manual-1
What are the Risk/s Identified?	
RRHI has identified the following risks under the material topic: • Potential Human rights and labor violations within the company • Reputational risks	
What are the Opportunity/ies Identified?	**Management Approach**
No identified material opportunities.	*Not applicable.*

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Yes.

Please see:

http://www.robinsonsretailholdings.com.ph/corporate-governance/supplier-accreditation-policy

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the supplier policy
Environmental performance	N	n/a
Forced labor	N	n/a
Child labor	N	n/a
Human rights	N	n/a
Bribery and corruption	N	n/a

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Management Approach</th></tr>
<tr><td>RRHI's Supply Chain impacts the availability of stocks sold in its stores. It involves the Company's network of suppliers and service providers, which are crucial in its operations, as well as the welfare of workers across the supply chain.</td><td rowspan="6">RRHI presently has an accreditation policy that primarily qualifies suppliers based on their capacity to operate and supply the quality and quantity demands of the business, as well as pertinent documentation and government permits on their license to operate where applicable.

The Company is currently benchmarking the quality of its disclosures on relevant supply chain issues with compliance to laws and with the policies of regional peers, as long as they are deemed material to the nature of the business. It is currently crafting policies that further articulate commitments on fostering inclusive internal environments in terms of human rights and child labor, as well as encouraging the same among its suppliers.

The Company currently takes into account sustainability across its supply chain primarily through partnerships in CSR programs that specifically address community engagement and selecting needful beneficiaries, such as children and women. Robinsons Supermarket and Shopwise, for example, engage suppliers through promotional activities held throughout the year for donations to World Vision and other organizations.</td></tr>
<tr><td>What are the Risk/s Identified?</td></tr>
<tr><td>RRHI has identified the following risks under the material topic:

• Lawsuits of potential labor and human rights violations
• Reputational risks of lawsuits</td></tr>
<tr><td>What are the Opportunity/ies Identified?</td></tr>
<tr><td>RRHI has identified the following opportunities under the material topic:

• Further engagement with SMEs in the Supply Chain
• Fostering Sustainability across vendors</td></tr>
</table>

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or	Location	Vulnerable groups (if applicable)*	Does the particular operation	Collective or individual rights that	Mitigating measures (if negative) or

negative) impacts on local communities (exclude CSR projects; this has to be business operations)			have impacts on indigenous people (Y/N)?	have been identified that or particular concern for the community	enhancement measures (if positive)
Inclusion of PWDs in the workforce	SSD stores	PWDs	N	Access to employment opportunities without prejudice towards disabilities	Exploration of opportunities to replicate the initiative across other aspects of operations within the Company
Selling of Generic Medicine	TGP stores	Class D and E Market	N	Access to affordable healthcare	Store expansion to widen reach of accessible medicine
Local sourcing from smallhold farmers	Supermarkets	Class D and E farmers	N	Support to livelihood through market access	Increasing scale and gathering granular data on the contributions of the Company to livelihood of farmers
Uniform Sourcing	Central Procurement	Class D and E workers	N	Support to livelihood	Increasing scale and gathering granular data on the contributions of the Company to livelihood of workers
PWD and Senior Citizen Discounts	Stores which sell applicable goods	PWD and Senior Citizens	N	Access to affordable goods	Strengthening systems that keep track PWD or Senior Citizen discounted transactions for greater visibility
Potential contributions to increases in plastic waste	All stores	n/a	N	Environmental conservation	Developing waste management plans and influencing and

					educating customers to be more mindful of consumption, as well as encouraging segregation

**Vulnerable sector includes children and youth, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displaced persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E)*

What are the Risk/s Identified?	**Management Approach**
No identified material risks.	*Not applicable.*
What are the Opportunity/ies Identified?	**Management Approach**
No identified material opportunities.	*Not applicable.*

Customer Management

Customer Satisfaction

Disclosure	**2021 Score**	**Did a third party conduct the customer satisfaction study (Y/N)?**
GoRobinsons Post Purchase & Post Delivery Customer Satisfaction (CSAT) %	76.5%	*N*
Supermarket Segment Customer Complaints Addressed* %	84.3%	*n/a*

**Complaints received via store customer service and phones*

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Customer satisfaction is a key driver in loyalty for RRHI's customer-centric approach to retailing. Data on Customer Satisfaction in this disclosure was collected from the 2021 year-end CSAT rating of GoRobinsons, the company's e-commerce platform, which allows for immediate feedback through its tech infrastructure and collaboration with affiliate JG Summit's Data Transformation Office. In 2021, it received an overall satisfaction rating of 76.5%, with just over a year of operations since its launch in June 2020. GoRobinsons aims to significantly improve service levels for post-purchase and post-delivery in 2022. The Supermarket	Pursuant to the BSP Circular 857 Regulation on Financial Consumer Protection, RRHI crafted a comprehensive Consumer Protection Manual initially implemented through its department stores. RRHI approaches customer satisfaction by putting in place quality control and assurance policies and avenues where customers may communicate any form of feedback on the Company's stores and brands, which include the contact information available on the RRHI website and the subsidiary websites, as well in social media. Stores also have Customer Service

Segment also collected customer complaints received via store or phone, and ended 2021 with 84.3% complaints addressed within the segment's internal policies. The segment likewise aims to improve these figures in 2022.	kiosks to communicate their concerns with management. Although RRHI has not yet commissioned a third-party assessment of Customer Satisfaction, the Company has identified this as a material metric to be cascaded across its business units and is setting up the system in evaluating its management approach to the material topic.
What are the Risk/s Identified?	**Management Approach**
RRHI has identified the following risks under the material topic: • Reputational risks due to negative feedback expressed in social media • Reduction of sales	RRHI's subsidiaries conduct regular customer training programs to equip in-store personnel on how to address customer concerns and when to escalate issues to upper management. RRHI understands its reliance on customer satisfaction for repeated purchases and acknowledges the gap in data collection, despite its mitigation efforts during its daily operations.
What are the Opportunity/ies Identified?	
RRHI has identified the following opportunities under the material topic: • Deeper customer engagement • Brand recall and loyalty	

Health and Safety

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
Health and Safety impact the Company's stakeholders, primarily our consumers and employees. Each of the Company's subsidiaries therefore employ proper handling and storage of all products, as well as protocols on quality assurance, safety precautions, and addressing deviations from normal products quality.	*Please see:* • Stakeholders Health, Safety and Welfare Policy: http://www.robinsonsretailholdings.com.ph/download.php?file=media/files//Health%20Safety%20and%20Welfare%20Policy.pdf or http://www.robinsonsretailholdings.com.ph/corporate-governance/stakeholders-health-safety-and-welfare
What are the Risk/s Identified?	
RRHI has identified the following opportunities under the material topic: • Consumer health • Reputational risks	

What are the Opportunity/ies Identified?	Management Approach
No identified opportunities.	*Not applicable.*

Marketing and labelling

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Marketing and labelling impact the decisions of customers in purchasing products from RRHI's stores, as well as their level of satisfaction from the products they purchase.	Please see sample Guidelines & Procedure on Customer complaint handling under the Customer Protection Manual for Robinsons Department Store: http://www.robinsonsretailholdings.com.ph/corporate-governance/consumer-protection-manual
What are the Risk/s Identified?	
RRHI has identified the following risks under the material topic: • Product complaints from customers • Health and safety concerns of customers	
What are the Opportunity/ies Identified?	**Management Approach**
No identified material opportunities.	*Not applicable.*

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	0	#
No. of complaints addressed	0	#
No. of customers, users and account holders whose information is used for secondary purposes	0	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
The material topic impacts the rights of customers to the privacy of their data and it occurs through transactions with the Robinsons Rewards Loyalty Program and Cashless transactions as well as when they access to Company and its subsidiaries' websites.	RRHI conducted a review to assess its sources of customer data, which are primarily through its Loyalty Program and websites. This review led to RRHI's Data Privacy Policy, where customers and partners are informed on their rights to their personal information, as well as the manner by which the Company protects and utilizes the data

	it collects. Customers are also given prompts to indicate consent on the use of data that may be collected through websites and the Robinsons Rewards Mobile Application, and that they have read and understood RRHI's Data Privacy Policy. *Please see:* • Data Privacy Policy: http://www.robinsonsretailholdings.com.ph/privacy-policy
What are the Risk/s Identified?	**Management Approach**
RRHI has identified potential lawsuits from misuse of customer data.	RRHI's Data Privacy Policy outlines for customers how their data is collected and stored, and has dedicated Data Privacy Officer to handle issues on possible breaches. Likewise, RRHI's subsidiary websites and the Robinsons Rewards App have in place security mechanisms to mitigate potential issues on data protection.
What are the Opportunity/ies Identified?	**Management Approach**
No identified opportunities.	*Not applicable.*

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

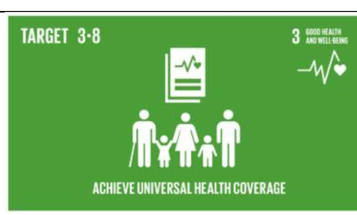
What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Internally, RRHI stores and collects a multitude of data across its operational functions, which measure its performance across financial and non-financial indicators.	RRHI has implemented measures internally that are overseen by its Information Security Department to protect its data, including security software and information dissemination to inform employees on potential phishing mechanisms. Company data is also securely stored in "the cloud" through Azure and AWS, which addresses limited storage capacity in local servers. The technology offers better reliability as these vendors offer higher storage availability

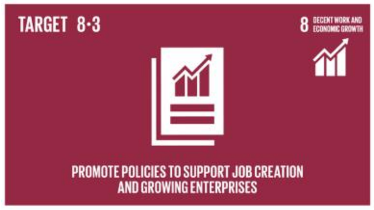
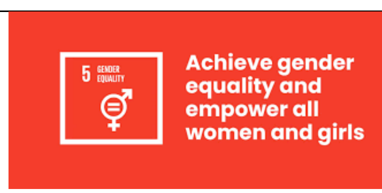
	through its world-class infrastructure when compared to RRHI building its own infrastructure, which may carry higher costs in capital expenditures. Cloud storage is also highly flexible, where the Company can increase and decrease capacity as needed. Along with its capability to store vast amounts of data, RRHI can also take advantage of cloud-native tools to run parsing and streamlined analytics.
What are the Risk/s Identified?	**Management Approach**
RRHI has identified the following risks under the material topic: • Data breaches • Destruction of digital and physical assets that house confidential data	RRHI crafts robust business continuity plans that take into account the protection of its data assets.
What are the Opportunity/ies Identified?	**Management Approach**
No material opportunities identified.	*Not applicable.*

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

<table>
<tr><th>Key Products and Services</th><th>Societal Value / Contribution to UN SDGs</th><th>Potential Negative Impact of Contribution</th><th>Management Approach to Negative Impact</th></tr>
<tr><td>Fresh produce, ready-to-eat products, and packaged food items in the Supermarket and Convenience Store business</td><td>
</td><td>Potential increase in plastic pollution given that most items are packaged plastic, and potential increases in greenhouse emissions of landfilled organic waste</td><td>Waste-segregation, customer education, and plastic diversion through recycled products; and better inventory management to mitigate organic waste</td></tr>
<tr><td>Medicines and medical supplies through Southstar Drug and TGP</td><td>
</td><td>Potential increase in plastic pollution given that most items are packaged plastic; potential misuse of pharmaceutical</td><td>Waste-segregation, customer education, and plastic diversion through recycled products; stringent standards and</td></tr>
</table>

		products and expired products	procedures on prescription drugs and disposal of expired items
Job creation across all Business Units and franchise businesses Ministop and TGP		Potential displacement of smaller players in the same retail spaces	Engaging and empowering SMEs by giving them access to mainstream markets as suppliers to our business units
Job creation across all Business Units		Potential difficulty in monitoring work conditions across all locations of operations as the Company increases scale	Employee engagement and policies on compliance to pertinent labor laws and regulations and empowering the Human Resources Department to monitor employee welfare and the effectivity of grievance mechanisms
Fresh produce, ready-to-eat products, and packaged food items in the Supermarket and Convenience Store business		Potential increase in plastic pollution given that most items are packaged plastic, and potential increases in greenhouse emissions of landfilled organic waste	Waste-segregation, customer education, and plastic diversion through recycled products; and better inventory management to mitigate organic waste
Diverse workforce and inclusive working conditions		Potential occurrence of gender bias in hiring or advertising.	Propagating a culture of Gender Empowerment from the top level, and implementation of policies for non-discriminatory hiring.

** None/Not Applicable is not an acceptable answer. For holding companies, the services and products of its subsidiaries may be disclosed.*

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED COMPANY FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

ROBINSONS RETAIL
HOLDINGS, INC.

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **Robinsons Retail Holdings, Inc. and Subsidiaries** is responsible for all information and representations contained in the financial statements for the years ended **December 31, 2021, 2020 and 2019,** 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 misstatements, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company'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.

Sycip Gorres Velayo & Co., the independent auditors and appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.

Lance Y. Gokongwei
Chairman

Robina Gokongwei Pe
President & Chief Executive Officer

Mylene A. Kasiban
Chief Financial Officer

Graciela A. Banatao
Treasurer

Signed this 28th day of March 2022.

ACKNOWLEDGMENT

REPUBLIC OF THE PHILIPPINES)
QUEZON CITY) S.S.

SUBSCRIBED AND SWORN TO before me, a Notary Public, personally appeared and exhibiting to me the following:

NAME	COMPETENT EVIDENCE OF IDENTITY	DATE/PLACE ISSUED
LANCE Y. GOKONGWEI	P0870174A	NOVEMBER 11, 2016
ROBINA GOKONGWEI-PE	0003-786094-5	QUEZON CITY
MYLENE KASIBAN	D04-97-108-149	SEPTEMBER 11, 2019
GRACIELA BANATAO	D06-06-255-881	PASIG CITY

Known to me and to me known to be the same persons who executed the foregoing instrument, and they acknowledged to me that the same is their free and voluntary act and deed, and the free and voluntary act and deed of the corporations they respectively represent.

This Document consists of 2 pages including this page where the acknowledgement is written, to which the Annexes have been attached. Each page of this agreement has been signed by the parties and their instrumental witnesses and sealed with my notarial seal.

28 MAR 2022

WITNESS MY HAND AND SEAL on the date and at the place hereinabove mentioned.

Doc No.: 492
Page No.: 100
Book No: 1
Series of 2022.

ATTY. GILBERT S. MILLADO, JR.
Roll No. 45039
Notary Public
Until June 30, 2022
110 E. Rodriguez Jr. Ave., Bagumbayan, Quezon City
PTR No. 2463284; January 03, 2022; Quezon City
IBP No. 168679; December 28, 2021; CALMANA
TIN No. 166-215-465
Commission Adm. No. 391 (2019-2020)
MCLE Compliance VI-0027451; June 24, 2019
Commission Extended until June 30, 2022
SC EN BANC B.M. No. 3795

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

A	2	0	0	2	0	1	7	5	6	

COMPANY NAME

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

Principal Office (*No./Street/Barangay/City/Town/Province)*

43rd Floor, Robinsons Equitable Tower, ADB Avenue corner Poveda Sts., Ortigas Center, Pasig City, Metro Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
AACFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number	Mobile Number
corpsec@robinsonretail.com.ph	**8635-0751**	**0998-8465-086**

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
42	**Last Thursday of May**	**December 31**

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Mylene A. Kasiban	**Mylene.Kasiban@robinsonsretail.ph**	**8635-0751 local 214**	**0998 840 4227**

CONTACT PERSON's ADDRESS

43rd Floor, Robinsons Equitable Tower, ADB Avenue corner Poveda Sts., Ortigas Center, Pasig City, Metro 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*

SyCip Gorres Velayo & Co.
6760 Ayala Avenue
1226 Makati City
Philippines

Tel: (632) 8891 0307
Fax: (632) 8819 0872
ey.com/ph

INDEPENDENT AUDITOR'S REPORT

The Stockholders and the Board of Directors
Robinsons Retail Holdings, Inc.
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Sts., Ortigas Center
Pasig City, Metro Manila

Opinion

We have audited the consolidated financial statements of Robinsons Retail Holdings, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2021 and 2020, 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, 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2021 and 2020, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2021 in accordance with Philippine Financial Reporting Standards (PFRSs).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's 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 year. 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. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Existence and completeness of inventory

The Group's inventories amounted to ₱25.09 billion which comprise 19% of its total assets as of December 31, 2021, as disclosed in Note 9 of the consolidated financial statements. The Group has 2,208 company-owned stores and warehouses throughout the country as of December 31, 2021. We focused on this area since inventories are material to the consolidated financial statements and are located in various sites across the country.

Audit Response

We obtained an understanding of the inventory management process which includes inventory count procedures. We assessed and tested the relevant inventory controls, and observed the conduct of the inventory count procedures for selected stores and warehouses and performed test counts. We traced the results of the test counts to the inventory compilation to determine if the inventory compilation reflects actual inventory count results. We also traced the last documents used for shipping, receiving, and transfers which were obtained during the inventory count observation to the accounting records of sales and purchases. We reviewed the reconciliation of the valued physical inventory compilation with the general ledger account balances and tested the reconciling items. We reviewed the roll forward or roll backward procedures performed by management and on a sampling basis, we tested the transactions from the date of inventory count to reporting date.

Impairment assessment of trademarks and goodwill

Under PFRS, the Group is required to annually test for impairment the amount of trademarks with indefinite useful lives and goodwill. As of December 31, 2021 and 2020, the Group's trademarks and goodwill arising from business combinations amounted to ₱7.92 billion and ₱14.75 billion, respectively, which are significant to the consolidated financial statements. In addition, management's assessment process requires significant judgment and estimation and is based on assumptions which are subject to higher level of estimation uncertainty due to the current economic conditions which have been impacted by the coronavirus pandemic, specifically gross margins, revenue growth and discount rates for value-in-use calculation and selected comparable entities for EV/EBITDA (enterprise value/earnings before interest, taxes, depreciation and amortization) multiple.

The Group's disclosures about trademarks and goodwill are included in Notes 5, 14 and 19 of the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used and performed a recalculation of the value-in-use and EV/EBITDA multiple provided. For value in use, we compared the key assumptions used, such as revenue growth rate against the historical performance of the CGU, industry/market outlook and other relevant external data, taking into consideration the impact associated with coronavirus pandemic. We tested the parameters used in the determination of the discount rate against market data. For EV/EBITDA, we assessed if the selected comparable entities obtained by the Group closely represent each cash generating unit to which the goodwill is allocated.

We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive; specifically those that have the most significant effect on the determination of the recoverable amounts of trademarks and goodwill.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021, but does not include the consolidated financial statements and our auditor's report thereon. The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 are expected to be made available to us after the date of the auditor's 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 PFRSs, 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.

SGV
Building a better working world

Auditor's 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 auditor's 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 PSAs 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 PSAs, 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 auditor's 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 auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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 auditor's 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 auditor's report is Wenda Lynn M. Loyola.

SYCIP GORRES VELAYO & CO.

Wenda Lynn M. Loyola

Wenda Lynn M. Loyola
Partner
CPA Certificate No. 109952
Tax Identification No. 242-019-387
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109952-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-117-2022, January 20, 2022, valid until January 19, 2025
PTR No. 8854316, January 3, 2022, Makati City

March 28, 2022

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	December 31	
	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7 and 27)	**₱16,170,113,685**	₱21,338,418,561
Trade and other receivables (Notes 8, 24 and 27)	**2,666,782,371**	3,144,095,464
Merchandise inventories (Note 9)	**25,089,664,818**	22,234,439,282
Other current assets (Note 10)	**2,989,394,827**	2,655,714,261
Total Current Assets	**46,915,955,701**	49,372,667,568
Noncurrent Assets		
Debt and equity instrument financial assets (Notes 11 and 27)	**11,625,932,652**	13,931,757,447
Property and equipment (Note 12)	**17,620,046,547**	18,173,764,218
Right-of-use assets (Note 28)	**22,639,146,437**	25,038,299,389
Investment in associates (Note 13)	**8,896,140,540**	8,584,762,373
Intangible assets (Notes 14 and 19)	**22,672,126,571**	22,672,884,904
Deferred tax assets - net (Note 25)	**1,349,858,212**	1,531,779,268
Retirement plan asset (Note 23)	**52,783,819**	25,576,541
Other noncurrent assets (Notes 15 and 27)	**2,462,292,120**	2,264,691,275
Total Noncurrent Assets	**87,318,326,898**	92,223,515,415
	₱134,234,282,599	₱141,596,182,983
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 16, 24 and 27)	**₱21,215,751,761**	₱23,363,164,229
Short-term loans payable (Notes 17 and 27)	**7,734,000,000**	9,584,000,000
Lease liabilities - current portion (Note 28)	**2,965,059,293**	2,714,936,166
Income tax payable	**228,549,613**	351,704,061
Other current liabilities (Note 27)	**382,355,834**	255,281,634
Total Current Liabilities	**32,525,716,501**	36,269,086,090
Noncurrent Liabilities		
Lease liabilities - net of current portion (Note 28)	**22,867,675,695**	24,612,504,568
Deferred tax liabilities - net (Note 25)	**2,026,461,753**	2,549,824,361
Retirement obligation (Note 23)	**301,711,029**	574,533,710
Total Noncurrent Liabilities	**25,195,848,477**	27,736,862,639
Total Liabilities	**57,721,564,978**	64,005,948,729
Equity (Note 18)		
Capital stock	**1,576,489,360**	1,576,489,360
Additional paid-in capital	**40,768,202,897**	40,768,202,897
Treasury stock	**(3,616,057,963)**	(810,018,635)
Other comprehensive income (Notes 11, 13 and 23)	**442,697,037**	434,295,080
Equity reserve	**(995,284,977)**	(995,284,977)
Retained earnings		
Appropriated	**23,965,752,847**	27,852,852,847
Unappropriated	**9,827,278,268**	4,225,869,025
Total equity attributable to equity holders of the Parent Company	**71,969,077,469**	73,052,405,597
Non-controlling interest in consolidated subsidiaries	**4,543,640,152**	4,537,828,657
Total Equity	**76,512,717,621**	77,590,234,254
	₱134,234,282,599	₱141,596,182,983

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31		
	2021	2020	2019
SALES - Net of sales discounts and returns (Notes 6, 20 and 24)	**₱153,327,360,466**	₱151,070,260,790	₱162,915,687,301
COST OF MERCHANDISE SOLD (Notes 6 and 9)	**118,101,349,532**	118,172,338,279	125,734,533,662
GROSS PROFIT (Note 6)	**35,226,010,934**	32,897,922,511	37,181,153,639
ROYALTY, RENT AND OTHER REVENUE (Notes 6, 24 and 29)	**869,963,952**	1,618,219,672	2,740,181,024
GROSS PROFIT INCLUDING OTHER REVENUE (Note 6)	**36,095,974,886**	34,516,142,183	39,921,334,663
OPERATING EXPENSES (Notes 21, 22, 23, 28 and 29)	**(30,036,523,571)**	(28,736,744,849)	(32,123,178,669)
OTHER INCOME (CHARGES)			
Interest income (Notes 6, 7 and 11)	**446,828,491**	676,545,269	1,015,573,149
Equity in net earnings in associates (Notes 6 and 13)	**292,071,188**	196,514,026	104,749,733
Dividend income (Notes 6 and 11)	**76,941,788**	27,347,725	100,315,156
Foreign currency exchange gains (loss) - net (Note 6)	**230,024,576**	(170,615,372)	(134,619,196)
Interest expense (Notes 6, 17 and 28)	**(1,960,893,202)**	(2,326,256,810)	(2,578,499,847)
Others (Notes 11, 14, 19 and 28)	**124,654,828**	235,944,534	(196,094,467)
	(790,372,331)	(1,360,520,628)	(1,688,575,472)
INCOME BEFORE INCOME TAX (Note 6)	**5,269,078,984**	4,418,876,706	6,109,580,522
PROVISION FOR INCOME TAX (Note 25)			
Current	**1,122,465,120**	1,422,672,062	2,056,973,505
Deferred	**(703,827,609)**	(489,409,753)	(497,680,792)
	418,637,511	933,262,309	1,559,292,713
NET INCOME	**4,850,441,473**	3,485,614,397	4,550,287,809
OTHER COMPREHENSIVE INCOME			
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of debt securities at fair value through other comprehensive income (FVOCI) (Note 11)	**(217,722,523)**	168,422,421	769,066,737
Share in change in fair value of debt financial assets in associates (Note 13)	**(453,700,424)**	95,150,278	411,345,068
Share in change in translation adjustment in associates (Note 13)	**19,914,747**	34,967,113	3,656,329
Cumulative translation adjustment	**29,386,402**	(56,091,667)	(40,371,837)
Income tax effect	**108,632,686**	(39,035,217)	(124,500,419)

(Forward)

	Years Ended December 31		
	2021	2020	2019
Other comprehensive income (loss) not to be reclassified to profit or loss in subsequent periods:			
Changes in fair value of equity securities at FVOCI (Note 11)	**₱367,118,057**	₱20,836,500	₱67,083,500
Share in actuarial gain (losses) on retirement obligation in associates (Note 13)	**(745,075)**	840,628	(8,190,337)
Remeasurement gain (losses) on retirement obligation (Note 23)	**345,526,680**	(181,971,717)	(364,536,075)
Income tax effect	**(173,604,904)**	32,263,492	111,817,924
	24,805,646	75,381,831	825,370,890
TOTAL COMPREHENSIVE INCOME	**₱4,875,247,119**	₱3,560,996,228	₱5,375,658,699
Net income attributable to:			
Equity holders of the Parent Company	**₱4,527,833,319**	₱3,216,636,348	₱3,918,623,046
Non-controlling interest in consolidated subsidiaries	**322,608,154**	268,978,049	631,664,763
	₱4,850,441,473	₱3,485,614,397	₱4,550,287,809
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**4,536,235,276**	₱3,319,269,860	₱4,755,279,388
Non-controlling interest in consolidated subsidiaries	**339,011,843**	241,726,368	620,379,311
	₱4,875,247,119	₱3,560,996,228	₱5,375,658,699
Basic/Diluted Earnings Per Share (Note 26)	**₱2.95**	₱2.05	₱2.49

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Total Equity Attributable to Equity Holders of the Parent Company								Non-controlling Interest in Consolidated Subsidiaries	
						Retained Earnings				
	Capital Stock (Note 18)	Additional Paid-in Capital (Note 18)	Treasury Stock (Note 18)	Other Comprehensive Income (Loss) (Notes 11, 13,and 23)	Equity Reserve (Note 18)	Appropriated (Note 18)	Unappropriated (Note 18)	Total	(Note 18)	Total
					For the Year Ended December 31, 2021					
Balance at beginning of year	**₱1,576,489,360**	**₱40,768,202,897**	**(₱810,018,635)**	**₱434,295,080**	**(₱995,284,977)**	**₱27,852,852,847**	**₱4,225,869,025**	**₱73,052,405,597**	**₱4,537,828,657**	**₱77,590,234,254**
Net income	–	–	–	–	–	–	**4,527,833,319**	**4,527,833,319**	**322,608,154**	**4,850,441,473**
Other comprehensive income	–	–	–	**8,401,957**	–	–	–	**8,401,957**	**16,403,689**	**24,805,646**
Total comprehensive income	–	–	–	**8,401,957**	–	–	**4,527,833,319**	**4,536,235,276**	**339,011,843**	**4,875,247,119**
Purchase of treasury shares	–	–	**(2,806,039,328)**	–	–	–	–	**(2,806,039,328)**		**(2,806,039,328)**
Dividends declared (Note 18)	–	–	–	–	–	–	**(2,813,524,076)**	**(2,813,524,076)**	**(333,200,348)**	**(3,146,724,424)**
Appropriations	–	–	–	–	–	**888,500,000**	**(888,500,000)**	–	–	–
Reversal of appropriations	–	–	–	–	–	**(4,775,600,000)**	**4,775,600,000**	–	–	–
Balance at end of year	**₱1,576,489,360**	**₱40,768,202,897**	**(₱3,616,057,963)**	**₱442,697,037**	**(995,284,977)**	**₱23,965,752,847**	**₱9,827,278,268**	**₱71,969,077,469**	**₱4,543,640,152**	**₱76,512,717,621**
					For the Year Ended December 31, 2020					
Balance at beginning of year	₱1,576,489,360	₱40,768,202,897	₱–	₱272,839,305	(₱989,776,800)	₱26,944,852,847	₱3,548,986,390	₱72,121,593,999	₱4,404,802,611	₱76,526,396,610
Net income	–	–	–	–	–	–	3,216,636,348	3,216,636,348	268,978,049	3,485,614,397
Other comprehensive income	–	–	–	102,633,512	–	–	–	102,633,512	(27,251,681)	75,381,831
Total comprehensive income	–	–	–	102,633,512	–	–	3,216,636,348	3,319,269,860	241,726,368	3,560,996,228
Capital contribution of non-controlling interest	–	–	–	–	–	–	–	–	200,000,000	200,000,000
Purchase of treasury shares	–	–	(810,018,635)	–	–	–	–	(810,018,635)	–	(810,018,635)
Dividends declared (Note 18)	–	–	–	–	–	–	(1,572,931,450)	(1,572,931,450)	(308,700,322)	(1,881,631,772)
Transfer of actuarial lossed on retirement obligation	–	–	–	58,822,263	–	–	(58,822,263)	–	–	–
Disposal of a subsidiary	–	–	–	–	(5,508,177)	–	–	(5,508,177)	–	(5,508,177)
Appropriations	–	–	–	–	–	948,000,000	(948,000,000)	–	–	–
Reversal of appropriations	–	–	–	–	–	(40,000,000)	40,000,000	–	–	–
Balance at end of year	₱1,576,489,360	₱40,768,202,897	(₱810,018,635)	₱434,295,080	(₱995,284,977)	₱27,852,852,847	₱4,225,869,025	₱73,052,405,597	₱4,537,828,657	₱77,590,234,254
					For the Year Ended December 31, 2019					
Balances at beginning of year	₱1,576,489,360	₱40,768,202,897	₱–	(₱563,817,037)	(₱970,435,361)	₱24,151,852,847	₱3,558,435,683	₱68,520,728,389	₱4,183,439,610	₱72,704,167,999
Net income	–	–	–	–	–	–	3,918,623,046	3,918,623,046	631,664,763	4,550,287,809
Other comprehensive loss	–	–	–	836,656,342	–	–	–	836,656,342	(11,285,452)	825,370,890
Total comprehensive income (loss)	–	–	–	836,656,342	–	–	3,918,623,046	4,755,279,388	620,379,311	5,375,658,699
Acquisition of non-controlling interest	–	–	–	–	(19,341,439)	–	–	(19,341,439)	(49,605,929)	(68,947,368)
Dividends declared (Note 18)	–	–	–	–	–	–	(1,135,072,339)	(1,135,072,339)	(349,410,381)	(1,484,482,720)
Appropriations	–	–	–	–	–	3,186,000,000	(3,186,000,000)	–	–	–
Reversal of appropriation	–	–	–	–	–	(393,000,000)	393,000,000	–	–	–
Balance at end of year	₱1,576,489,360	₱40,768,202,897	₱–	₱272,839,305	(₱989,776,800)	₱26,944,852,847	₱3,548,986,390	₱72,121,593,999	₱4,404,802,611	₱76,526,396,610

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱5,269,078,984**	₱4,418,876,706	₱6,109,580,522
Adjustments for:			
Depreciation and amortization (Notes 6, 12, 14, 21 and 28)	**7,087,772,782**	6,987,147,534	6,879,793,222
Interest expense (Notes 6, 17 and 28)	**1,960,893,202**	2,326,256,810	2,578,499,847
Retirement expense (Notes 22 and 23)	**283,797,024**	184,997,443	192,082,476
Provision for inventory obsolescence (Note 9)	**61,815,286**	123,976,912	7,377,588
Provision for (reversal of) expected credit losses (Notes 8 and 11)	**7,931,961**	91,213,750	(6,173,028)
Loss on impairment of assets (Notes 10, 12, 14 and 15)	**–**	371,618,243	15,046,221
Changes in fair value of debt instruments at fair value through profit or loss (FVTPL) (Note 11)	**–**	547,120	(18,936,056)
Gain on disposal of a subsidiary (Note 19)	**–**	(58,900,769)	–
Gain on sale of debt instruments at FVOCI (Note 11)	**(21,902,517)**	(2,305,843)	(7,655,666)
Dividend income (Notes 6 and 11)	**(76,941,788)**	(27,347,725)	(100,315,156)
Unrealized foreign currency exchange loss (gain) - net (Note 6)	**(230,024,576)**	170,615,372	134,619,196
Equity in net earnings in associates (Notes 6 and 13)	**(292,071,188)**	(196,514,026)	(104,749,733)
Interest income (Notes 6, 7 and 11)	**(446,828,491)**	(676,545,269)	(1,015,573,149)
COVID-19 rent concessions and gain on derecognition of lease liabilty (Note 28)	**(841,561,003)**	(1,711,637,199)	–
Operating income before working capital changes	**12,761,959,676**	12,001,999,059	14,663,596,284
Decrease (increase) in:			
Trade and other receivables	**299,206,452**	708,043,559	(419,271,938)
Merchandise inventories	**(2,917,040,822)**	(1,161,167,314)	(1,182,238,583)
Other current assets	**(333,680,566)**	361,662,515	152,411,971
Increase (decrease) in:			
Trade and other payables	**(2,010,029,332)**	(2,788,688,367)	482,279,221
Other current liabilities	**127,074,200**	(11,963,668)	(12,598,703)
Other noncurrent liabilities	**–**	–	(152,155,543)
Net cash flows generated from operations	**7,927,489,608**	9,109,885,784	13,532,022,709
Interest received	**440,950,303**	667,047,012	1,052,577,024
Retirement contributions and benefits paid (Note 23)	**(238,300,305)**	(395,352,456)	(438,934,567)
Income tax paid, including creditable withholding taxes	**(945,692,716)**	(1,767,169,604)	(2,096,686,222)
Net cash flows provided by operating activities	**7,184,446,890**	7,614,410,736	12,048,978,944

(Forward)

	Years Ended December 31		
	2021	2020	2019
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Investment in associates (Note 13)	**(₱453,837,730)**	(₱411,832,152)	(₱519,600,000)
Debt and equity instrument financial assets (Note 11)	**(2,250,616,149)**	(2,751,866,909)	(1,761,156,662)
Property and equipment (Note 12)	**(2,456,934,404)**	(1,867,821,170)	(3,346,395,390)
Proceeds from disposals of debt and equity instrument financial assets (Note 11)	**5,011,709,237**	3,623,828,843	7,344,882,499
Dividends received (Note 11)	**76,941,788**	27,347,725	100,315,156
Acquisitions from non-controlling interest (Notes 2 and 18)	**–**	–	(68,947,368)
Acquisition through business combination - net of cash received (Note 19)	**–**	(4,081,314,515)	–
Proceeds from disposal of a subsidiary, net of tax	**–**	199,671,350	–
Decrease (increase) in other noncurrent assets	**(197,600,845)**	324,804,291	68,725,044
Net cash flows provided by (used in) investing activities	**(270,338,103)**	(4,937,182,537)	1,817,823,279
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan availments (Notes 17 and 30)	**3,550,000,000**	9,450,000,000	915,000,000
Additional investments from non-controlling interest (Notes 2 and 18)	**–**	200,000,000	–
Interest paid (Notes 17 and 30)	**(159,266,022)**	(146,433,977)	(300,683,731)
Purchase of treasury shares	**(2,801,153,087)**	(792,720,459)	–
Dividends paid (Notes 18 and 30)	**(3,146,724,424)**	(1,920,805,654)	(1,456,975,501)
Lease payments (Notes 28 and 30)	**(4,130,853,486)**	(3,934,601,315)	(4,442,136,373)
Payment of loans (Notes 17 and 30)	**(5,400,000,000)**	(4,500,000,000)	(3,075,000,000)
Net cash flows used in financing activities	**(12,087,997,019)**	(1,644,561,405)	(8,359,795,605)
EFFECTS OF FOREIGN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	**5,583,356**	12,837,814	(2,133,278)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**(5,168,304,876)**	1,045,504,608	5,504,873,340
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**21,338,418,561**	20,292,913,953	14,788,040,613
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱16,170,113,685**	₱21,338,418,561	₱20,292,913,953

See accompanying Notes to Consolidated Financial Statements.

1. Corporate Information

Robinsons Retail Holdings, Inc., (herein referred to as either "RRHI" or the "Parent Company") is a stock corporation organized under the laws of the Philippines. The Parent Company was registered with the Philippine Securities and Exchange Commission (SEC) on February 4, 2002. The Parent Company's common stock was listed with the Philippine Stock Exchange (PSE) on November 11, 2013, the Parent Company's initial public offering (IPO).

The primary purpose of the Parent Company and its subsidiaries (herein referred to as "the Group") is to engage in the business of trading goods, commodities and merchandise of any kind.

As of December 31, 2021, the Parent Company is 32.49% owned by JE Holdings, Inc., 26.28% owned by PCD Nominee Corporation, 20.85% by Dairy Farm International Holdings, Ltd. through its subsidiary GCH Investments Pte. Ltd., and the rest by the public.

The registered office address and principal place of business of the Parent Company is at 43rd Floor, Robinsons Equitable Tower, ADB Avenue corner Poveda Sts., Ortigas Center, Pasig City, Metro Manila.

2. Basis of Preparation

Basis of Preparation
The consolidated financial statements have been prepared under the historical cost basis, except for financial assets at FVTPL, financial assets at FVOCI and plan assets, which are measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), the Parent Company's functional and presentation currency. All amounts are rounded to the nearest peso unless otherwise indicated.

Statement of Compliance
The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRSs).

Basis of Consolidation
The consolidated financial statements as of December 31, 2021 and 2020 and for each of the three (3) years in the period ended December 31, 2021 represent the consolidation of the financial statements of RRHI and the following subsidiaries directly and indirectly owned by the Parent Company.

	Effective Percentages of Ownership					
	2021		2020		2019	
Investee Companies	**Direct**	**Indirect**	Direct	Indirect	Direct	Indirect
Robinson's Supermarket Corporation (RSC)	100.00%	–	100.00%	–	100.00%	–
Consolidated Global Imports, Inc. (CGII)	–	100.00%	–	–	–	–
Robinsons Appliances Corp. (RAC)	–	67.00%	–	67.00%	–	67.00%
Robinsons Ventures Corporation (RVC)	–	65.00%	–	65.00%	–	–
Robinsons Convenience Stores, Inc. (RCSI/Ministop)	–	60.00%	–	60.00%	–	–
Savers Electronic World, Inc. (SEWI)	–	90.00%	–	90.00%	–	–
Super50 Corporation (Super50)	–	51.00%	–	51.00%	–	–
Jose M. Barretto, Sr. Holdings Corporation (JMBHC)	–	–	–	100.00%	–	–

(Forward)

	Effective Percentages of Ownership					
	2021		2020		2019	
Investee Companies	**Direct**	**Indirect**	Direct	Indirect	Direct	Indirect
South Star Drug, Inc. (SSDI)	–	90.00%	–	90.00%	–	45.00%
TGP Pharma, Inc. (TGPPI)	–	45.90%	–	45.90%	–	45.90%
TheGenerics Pharmacy Inc. (TPI)	–	45.90%	–	45.90%	–	45.90%
Rose Pharmacy, Inc. (RPI)	–	90.00%	–	90.00%	–	–
Robinson's Handyman, Inc. (RHMI)	–	80.00%	–	80.00%	–	80.00%
Handyman Express Mart, Inc. (HEMI)	–	52.00%	–	52.00%	–	52.00%
Waltermart-Handyman, Inc. (WHI)	–	52.00%	–	52.00%	–	52.00%
Robinsons True Serve Hardware Philippines, Inc. (RTSHPI)	–	53.33%	–	53.33%	–	53.33%
RHI Builders and Contractors Depot Corp. (RHIB)	–	53.60%	–	53.60%	–	53.60%
Home Plus Trading Depot, Inc. (HPTDI)	–	40.20%	–	40.20%	–	40.20%
Robinsons Lifestyle Stores, Inc. (RLSI)	–	80.00%	–	80.00%	–	80.00%
Angeles Supercenter, Inc. (ASI)	–	–	–	–	–	100.00%
Everyday Convenience Stores, Inc. (ECSI)	100.00%	–	100.00%	–	100.00%	–
Robinsons Daiso Diversified Corp. (RDDC)	90.00%	–	90.00%	–	90.00%	–
RHD Daiso-Saizen, Inc. (RHDDS)	59.40%	–	59.40%	–	59.40%	–
RHMI Management and Consulting, Inc.	100.00%	–	100.00%	–	100.00%	–
RRHI Management and Consulting, Inc.	100.00%	–	100.00%	–	100.00%	–
RRG Trademarks and Private Labels, Inc.	100.00%	–	100.00%	–	100.00%	–
RRHI Trademarks Management, Inc. (RRHI-TMI)	100.00%	–	100.00%	–	100.00%	–
New Day Ventures Limited (NDV Limited)	100.00%	–	100.00%	–	100.00%	–
Rustan Supercenters, Inc. (RSCI)	–	–	–	–	100.00%	–
Robinson's, Incorporated (RI)	–	–	–	–	100.00%	–
Robinsons Ventures Corporation (RVC)	–	–	–	–	–	65.00%
Robinsons Toys, Inc. (RTI)	–	–	–	–	–	100.00%
Robinsons Convenience Stores, Inc. (RCSI/Ministop)	–	–	–	–	–	60.00%
South Star Drug, Inc. (SSDI)	–	–	–	–	–	45.00%
TGP Pharma, Inc. (TGPPI)	–	–	–	–	–	45.90%
TGP Franchising Corp. (TFC)	–	–	–	–	–	–
TheGenerics Pharmacy Inc. (TPI)	–	–	–	–	–	45.90%
Robinsons Gourmet Food and Beverages, Inc. (RGFBI)	–	–	–	–	–	100.00%
Savers Electronic World, Inc. (SEWI)	–	–	–	–	–	90.00%
Chic Centre Corporation (CCC)	–	–	–	–	–	100.00%
Super50 Corporation (Super50)	–	–	–	–	–	51.00%

All subsidiaries are incorporated in the Philippines and the functional currency is the Philippine Peso (₱) except for NDV Limited which is incorporated in British Virgin Islands (BVI) and the functional currency is US Dollar ($).

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at December 31, 2021 and 2020. Control is achieved when the Parent Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Parent Company controls an investee if, and only if, the Parent Company has:

- Power over the investee (i.e., existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Parent Company's voting rights and potential voting rights

The Parent Company re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one (1) or more of the three (3) elements of control. Subsidiaries are consolidated from the date of acquisition, being the date on which the Parent Company obtains control, and continue to be consolidated until the date when such control ceases. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Parent Company gains control until the date the Parent Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the Parent Company and to the non-controlling interests (NCI), even if this results in the NCI having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The financial statements of the subsidiaries are prepared for the same reporting period as the Parent Company. All intra-group balances, transactions, unrealized gains and losses resulting from intra-group transactions and dividends are eliminated in full consolidation.

NCI represent the portion of profit or loss and net assets in subsidiaries not held by the Parent Company and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated statement of financial position, separately from the equity holders of the Parent Company.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. Any difference between the amount by which the NCI are adjusted and the fair value of the consideration paid or received is recognized directly in equity as "Equity reserve" and attributed to the owners of the Parent Company. If the Parent Company loses control over a subsidiary, it:

- Derecognizes the assets (including goodwill) and liabilities of the subsidiary
- Derecognizes the carrying amount of any NCI
- Derecognizes the cumulative translation differences recorded in equity
- Recognizes the fair value of the consideration received
- Recognizes the fair value of any investment retained
- Recognizes any surplus or deficit in profit or loss
- Reclassifies the Parent Company's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate.

Investments and Acquisitions
On June 15, 2021, RSC acquired 250,000 common shares, representing 100% ownership of CGII for a total consideration of ₱23.68 million. Net assets of CGII at the date of acquisition amounted to ₱23.82 million. CGII is in the business of retail and wholesale of goods.

In December 2021, RSC acquired 30% ownership in VKD Holdings, Inc. (VHI) for a total consideration ₱40.87 million. VHI is a holding of a company whose principal activity is to engage in business of holding, selling and assigning, transfer and exchange of real property and personal property of any kind.

On December 28, 2021, the Parent Company acquired 20.0% ownership interest in GoTyme Bank Corportion (GoTyme) or 200 million shares for a total consideration amounting to ₱200.00 million or ₱1.00 per share. GoTyme's principal activity is to carry on and engage in the business of a digital bank. GoTyme is incorporated in the Philippines. Accordingly, the Group accounted the investment in GoTyme under investment in associates (Note 13).

On June 3, 2021, NDV acquired 24.25% ownership interest in HD Retail Holding Pte. Ltd. (HD Retail) or 7,275 shares for a total consideration amounting to ₱179.07 million or ₱24,615.00 per share. HD Retail's principal activity is to operate as a hard discount store. HD Retail is incorporated in Singapore. Accordingly, the Group accounted the investment in HD Retail as an investment in an associate (Note 13).

On November 9, 2020, RSC acquired 100% ownership of JMBHC for a total consideration amounting to ₱411.77 million. JMBHC's only asset is related to land leased out to RSCI (Note 12).

On October 30, 2020, SSDI acquired 100% ownership interest on the shares of stock of RPI for ₱4.33 billion. RPI was incorporated in the Philippines and is primarily engaged in the business of trading medical and pharmaceutical goods, on either wholesale or retail basis (Note 19).

On February 17, 2020, the BOD of RSC approved the sale of 100% of the shares of stocks owned in CCC for a total consideration of ₱230.00 million (Note 19).

On November 4, 2019, RI purchased 18,947,368 RCSI shares from Ministop Co.,Ltd for a consideration of ₱18.95 million. As a result of the transaction, RI's ownership interest in RCSI increased from 59.05% to 60.00% (Note 18).

On April 3, 2019, an NCI sold its 33% ownership interest in ASI to RSC. As a result of the transaction, RSC's ownership interest in ASI increased from 67% to 100% (Note 18).

On February 1, 2019, the Board of Directors (BOD) and stockholders of TGPPI and TFC representing at least 2/3 vote of the outstanding capital stock of the companies approved the plan of merger between the companies with TGPPI as the surviving company. The Plan of Merger was approved by the SEC on July 22, 2019 and was implemented on August 1, 2019.

On November 23, 2018, RRHI acquired 100.00% ownership in RSCI, a company engaged in the business of food retailing (Notes 18 and 19).

On November 23, 2018, RRHI subscribed 40% ownership interest in Data Analytics Ventures, Inc. (DAVI) of which ₱0.40 million was paid. DAVI's principal activities include building a digital rewards program and creating a robust data infrastructure and analytics business. Accordingly, the Group accounted the investment in DAVI under investment in associates (Note 13). In 2020 and 2019, RRHI made additional capital infusion to DAVI amounting to ₱192.00 million and ₱239.60 million, respectively (Note 13).

On September 20, 2018, RRHI made an investment in G2M Solutions Philippines Pte. Ltd. (G2M) amounting to ₱160.65 million through convertible note which will provide the RRHI 14.90% ownership interest upon conversion of the note. The terms of the agreement entitled RRHI to one (1) out of three (3) board seats and participation to board key decisions. G2M is providing neighborhood sundry stores enablement platform and software in the Philippines. Accordingly, the Group accounted the investment in G2M under investment in associates (Note 13). In 2021 and 2020, the Group made additional cash infusion to G2M amounting to ₱33.89 million and ₱219.83 million, respectively (Note 13).

On August 28, 2018, Mitsubishi sold its entire ownership interest (12%) in RCSI to RI and Ministop; 161,052,632 shares to RI and 78,947,367 shares to Ministop. As a result of the transaction, RI's ownership interest in RCSI increased from 51.0% to 59.05% while Ministop ownership increased from 36.9% to 40.9% (Note 18).

On August 16, 2018, RSC made an investment in GrowSari, Inc. (GrowSari) amounting to ₱105.00 million through convertible note which will provide the RSC 28.60% ownership interest upon conversion of the note. The terms of the agreement also provide technical information and entitled RSC to two (2) out of seven (7) board seats and participation to board key decisions. GrowSari is engaged in selling wholesale goods to sari sari business owners. Accordingly, the Group accounted the investment in GrowSari as investment in associates (Note 13).

On July 12, 2018, RRHI made additional capital infusion in RBC amounting to ₱1.20 billion to meet the ₱15.0 billion minimum capital required by the Bangko Sentral ng Pilipinas for a bank to operate a network of over 100 branches (Note 13).

On February 27, 2018, RI and an NCI incorporated Super50, a company engaged in the business of retail and wholesale goods with paid-up capital amounting to ₱30.0 million. RI's ownership interest in Super50 is 51.0% (Note 18).

On February 22, 2018, RHMI incorporated RLSI, with a paid-up capital amounting to ₱50.00 million. RLSI is primarily engaged in the business of trading goods, commodities and merchandise of any kind.

Mergers
On April 12, 2021, the BOD and stockholders of JMBHC and RSC approved the Plan of Merger with RSC as the surviving company. The merger was approved by the stockholders representing at least /3 vote of the outstanding capital stock of the companies. On July 9, 2021, the SEC approved the Plan of Merger.

On March 4, 2019, the BOD and stockholders of RSC, RI, RTI and RGFBI approved the Plan of Merger of the companies with RSC as the surviving company. The merger was approved by the stockholders representing at least 2/3 vote of the outstanding capital stock of the companies. On September 30, 2019, the SEC approved the Plan of Merger between RSC, RI and RGBFI with RSC as the surviving entity effective January 1, 2020.

On October 21, 2019, the BOD and stockholders of RSC, ASI, RSSI and RSCI approved the plan of merger of the companies with RSC as the surviving company. The merger was approved by the stockholders representing at least 2/3 vote of the outstanding capital stock of the companies. On June 17, 2020, the SEC approved the Plan of Merger between RSC, ASI, RSSI and RSCI with RSC as the surviving entity effective July 1, 2020.

3. Changes in Accounting Policies

The accounting policies adopted are consistent with those of the previous financial year, except that the Group applied for the first time certain pronouncements, which are effective for annual periods beginning on or after January 1, 2021. Adoption of these pronouncements did not have a significant impact on the Group's financial position or performance unless otherwise indicated.

- Amendment to PFRS 16, *COVID-19-related Rent Concessions beyond 30 June 2021*

  The amendment provides relief to lessees from applying the PFRS 16 requirement on lease modifications to rent concessions arising as a direct consequence of the COVID-19 pandemic. A lessee may elect not to assess whether a rent concession from a lessor is a lease modification if it meets all of the following criteria:

  - The rent concession is a direct consequence of COVID-19;
  - The change in lease payments results in a revised lease consideration that is substantially the same as, or less than, the lease consideration immediately preceding the change;
  - Any reduction in lease payments affects only payments originally due on or before June 30, 2022; and
  - There is no substantive change to other terms and conditions of the lease.

  A lessee that applies this practical expedient will account for any change in lease payments resulting from the COVID-19 related rent concession in the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment.

  The amendment is effective for annual reporting periods beginning on or after April 1, 2021. Early adoption is permitted.

  The Group adopted the amendment beginning April 1, 2021.

  The Group has applied the practical expedient to all rent concessions that meet the above conditions. Please refer to Note 28 for the impact of the amendments.

- Amendments to PFRS 9, PAS 39, PFRS 7, PFRS 4 and PFRS 16, *Interest Rate Benchmark Reform – Phase 2*

  The amendments provide the following temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR):

  - Practical expedient for changes in the basis for determining the contractual cash flows as a result of IBOR reform
  - Relief from discontinuing hedging relationships
  - Relief from the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

  The Group shall also disclose information about:

  - The nature and extent of risks to which the entity is exposed arising from financial instruments subject to IBOR reform, and how the entity manages those risks; and
  - Their progress in completing the transition to alternative benchmark rates, and how the entity is managing that transition

  The Group adopted the amendments beginning January 1, 2021. The amendments have no significant impact on the consolidated financial statements.

Standards Issued But Not Yet Effective
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Group does not expect the future adoption of the said pronouncements to have a significant impact on its financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective beginning on or after January 1, 2022

- Amendments to PFRS 3, *Reference to the Conceptual Framework*

  The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements. The amendments added an exception to the recognition principle of PFRS 3, *Business Combinations* to avoid the issue of potential 'day 2'gains or losses arising for liabilities and contingent liabilities that would be within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets* or Philippine-IFRIC 21, *Levies*, if incurred separately.

  At the same time, the amendments add a new paragraph to PFRS 3 to clarify that contingent assets do not qualify for recognition at the acquisition date.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and apply prospectively. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 16, *Plant and Equipment: Proceeds before Intended Use*

  The amendments prohibit entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss.

  The amendment is effective for annual reporting periods beginning on or after January 1, 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

  The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 37, *Onerous Contracts - Costs of Fulfilling a Contract*

  The amendments specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

  The amendments are effective for annual reporting periods beginning on or after January 1, 2022. The Group will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

- *Annual Improvements to PFRSs* 2018-2020 Cycle

  - Amendments to PFRS 1, *First-time Adoption of Philippines Financial Reporting Standards, Subsidiary as a first-time adopter*

    The amendment permits a subsidiary that elects to apply paragraph D16(a) of PFRS 1 to measure cumulative translation differences using the amounts reported by the parent, based on the parent's date of transition to PFRS. This amendment is also applied to an associate or joint venture that elects to apply paragraph D16(a) of PFRS 1.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

  - Amendments to PFRS 9, *Financial Instruments*, *Fees in the '10 per cent' test for derecognition of financial liabilities*

    The amendment clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. An entity applies the amendment to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment.

    The amendment is effective for annual reporting periods beginning on or after January 1, 2022 with earlier adoption permitted. The Group will apply the amendments to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. The amendments are not expected to have a material impact on the Group.

  - Amendments to PAS 41, *Agriculture, Taxation in fair value measurements*

    The amendment removes the requirement in paragraph 22 of PAS 41 that entities exclude cash flows for taxation when measuring the fair value of assets within the scope of PAS 41.

    An entity applies the amendment prospectively to fair value measurements on or after the beginning of the first annual reporting period beginning on or after January 1, 2022 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, *Deferred Tax related to Assets and Liabilities arising from a Single Transaction*

  The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 8, *Definition of Accounting Estimates*

  The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

  An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted. The amendments are not expected to have a material impact on the Group.

- Amendments to PAS 1 and PFRS Practice Statement 2, *Disclosure of Accounting Policies*

  The amendments provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by:

  - Replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies, and
  - Adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures

  The amendments to the Practice Statement provide non-mandatory guidance. Meanwhile, the amendments to PAS 1 are effective for annual periods beginning on or after January 1, 2023. Early application is permitted as long as this fact is disclosed. The amendments are not expected to have a material impact on the Group.

Effecyive beginning on or after January 1, 2024

- Amendments to PAS 1*, Classification of Liabilities as Current or Non-current*

  The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

  - What is meant by a right to defer settlement
  - That a right to defer must exist at the end of the reporting period
  - That classification is unaffected by the likelihood that an entity will exercise its deferral right
  - That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. However, in November 2021, the International Accounting Standards Board (IASB) tentatively decided to defer the effective date to no earlier than January 1, 2024. The Group is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

  PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

  The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

  - A specific adaptation for contracts with direct participation features (the variable fee approach)
  - A simplified approach (the premium allocation approach) mainly for short-duration contracts

  On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB. The standard will have no impact on the consolidated financial statements.

  PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred Effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

  The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors’ interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes 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.

The amendments will have no significant impact on the Group's financial position or performance.

4. **Summary of Significant Accounting Policies**

Revenue from Contracts with Customers
Revenue from contracts with customers is recognized when control of the goods is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The Group concluded that it is acting as principal in all its revenue arrangements. The Group recognized revenue from the following major sources:

- Sale of goods to retail customers, including the related loyalty programme and warranties granted under local legislation. Sale of goods include food, beverage, grocery items, fashion items (e.g. shoes, bags, clothing, cosmetics), household items, home improvement products, consumer electronics and appliances, toys, and prescription and over-the-counter pharmaceutical products;
- Sale of merchandise to franchisees;
- Franchise revenue under Ministop and TGP franchise agreements;
- Royalty fees

Sale of Goods - Retail Customers
The Group sells goods directly to customers through its own retail outlets and through its own e-commerce platform and in partnership with major e-commerce players in the country.

For sale of goods through retail outlets revenue is recognized when the control of the goods has transferred to the customer, being at the point the customer purchases the goods at the retail outlet. Payment of the transaction price is due immediately at the point the customer purchases the goods.

For e-commerce sales, revenue is recognized when control of the goods has transferred to the customer, being at the point the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location.

Under the Group's standard contract terms for sale to retail customers (from both retail outlet and e-commerce sales), customers have a right of return within seven (7) days. The right of return is not a separate performance obligation and is not considered in establishing the transaction price since right of return entitles the customer to exchange the product bought for another product of the same type, quality, condition and price (for example, one color or size for another).

Sale of Goods - Wholesale Market
The Group also sell goods in the wholesale market. Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales

contract, the acceptance provisions have lapsed, or the group has objective evidence that all criteria for acceptance have been satisfied.

The sale of goods to the wholesale market often includes volume discounts based on current purchases. Revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice.

A receivable is recognized when the goods are shipped to the customer's specific location as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

Sale of Loyalty Points and Gift Checks
In 2019, the Group operates a loyalty programme where retail customers accumulate points for purchases made at any participating retail outlets and partner establishments that can be redeemed against any future purchases at any participating retail outlets and partner establishments, subject to a minimum number of points obtained. The Group also sells gift checks at face value which can be used to redeem goods.

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 and gift checks at the time of the initial sales transaction. Revenue from the loyalty points and gift checks are recognized when the points are redeemed by the customer. Revenue for loyalty points and gift checks that are not expected to be redeemed is recognized in proportion to the pattern of rights exercised by customers.

Starting January 1, 2020, the management and operation of the loyalty programme has been transferred to DAVI, a related party. With the new arrangement, the Group concluded that it only acts as an agent of DAVI and recognizes revenue relating to loyalty points on a net basis.

Sale of Merchandise - Franchisees
For sale of merchandise to franchisees, revenue is recognized when control of the goods has transferred to the franchisees, being at the point the goods are delivered to the franchisees. Delivery occurs when the goods have been shipped to the franchisee's specific location.

Franchise Revenue
The Group's franchise agreement includes payment of non-refundable upfront fee. The revenue from non-refundable upfront fees is recognized on a straight-line basis over the period the franchisee has access to the license (the term of the franchise agreement). Continuing franchise fees in exchange for the franchise right granted over the term of the franchise agreement are recognized as revenue when the subsequent sale of merchandise by the franchisees occurs.

Royalty Fee
Royalty fee is recognized every month based on the percentage of gross profit of the franchisees.

<u>Contract Balances</u>
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).

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 its obligation under the contract.

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group recognizes revenue when it transfers control of a product or service to a customer.

Financial Instruments - Initial Recognition and Subsequent Measurement

Financial Assets
The Group recognizes a financial asset in the consolidated statement of financial position when it becomes a party to the contractual provisions of the instrument.

Initial Recognition and Measurement
Financial assets are classified, at initial recognition, as subsequently measured at amortized cost, FVOCI, and FVTPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient, the Group initially measures a financial asset at its fair value plus, in case not at FVTPL, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under PFRS 15.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent Measurement
For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortized cost (debt instruments)
- FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at FVTPL

Financial Assets at Amortized Cost (Debt Instruments). The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- 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.

Financial assets at amortized cost are subsequently measured using the EIR method and are subject to impairment. Gains and losses are recognized in the consolidated statement of comprehensive income when the asset is derecognized, modified or impaired.

As of December 31, 2021 and 2020, the Group's financial assets at amortized cost includes cash and cash equivalents, trade receivables and refundable security deposits included under 'Other noncurrent assets'.

FVOCI (Debt Instruments). The Group measures debt instruments at FVOCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- 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.

For debt instruments at FVOCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognized in the consolidated statement of comprehensive income and computed in the same manner as for financial assets measured at amortized cost. The remaining fair value changes are recognized in OCI in the consolidated statement of comprehensive income. Upon derecognition, the cumulative fair value change recognized in other comprehensive income is recycled to profit or loss in the consolidated statement of comprehensive income.

As of December 31, 2021 and 2020, the Group's debt instruments at FVOCI includes investments in quoted debt instruments.

Financial Assets Designated at FVOCI (Equity Instruments). Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation and Disclosure* are not held for trading. The classification is determined on an instrument-by instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the consolidated statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at FVOCI are not subject to impairment assessment.

The Group elected to classify irrevocably its listed equity investments under this category.

Financial Assets at FVTPL. Financial assets at FVTPL include financial assets held for trading, financial assets designated upon initial recognition at FVTPL, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets with cash flows that are not SPPI are classified and measured at FVTPL, irrespective of the business model.

Financial assets at FVTPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in profit or loss in the consolidated statement of comprehensive income.

As of December 31, 2021 and 2020, the Group's financial assets at FVTPL includes investments in debt instruments which contain loss absorption feature.

Impairment of Financial Assets
The Group recognizes an allowance for ECLs for all debt instruments not held at FVTPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

The ECL allowance is based on the credit losses expected to arise on a 12-month duration if there has been no significant increase in credit risk of the financial asset since origination (12-month ECL). Otherwise if a significant increase in credit risk is observed, then the ECL estimation is extended until the end of the life of the financial asset (Lifetime ECL). The 12-month ECL represents the losses that result from default events on a financial asset which may happen within 12 months after the reporting date. The Lifetime ECL on the other hand represents the losses that result from default events on a financial asset which may happen over its life. Both Lifetime ECLs and 12-month ECLs are calculated on either an individual basis or a collective basis, depending on the nature of the underlying portfolio of financial instruments.

Financial instruments subject to the ECL methodology are categorized into three stages:

- Stage 1 is comprised of all non-impaired financial instruments which have not experienced a significant increase in credit risk since initial recognition. Entities are required to recognize 12-month ECL for stage 1 financial instruments. In assessing whether credit risk has increased significantly, entities are required to compare the risk of a default occurring on the financial instrument as at the reporting date, with the risk of a default occurring on the financial instrument as at the date of initial recognition.

- Stage 2 is comprised of all non-impaired financial instruments which have experienced a significant increase in credit risk since initial recognition. Entities are required to recognize lifetime ECL for stage 2 financial instruments. In subsequent reporting periods, if the credit risk of the financial instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then entities shall revert to recognizing 12-month ECL.

- Financial instruments are classified as stage 3 when there is objective evidence of impairment as a result of one or more loss events that have occurred after initial recognition with a negative impact on the estimated future cash flows of a financial instrument or a portfolio of financial instruments. The ECL model requires that lifetime ECL be recognized for impaired financial instruments, which is similar to the requirements under PAS 39 for impaired financial instruments.

A default is considered to have occurred when (a) there is a breach of financial covenants by the counterparty; or (b) information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group). Irrespective of the analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

At each reporting date, the Group shall assess whether the credit risk on a loan or credit exposure has increased significantly since initial recognition. Group's assessment of significant increase in credit risk involves looking at quantitative element and qualitative element. The quantitative element is being looked through statistical models or credit ratings process or scoring process that captures certain information which the Group shall consider as relevant in assessing changes in credit risk. The Group may also look at the number of notches downgrade of credit risk rating or certain thresholds for the probabilities of default being generated from statistical models to determine whether significant increase in credit risk has occurred subsequent to initial recognition date.

Credit exposures shall be transferred from Stage 1 to Stage 2 if there is significant increase in credit risk from initial recognition date. Exposures shall be classified as Stage 2 if (a) the exposure have potential weaknesses, based on current and/or forward-looking information, that warrant management's close attention. Said weaknesses, if left uncorrected, may affect the repayment of these exposures; (b) If there are adverse or foreseen adverse economic or market conditions that may affect the counterparty's ability to meet the scheduled repayments in the future.

Exposures shall be transferred from Stage 3 (non-performing) to Stage 1 (performing) when there is sufficient evidence to support their full collection. Such exposures should exhibit both the quantitative and qualitative indicators of probable collection prior to their transfer. Quantitative indicator is characterized by payments made within an observation period. Qualitative indicator pertains to the results of assessment of the borrower's financial capacity.

ECLs are generally measured based on the risk of default over one of two different time horizons, depending on whether there has been significant increase in credit risk since initial recognition. ECL calculations are based on the following components:

- Probability-of-default (PD) - an estimate of the likelihood that a borrower will default on its obligations over the next 12 months for Stage 1 or over the remaining life of the credit exposure for Stages 2 and 3.

- Loss-given-default (LGD) - an estimate of the loss arising in case where defaults occur at a given time. It is based on the difference between the contractual cash flow due and those that the Group would expect to receive, including from any collateral.

- Exposure-at-default (EAD) - an estimate of the exposure at a future/default date taking into account expected changes in the exposure after the reporting date, including repayments of principal and interest, expected drawdown on committed facilities and accrued interest from missed payments.

Forward-looking information shall be considered in estimating/determining the 12-month and lifetime PD, LGD and EAD depending on the credit exposure.

ECL measurement is determined by evaluating a range of possible outcomes and using reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions. Experienced credit judgment is essential in assessing the soundness of forward-looking information and in ensuring that these are adequately supported. Forward-looking macroeconomic information (e.g. inflation rate and consumer price index) and scenarios shall consider factors that may affect the general economic or market conditions in which the Group operates.

For trade receivables and contract assets, the Group applies the simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted by forward-looking factors specific to the debtors and economic environment.

For debt instruments at FVOCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument.

The Group's debt instruments at FVOCI comprise solely of quoted bonds that are graded in the top investment category by the S&P and, therefore, are considered to be low credit risk investments. It is the Group's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL. The Group uses the ratings from the S&P both to determine whether the debt instrument has significantly increased in credit risk and to estimate ECLs.

For other debt financial instruments e.g., cash and cash equivalents and security deposits ECLs the Group applies the general approach. Therefore, the Group track changes in credit risk at every reporting date.

<u>Financial Liabilities</u>
Initial Recognition
Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL and other financial liabilities at amortized cost. The initial measurement of financial liabilities, except for designated at FVPL, includes transaction costs.

As of December 31, 2021 and 2020, the financial liabilities of the Group are classified as other financial liabilities.

Subsequent Measurement
The measurement of financial liabilities depends on their classification, as described below:

Other Financial Liabilities. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest method. Gains and losses are recognized in the consolidated statement of comprehensive income when the liabilities are derecognized as well as through amortization process.

This accounting policy relates primarily to the Group's Trade and other payables, Short-term loans, Lease liabilities and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable and retirement obligation).

<u>Offsetting of Financial Assets and Liabilities</u>
Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. The Group assesses that it has a currently enforceable right of offset if the right is not contingent on a future event, and is legally enforceable in the normal course of business, event of default, and event of insolvency or bankruptcy of the Group and all of the counterparties.

Derecognition of Financial Assets and Liabilities

Financial Asset

A financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) is derecognized where:

- the right to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a pass-through' arrangement; or
- the Group has transferred its right to receive cash flows from the asset and either; (a) has transferred substantially all the risks and rewards of the asset; or (b) has neither transferred nor retained the risk and rewards of the asset but has transferred the control of the asset.

Where the Group has transferred its right to receive cash flows from an asset but has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Financial Liability

A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

Fair Value Measurement

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 measurement 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 absence of a principal market, in the most advantageous market for the asset or liability.

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

The fair value of an asset or a 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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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 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 (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

<u>Cash and Cash Equivalents</u>
Cash includes cash on hand and in banks. 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.

<u>Merchandise Inventories</u>
Merchandise inventories are stated at the lower of cost and net realizable value (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 inventory to its present location and condition.

NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. In the event that NRV is lower than cost, the decline shall be recognized as an expense in the consolidated statement of comprehensive income.

<u>Investment in Associates</u>
Associates are entities in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of investee, but is not control or joint control over those policies. Investment in associates is accounted for under the equity method of accounting.

Under the equity method, the investment in associates is carried in the consolidated statement of financial position at cost plus post-acquisition changes in the Group's share in the net assets of the associates, less any impairment in value. The profit or loss reflects the share of the results of the operations of the associates reflected a "Equity in net earnings of associates" under "Other income (charges)" in the consolidated statement of comprehensive income. Goodwill relating to associate is included in the carrying amount of the investment and is not amortized. The Group's share in the investees' post acquisition movements in the investees' equity reserves is recognized directly in equity. Profit and losses resulting from transactions between the Group and the associates are eliminated to the extent of the interest in the associate and for unrealized losses to the extent that there is no evidence of impairment of the assets transferred. Dividends received are treated as a reduction of the carrying value of the investment.

The Group discontinues applying the equity method when the investment associates is reduced to zero (0). Accordingly, additional losses are not recognized unless the Group has guaranteed certain obligations of the associates. When the associates subsequently report net income, the Group will resume applying the equity method but only after its share of that net income equals the share of net losses not recognized during the period the equity method was suspended.

The reporting dates of the associates and the Group are identical and associate's accounting policies conform to those used by the Group for like transactions and events in similar circumstances.

After application of the equity method, the Group determines whether it is necessary to recognize an additional impairment loss on the Group's investment in associates. The Group determines at each reporting date whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and its carrying value and recognizes the amount under "Other expenses" in the consolidated statement of comprehensive income.

Upon loss of significant influence over the associates, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associates upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in the consolidated statement of comprehensive income.

Business Combination and Goodwill

If the initial accounting for a business combination can be determined only provisionally by the end of the period in which the combination is effected because either the fair values to be assigned to the acquiree's identifiable assets, liabilities or contingent liabilities or the cost of the combination can be determined only provisionally, the Group accounts for the combination using those provisional values. The Group recognizes any adjustments to those provisional values as a result of completing the initial accounting within twelve (12) months of the acquisition date as follows: (i) the carrying amount of the identifiable asset, liability or contingent liability that is recognized or adjusted as a result of completing the initial accounting shall be calculated as if its fair value at the acquisition date had been recognized from that date; (ii) goodwill or any gain recognized shall be adjusted by an amount equal to the adjustment to the fair value at the acquisition date of the identifiable asset, liability or contingent liability being recognized or adjusted; and (iii) comparative information presented for the periods before the initial accounting for the combination is complete shall be presented as if the initial accounting has been completed from the acquisition date.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group measures the non-controlling interest in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the Group will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PFRS 9 either in profit or loss or as a change to OCI. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss as bargain purchase gain.

Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. For purposes of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating unit (CGUs), or groups of CGUs, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Each unit or group of units to which the goodwill is allocated should:

- represent the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- not be larger than an operating segment determined in accordance with PFRS 8, *Operating Segments*.

Impairment is determined by assessing the recoverable amount of the CGU (or group of CGUs), to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount, an impairment loss is recognized. Where goodwill forms part of a CGU (or group of CGUs) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in these circumstances is measured based on the relative values of the operation disposed of and the portion of the CGU retained. If the acquirer's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the acquirer shall recognize immediately in the consolidated statement of comprehensive income any excess remaining after reassessment.

Combination of Entities under Common Control

Business combinations under common control are those in which all of the combining entities or businesses are controlled by the same party or parties both before and after the business combination, and that control is not transitory. Business combinations are accounted for using the acquisition method except for business combinations under common control in which an accounting similar to pooling of interest method accounted for prospectively from the acquisition date as allowed under PIC Q&A 2012-01. Under the prospective pooling of interest method, the assets and liabilities of the combining entities are reflected at their carrying amounts. No adjustments are made to reflect fair values, or recognize any new assets and liabilities, at the date of the combination. No new goodwill is recognized. The adjustments made, if any, are only to the extent to harmonize accounting policies within the Group. The difference between the book value of net asset acquired and the consideration paid or transferred is recognized in equity, under "Equity reserve". The profit and loss of the acquirees are consolidated from the acquisition date. Comparative periods are not restated.

Acquisition of Assets

When assets are acquired, through corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business. When such an acquisition is not judged to be an acquisition of a business, it is not treated as a business combination. Rather, the cost to acquire the entity is allocated between the identified assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

Property and Equipment
Property and equipment, except land are carried at cost less accumulated depreciation and amortization and accumulated impairment in value, if any. Land is carried at cost less any impairment in value. The initial cost of property and equipment comprises its purchase price, including any directly attributable costs of bringing the asset to its working condition and location for its intended use. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the consolidated statement of comprehensive income during the financial period in which they are incurred.

Construction in-progress (CIP) are transferred to the related "Property and equipment" account when the construction or installation and related activities necessary to prepare the property and equipment for their intended use are completed, and the property and equipment are ready for service. CIP is not depreciated until such time when the relevant assets are completed and available for use.

Depreciation and amortization is computed using the straight-line method over the estimated useful lives (EUL) of the assets. Leasehold improvements are amortized over the EUL of the improvements or the term of the related lease, whichever is shorter.

The EUL of property and equipment in general are as follow:

	Years
Building and other equipment	20 - 25
Leasehold improvements	6 - 10
Store furniture and fixtures	5 - 10
Office furniture and fixtures	5 - 10
Transportation equipment	5 - 10
Computer equipment	3 - 10

The assets' useful lives and the depreciation and amortization method are reviewed periodically to ensure that the period and the method of depreciation and amortization are consistent with the expected pattern of economic benefits from items of property and equipment.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of comprehensive income in the period the item is derecognized.

The assets' residual values, useful lives and methods of depreciation and amortization are reviewed and adjusted, if appropriate, at each financial year-end.

Fully depreciated and amortized property and equipment are maintained in the accounts until these are no longer in use.

Intangible Assets
Intangible assets acquired separately are measured on initial recognition at cost. The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the EUL and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite useful life is reviewed annually to determine whether the indefinite useful life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Licenses
The Group acquired the license to use the brand and operate its stores. The license shall be amortized using the straight-line method over a period of ten (10) years. The amortization of the license is recorded in the consolidated statement of comprehensive income under “Operating expenses” account.

Trademarks
Trademarks, which were acquired through business combinations in 2012 (SSDI), 2015 (SEWI), 2016 (TGPPI), 2018 (RSCI) and 2020 (RPI) were recognized at fair value at the date of acquisition and assessed to have indefinite useful lives. Following initial recognition, the trademarks are carried at cost and subject to annual impairment testing.

Franchise
The Group acquired the franchise to use the brand and operate its stores. The franchise shall be amortized using the straight-line method over a period of ten (10) years. The amortization of the franchise is recorded in the consolidated statements of comprehensive income under “Operating expenses” account.

<u>Impairment of Nonfinancial Assets</u>
This accounting policy primarily applies to the Group’s property and equipment, ROU assets, investment in associates and intangible assets.

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or CGU’s fair value less costs to sell, and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets.

Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset, taking into consideration the impact of the coronavirus pandemic. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly-traded subsidiaries or other available fair value indicators.

Impairment losses of continuing operations are recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the impaired asset, except for property previously revalued where the revaluation was taken to equity. In this case the impairment is also recognized in equity up to the amount of any previous revaluation.

For nonfinancial assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group makes an estimate of recoverable amount. 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. That 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. Such reversal is recognized in the consolidated statement of comprehensive income.

The following criteria are also applied in assessing impairment of specific assets:

Investment in Associates
After application of the equity method, the Group determines whether it is necessary to recognize any additional impairment loss with respect to the Group's net investment in associates. The Group determines at each reporting date whether there is any objective evidence that the investment in associates is impaired. If this is the case, the Group calculates the amount of impairment as being the difference between the recoverable amount and the carrying value of the investment in associates and recognizes the difference in the consolidated statement of comprehensive income.

Impairment Testing of Goodwill and Trademarks
Goodwill and trademarks are reviewed for impairment, annually or more frequently, if events or changes in circumstances indicate that the carrying value may be impaired.

The Group performed its annual impairment test for the years ended December 31, 2021 and 2020. The CGU are concluded to be the entire entities acquired by the Group. The impairment testing may be performed at any time in the annual reporting period, but it must be performed at the same time every year and when circumstances indicate that the carrying amount is impaired. The impairment testing also requires an estimation of the recoverable amount, which is the net selling price or value-in-use of the CGU to which the goodwill and intangibles are allocated.

The most recent detailed calculation made in a preceding period of the recoverable amount of the CGU may be used for the impairment testing for the current period provided that:

- The assets and liabilities making up the CGU have not changed significantly from the most recent calculation;
- The most recent recoverable amount calculation resulted in an amount that exceeded the carrying amount of the CGU by a significant margin; and
- The likelihood that a current recoverable amount calculation would be less than the carrying amount of the CGU is remote based on an analysis of events that have occurred and circumstances that have changed since the most recent recoverable amount calculation.

Impairment is determined for goodwill and trademarks by assessing the recoverable amount of the CGU (or group of CGU) to which the goodwill and trademarks relate. Where the recoverable amount of the CGU (or group of CGU) is less than the carrying amount of the CGU (or group of CGU) to which goodwill and trademarks have been allocated, an impairment loss is recognized immediately in the consolidated statement of comprehensive income. Impairment loss recognized for goodwill and trademarks shall not be reversed in future periods.

Retirement Cost

Defined Benefit Plan

The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting date reduced by the fair value of plan assets, adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

(a) service cost;
(b) net interest on the net defined benefit liability or asset; and
(c) remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as expense in profit or loss in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in profit or loss in the consolidated statement of comprehensive income.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in the consolidated statement of comprehensive income subsequent periods.

Retirement plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Retirement plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. Fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed of some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Value-Added Taxes (VAT)
Input tax represents the VAT paid on purchases of goods and services that the Group can apply against any future liability for output VAT on sale of goods and services subjected to VAT. The input VAT can also be recovered as tax credit under certain circumstances and can be applied against future income tax liability of the Group upon approval of the BIR. Input VAT is stated at its estimated NRV. Output VAT pertains to the 12.0% tax due on the local sale of goods by the Group.

If at the end of any taxable month, the output VAT exceeds the input VAT, the outstanding balance is included under "Trade and other payables" account. If the input VAT exceeds the output VAT, the excess shall be carried over to the succeeding months and included under "Other current assets".

Creditable Withholding Taxes (CWT)
CWT included under other current assets are attributable to taxes withheld by third parties arising from the sale of goods, rental fees and other services and will be applied against future taxes payable.

Income Tax
Current Tax
Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Deferred Tax
Deferred tax is provided, using the balance sheet liability method, on all temporary differences, with certain exceptions, at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, with certain exceptions. Deferred tax assets are recognized for all deductible temporary differences, carryforward of unused tax credits from excess of minimum corporate income tax (MCIT) over regular corporate income tax (RCIT) and net operating loss carryover (NOLCO), to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward of unused tax credits from excess MCIT and NOLCO 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 income will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rate that is expected to apply to the period 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.

Deferred tax relating to items recognized outside the consolidated statement of comprehensive income is recognized outside the consolidated statement of comprehensive income. Deferred tax items are recognized in correlation to the underlying transaction either in the consolidated statement of comprehensive income or 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.

Capital Stock
Capital stock is measured at par value for all shares issued. When the Group issues shares in excess of par, the excess is recognized as additional paid-in capital (APIC) (Note 18). Incremental costs incurred directly attributable to the issuance of new shares are treated as deduction from APIC. If APIC is not sufficient, the excess is charged against retained earnings.

Equity Reserve
Equity reserve consist of equity transactions other than capital contributions, such as equity transactions arising from transactions with NCI and combination or entities under common control.

Retained Earnings
Retained earnings represent accumulated earnings of the Group less dividends declared and any adjustment arising from application of new accounting standards, policies or correction of errors applied retroactively. It includes the accumulated equity in undistributed earnings of consolidated subsidiaries which are not available for dividends until declared by subsidiaries. Appropriated retained earnings are those that are restricted for store expansion. Unappropriated retained earnings are those that can be allocated for specific purposes and can be distributed as dividend (Note 18).

Other Comprehensive Income (OCI)
OCI are items of income and expense that are not recognized in profit or loss in the consolidated statement of comprehensive income for the year in accordance with PFRS. The Group's OCI pertains to unrealized gains or losses arising from debt instruments financial assets which can be recycled to profit or loss in the consolidated statement of comprehensive income and equity instruments financial assets which cannot be recycled to profit or loss and remeasurement gain or losses on retirement obligation.

Treasury Shares
Treasury shares are own equity instruments which are reacquired, recognized at cost and deducted from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation, if reissued, is recognized in APIC (Note 18). Voting rights related to treasury shares are nullified for the Group and no dividends are allocated to them respectively. When the shares are retired, the capital stock account is reduced by its par value and the excess of cost over par value upon retirement is debited to APIC to the extent of the specific or average APIC when the shares were issued and to retained earnings for the remaining balance. The retained earnings account is restricted to payment of dividends to the extent of the cost of treasury shares.

Leases
The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at inception date. The arrangement is assessed for whether the fulfillment of the arrangement is dependent on the use of a specific asset ot assets and the arrangement conveys a right to use the asset or assets, evein if that right is not explicitly specified in an arrangement.

Group as a Lessee
The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognizes lease liabilities to make lease payments and ROU assets representing the right to use the underlying assets.

ROU assets. The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term as follows:

	Years
Land	10-25
Warehouses	10-15
Store spaces	6-10
Office spaces	6-10
Building	10

ROU assets are presented separately in the consolidated statement of financial position and are also subject to impairment test.

Lease liabilities. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognized as expense in the period on which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Lease liabilities (current and noncurrent) are presented separately in the consolidated statement of financial position.

Short-term leases and leases of low-value assets. The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value (e.g ₱250,000 or below). Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Group as Lessor
Leases where the Group does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the consolidated statement of comprehensive income. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as the rental income. Contingent rents are recognized as revenue in the period in which they are earned.

Foreign Currency Transactions
Transactions in foreign currencies are initially recorded in the Group's functional currency using the exchange rates prevailing at the dates of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency using the Bankers Association of the Philippines (BAP) closing rate prevailing at the reporting date. Exchange gains or losses arising from foreign exchange transactions are credited to or charged against operations for the period.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the prevailing closing exchange rate as of the date of initial transaction.

Financial statements of consolidated foreign subsidiaries which are considered foreign entities are translated into the presentation currency of the Parent Company (Peso) at the closing exchange rate at end of reporting period and their statements of income are translated using the monthly weighted average exchange rates for the year. The exchange differences arising from the translation are taken directly to a separate component of equity (under cumulative translation adjustment). On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the consolidated statement of comprehensive income.

Earnings Per Share (EPS)
Basic EPS is computed by dividing net income for the year applicable to common stock by the weighted average number of common shares issued and outstanding during the year, adjusted for any subsequent stock dividends declared.

Diluted EPS is calculated by dividing the net income for the year attributable to ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

The calculation of diluted EPS does not assume conversion, exercise, or other issue of potential common shares that would have an antidilutive effect on EPS.

The Parent Company does not have any potential dilutive ordinary shares for the years ended December 31, 2021, 2020 and 2019 (Note 26).

Provisions
Provisions are recognized only when the following conditions are met: (a) there exists a present obligation (legal or constructive) as a result of a past event; (b) it is probable (i.e., more likely than not) that an outflow of resources embodying economic benefits will be required to settle the obligation; and (c) a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments 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 an interest expense in profit or loss. Provisions are reviewed at each reporting period and adjusted to reflect the current best estimate.

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

Segment Reporting
Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM, who is responsible for resource allocation and assessing performance of the operating segment, has been identified as the President. The nature of the operating segment is set out in Note 6.

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 reflected in the consolidated financial statements. Post year-end events that are non-adjusting events are disclosed in the consolidated financial statements when material.

5. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with PFRSs requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates and assumptions used in the accompanying consolidated financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the consolidated financial statements. Actual results could differ from such estimates.

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:

Determination of Acquisition of Group of Assets as a Business in Accordance with PFRS 3
Management uses judgment in assessing if the group of assets and liabilities acquired would constitute a business. In accordance with PFRS 3, business is defined as an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing a return in the form of dividends, lower costs or other economic benefits directly to investors or other owners, members or participants. Management assessed that the acquisition of RPI constitute a business while the acquisition of JMBHC constitute a purchase of an asset.

Determination of lease term of contracts with renewal and termination options - Company as a lessee
The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination option (eg. construction of significant leasehold improvements). After the commencement date, the Group reassess the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate.

Right to Access - Performance Obligation Satisfied Over Time
The Group considered the following in assessing whether the non-refundable upfront franchise fee is a right to access the Ministop and TGP licenses: (a) the franchisee reasonably expects that the entity will undertake activities that will significantly affect the license to which the customer has rights (i.e. the characters); (b) the rights granted by the franchise agreement directly expose the franchisee to any positive or negative effects of the Group's activities because the franchise agreement requires the customer to use the latest characters; and (c) even though the franchisees may benefit from those activities through the rights granted by the franchise agreement, they do not transfer a good or service to the customer as those activities occur.

The Group concludes that non-refundable upfront franchise fee is a payment to provide the franchisees with access to the Ministop and TGP licenses as it exists throughout the franchise period. Consequently, the entity accounts for the upfront franchise fee as a performance obligation satisfied over time.

Determination if Consideration Received from Suppliers is Not Distinct
The Group in the ordinary course of business received consideration from suppliers for product placements (e.g. slotting fees) and other programs. The Group determines that the consideration received from the suppliers is not in exchange for a distinct good or service that transfers to the supplier because of the following considerations:

- the standalone selling price of the good or service for which the consideration is received cannot be reasonably estimated; and
- the supplier does not obtain control of the goods or service.

Under PFRS 15, considerations received from the suppliers under normal trade agreements are treated as only one performance obligation and the considerations received are deducted to cost of merchandise sold.

Accounting for Investment in GrowSari and G2M through Convertible Note
The Group has investments in GrowSari, Inc. and G2M Solutions Philippines Pte. Ltd. through convertible note which will provide the Group 28.60% and 14.90% ownership interest, respectively, upon conversion of the note. The Group assessed that it has significant influence as evidenced by provision of technical information, board seats and service agreement in the term sheet. Thus, the investments are accounted for as investments in associates.

Determination of Control
The Group determined that it has control over its investees by considering, among others, its power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect its returns.

The following were also considered:

- The contractual arrangement with the other vote holders of the investee;
- Rights arising from other contractual agreements; and
- The Group's voting rights and potential voting rights.

Contingencies
The Group is currently involved in certain legal proceedings. The estimate of the probable costs for the resolution of these claims has been developed in consultation with outside counsel handling the defense in these matters and is based upon an analysis of potential results. The Group currently does not believe that these proceedings will have a material adverse effect on the Group's financial

position and results of operations. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of the strategies relating to these proceedings (Note 31).

Estimates and Assumptions
The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Recoverability of Goodwill and Trademarks
In the course of the Group's business combinations, goodwill and trademarks were acquired (Note 14). These assets have indefinite useful lives.

The Group performed its annual impairment test as at December 31, 2021 and 2020. The recoverable amounts of the CGUs have been determined based on value in use (VIU) and enterprise value or earnings before interest, taxes, depreciation and amortization (EV/EBITDA) multiple calculations.

As of December 31, 2021 and 2020, below are the CGUs from which trademarks with indefinite useful life are allocated and tested for annual impairment:

	Basis	Amount
RSCI	VIU	₱3,205,411,607
SSDI	VIU	1,566,917,532
RPI	VIU	1,514,575,531
TGPPI	VIU	1,264,098,435
SEWI	VIU	364,914,493
		₱7,915,917,598

As of December 31, 2021 and 2020, below are the CGUs from which goodwill is allocated and tested for annual impairment:

	Basis	**2021**	2020
RSCI	VIU	**₱9,109,386,061**	₱9,109,386,061
RPI	EV/EBITDA	**2,343,614,826**	–
TGPPI	EV/EBITDA	**1,281,428,830**	1,281,428,830
SSDI	EV/EBITDA	**745,887,131**	745,887,131
SEWI	VIU	**715,103,869**	715,103,869
Eurogrocer Corporation	EV/EBITDA	**199,870,222**	199,870,222
RHIB	VIU	**145,655,320**	145,655,320
RTSHPI	EV/EBITDA	**85,161,468**	85,161,468
Jayniths Supermarket	EV/EBITDA	**71,732,435**	71,732,435
HPTDI	VIU	**30,000,000**	30,000,000
GNC Pharma Corp.	EV/EBITDA	**23,250,000**	23,250,000
		₱14,751,090,162	₱12,407,475,336

Value In Use
The recoverable amount of some CGU has been determined based on a value in use calculation using cash flow projections from financial budgets approved by senior management covering a five-year period. The projected cash flows have been updated to reflect the demand for products and services, taking into consideration the impact of the coronavirus pandemic.

The pre-tax discount rate applied to cash flow projections is 5.76% to 11.40% in 2021 (8.63% to 10.68% in 2020) and cash flows beyond the five-year period are extrapolated using a 1.00% to 5.00% in 2021 growth rate (1.00% to 5.00% in 2020) that is the same as the long-term average growth rate for the respective industries. As a result of this analysis, management concluded that the goodwill and trademarks are not impaired.

The calculation of value in use of the CGUs is most sensitive to the following assumptions:

- Gross margins
- Discount rate
- Price inflation
- Growth rates used to extrapolate cash flows beyond the forecast period

Gross Margins
Gross margins are based on average values achieved in one (1) to five (5) years preceding the beginning of the budget period. These are increased over the budget period for anticipated efficiency improvements. A 24.0% to 30.0% gross margin per annum was applied. A decreased demand can lead to a decline in gross margin.

Discount Rates
Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest-bearing borrowings the Group is obliged to service. Segment-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data. Adjustments to the discount rate are made to factor in the specific amount and timing of the future tax flows in order to reflect a pre-tax discount rate.

Price Inflation
Forecast price inflation which impacts the forecast for operating expenses lies within a range of 2.25% to 6.00% in 2021 and 2020. If price increases greater than the forecast price inflation and the Group is unable to pass on or absorb these increases through efficiency improvements, then the Group will have to recognize an impairment.

Growth Rate Estimates
Rates are based on published industry research. A reduction in the long-term growth rate would result in impairment.

EV/EBITDA Multiple
The Group utilized the use of EV/EBITDA multiple in the impairment testing of its goodwill from the acquisitions of some of its subsidiaries wherein the Group obtained and selected comparable entities which closely represent each entity from which goodwill was acquired. The characteristics taken into account include, among others, the geographical area where the comparable resides, nature of business or operations of the comparable entities and economic environment from which the comparable entities operate.

As such, the Group has selected EV/EBITDA multiples limited to retail entities in the Philippines as the management of the Group believes that these entities reasonably represent each acquired entity after carefully taking into account the future viability of the assumptions used and ability of each entity to attain such position in the future as it relates to the overall growth in the industry and in the country.

In 2021 and 2020, the Group used the EV/EBITDA multiple ranging from 8.10 to 9.40 and 10.69 to 11.20 multiples, respectively, for impairment testing of goodwill and concluded and satisfied that goodwill from the acquired entities are not impaired.

In 2020, the Group impaired goodwill related to acquisition of BSRI amounting to ₱83.32 million (Note 14).

Leases - Estimating the incremental borrowing rate
The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The IBR therefore reflects what the Group 'would have to pay', which requires estimation when no observable rates are available (such as for subsidiaries that do not enter into financing transactions) or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain estimates based on the Group credit worthiness.

Provision for ECL of Trade and Other Receivables
The Group uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns.

The provision matrix is initially based on the Group's historical observed default rates. The Group calibrated the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Provision for expected credit losses in 2021, 2020 and 2019 amounted to ₱7.93 million, ₱91.21 million and nil, respectively. As of December 31, 2021 and 2020, allowance for expected credit losses on trade and other receivables amounted to ₱20.27 million and ₱29.09 million, respectively.

As of December 31, 2021 and 2020, the carrying value of the Group's trade and other receivables amounted to ₱2.67 billion and ₱3.14 billion, respectively (Note 8).

Estimating NRV of Merchandise Inventories
The Group carries merchandise inventory at NRV whenever the utility of it becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels, losses 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 price or cost directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at reporting date.

Provision for inventory obsolescence amounted to ₱61.82 million in 2021, ₱123.98 million in 2020 and ₱7.38 million in 2019.

Merchandise inventories amounted to ₱25.09 billion and ₱22.23 billion as of December 31, 2021 and 2020, respectively (Note 9).

Evaluation of Impairment of Nonfinancial Assets
The Group reviews property and equipment, ROU assets, investment in associates and intangible assets with definite lives for impairment of value.

The Group estimates the recoverable amount as the higher of the fair value less cost to sell and value in use. In determining the present value of estimated future cash flows expected to be generated from the continued use of the assets, the Group is required to make estimates and assumptions that may affect property and equipment, investment in associates and intangible assets.

The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model, taking into consideration the impact of the coronavirus pandemic. The cash flows are derived from the budget for the next five (5) years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

In 2021, 2020 and 2019, the Group recognized impairment on assets amounting to nil, ₱338.15 million and ₱65.93 million, respectively (Notes 12, 14 and 15).

As of December 31, 2021 and 2020, the carrying value of the Group's property and equipment amounted to ₱17.62 billion and ₱18.17 billion, respectively (Note 12), ROU assets amounted to ₱22.64 billion and ₱25.04 billion, respectively (Note 28), investment in associates amounted to ₱8.90 billion and ₱8.58 billion, respectively (Note 13) and trademarks and franchise with definite useful life amounted to ₱5.12 million and ₱5.88 million, respectively (Note 14).

Retirement and Other Benefits
The determination of the obligation and cost of retirement and other benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 23, and include, among others, discount rate and salary rates increase.

As of December 31, 2021, the carrying value of the retirement plan amounted to ₱52.78 million asset and ₱301.71 million obligation. As of December 31, 2020 the carrying value of the retirement plan amounted to ₱25.58 million asset and ₱574.53 million obligation.

Recoverability of Deferred Tax Assets
The Group reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Management has determined based on business forecast of succeeding years that there is enough taxable income against which recognized deferred tax assets will be realized.

As of December 31, 2021, and 2020, the Group has deferred tax assets amounting ₱1.35 billion and ₱1.53 billion, respectively. Unrecognized deferred tax assets amounted to ₱140.55 million and ₱145.37 million as of December 31, 2021 and 2020, respectively (Note 25).

Determining Whether the Loyalty Points and Gift Checks Provide Material Rights to Customers
The Company has a loyalty points program which allows customers to accumulate points that can be redeemed for future purchases at any of the Group's retail outlets and participating stores, subject to a minimum number of points obtained. The loyalty points give rise to a separate performance obligation as they provide a material right to the customer. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience. The Group also has gift checks which can be redeemed for future purchases at any of the Group's retail outlets.

Starting January 1, 2020, the management and operation of the loyalty programme has been transferred to DAVI, a related party. Management assessed that they are agent with the new arrangement and that DAVI has the primary responsibility to fulfill the related services attached to the points.

As of December 31, 2021 and 2020, contract liabilities arising from gift checks amounted to ₱230.04 million and ₱164.01 million, respectively (Note 16). Contract liabilities are classified under "Trade and other payables".

Determination of Fair Values of Identifiable Assets and Liabilities
In the process of determining the goodwill in relation to the Group's acquisition of a subsidiary, management uses estimates and assumptions in determining the fair value of identifiable assets and liabilities of the subsidiary. Management is required to use a suitable discount rate and determine the present of value of cash flows. While the Group believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. The goodwill and the share in the fair values of identifiable assets and liabilities of RPI are disclosed in Note 19 to the consolidated financial statements.

COVID-19 Pandemic
The impact of COVID-19 to the Group's business operations relates to any potential interruptions or disruptions. The operations in the Philippines remain fully operational with disruptions on non-essential businesses due to travel and mobility restrictions imposed by the government.

To ensure ongoing impacts of COVID-19 have been appropriately reflected in the Group's consolidated financial statements, the Group has assessed the impact of COVID-19 on its assets and liabilities:

- The forecast used for impairment testing include the Group's best estimates of the potential future impact from COVID-19 pandemic.
- Collectability of accounts with corporate customers and franchisees continues to be closely monitored. A material change in the provision for impairment of trade receivables and due from franchisee has not been identified.
- The Group has also considered the increased uncertainty in determining key assumptions within the assessment of future taxable income of the entities of the Group upon which recognition of deferred tax assets is assessed, including forecast of revenue and expenses, among others.

The Group continues to monitor the risks and the ongoing impacts from COVID-19 on its business.

6. **Operating Segments**

Business Segment

The business segment is determined as the primary segment reporting format as the Group's risks and rates of return are affected predominantly by each operating segment.

Management monitors the operating results of its operating segments separately for the purpose of making decision about resource allocation and performance assessment. Group financing (including interest income, dividend income and interest expense) and income taxes are managed on a group basis and are not allocated to operating segments. The Group evaluates performance based on earnings before interest and taxes, and earnings before interest and taxes, depreciation and amortization. The Group does not report its results based on geographical segments because the Group operates only in the Philippines.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

Cost and expenses exclude interest, taxes, depreciation and amortization.

The amount of segment assets and liabilities are based on the measurement principles that are similar with those used in measuring the assets and liabilities in the consolidated statement of financial position which is in accordance with PFRSs.

The Group derives its revenue from the following reportable units:

- *Supermarket Division*
  The supermarket division operates under seven (7) formats with the acquisition of Rustan Supercenters, Inc. in 2018. It has Robinsons Supermarket, Robinsons Easymart, Robinsons Selections, The Marketplace, Shopwise, Wellcome, Jaynith's Supermarket and No Brand. Robinsons Supermarket is a major supermarket chain in the country that focuses on health and wellness. It also offers fresh food products at competitive prices and actively encourages consumers to adopt a healthy lifestyle by providing a wide range of high quality health and wellness products. Such products are given a specifically allocated section within each of the supermarkets and are made highly visible to consumers. For the year ended December 31, 2021, the Korean hard discount store No Brand was reclassified to the supermarket division as it offers mostly grocery and food products to consumers.

- *Department Store Division*
  Robinsons Department Store (RDS) offers a large selection of local and international brands that are grouped into categories such as shoes, bags and accessories (including beauty and personal care), ladies' and men's wear, children's wear, household items and others. RDS is focused on catering to middle-income customers.

- *Do-It-Yourself (DIY) Division*
  The five (5) DIY brands Handyman Do it Best, True Value, True Home, Robinsons Builders and Home Plus have grown to have a reputation of quality and dependability in the Philippine retail market, as well as being aggressive in terms of expansion among mall and big box hardware and home improvement centers in the country. The DIY segment aims to cover the Philippine landscape with more branches in key commercial centers to promote self-reliance among do-it yourselfers, as well as offer a wide selection of construction materials for contractors and builders.

- *Convenience Store Division*
  Ministop is a 24 - hour convenience store chain and is a franchise of Ministop Co. Ltd. - Japan (Ministop), one of the largest convenience store chains in Japan. The store carries a wide assortment of merchandise and an extensive selection of ready to eat products.

- *Drug Store Division*
  The Drug Store segment operates three (3) formats namely: South Star Drug, Rose Pharmacy and TGP which primarily offer high quality pharmaceutical drugs, which constitutes to over a thousand reputable branded and affordable options including TGP's house brands for generic medicines. The segment's other major product categories are staged milk and non-pharmaceutical selections, which include a vast array personal care items, food and beverage, and other convenience store grocery items.

- *Specialty Store Division*
  The Specialty Store format is the lifestyle arm of the Group. It is committed to bringing a diverse spectrum of products and services to the Philippine market. The segment operates five (5) formats of specialty stores, namely: 1) toys and juvenile products retail under Toys "R" Us; 2) consumer electronics and appliances stores operated under Robinsons Appliances and Savers Appliance, 3) beauty retail, 4) mass merchandise stores under Daiso Japan, Arcova and Super50, 5) pet retail under Pet Lovers Centre.

2021

	Supermarket Division	Department Store Division	DIY Division	Convenience Store Division	Drug Store Division	Specialty Store Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Segment net sales	**₱88,630,077,985**	**₱9,325,871,483**	**₱11,501,454,806**	**₱4,915,270,576**	**₱26,667,779,983**	**₱12,286,905,633**	**₱–**	**₱–**	**₱153,327,360,466**
Intersegment net sales	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total net sales	**88,630,077,985**	**9,325,871,483**	**11,501,454,806**	**4,915,270,576**	**26,667,779,983**	**12,286,905,633**	**–**	**–**	**153,327,360,466**
Segment cost of merchandise sold	**69,599,738,506**	**6,534,305,589**	**7,868,830,480**	**3,385,060,464**	**21,454,378,901**	**9,259,035,592**	**–**	**–**	**118,101,349,532**
Intersegment cost of merchandise sold	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total cost of merchandise sold	**69,599,738,506**	**6,534,305,589**	**7,868,830,480**	**3,385,060,464**	**21,454,378,901**	**9,259,035,592**	**-**	**-**	**118,101,349,532**
Gross profit	**19,030,339,479**	**2,791,565,894**	**3,632,624,326**	**1,530,210,112**	**5,213,401,082**	**3,027,870,041**	**–**	**–**	**35,226,010,934**
Segment other income	**417,536,601**	**23,756,375**	**–**	**208,662,201**	**128,794,407**	**91,214,368**	**–**	**–**	**869,963,952**
Intersegment other income	**193,224,934**	**–**	**–**	**–**	**–**	**–**	**–**	**(193,224,934)**	**–**
Total other income	**610,761,535**	**23,756,375**	**–**	**208,662,201**	**128,794,407**	**91,214,368**	**-**	**(193,224,934)**	**869,963,952**
Gross profit including other income	**19,641,101,014**	**2,815,322,269**	**3,632,624,326**	**1,738,872,313**	**5,342,195,489**	**3,119,084,409**	**-**	**(193,224,934)**	**36,095,974,886**
Segment operating expenses	**12,180,795,774**	**2,171,058,698**	**2,053,009,680**	**1,446,703,566**	**2,991,461,978**	**2,063,075,195**	**42,645,898**	**–**	**22,948,750,789**
Intersegment operating expenses	**–**	**29,514,375**	**24,901,442**	**–**	**51,494,076**	**87,315,041**	**–**	**(193,224,934)**	**–**
Total operating expenses	**12,180,795,774**	**2,200,573,073**	**2,077,911,122**	**1,446,703,566**	**3,042,956,054**	**2,150,390,236**	**42,645,898**	**(193,224,934)**	**22,948,750,789**
Earnings before interest, taxes and depreciation and amortization	**7,460,305,240**	**614,749,196**	**1,554,713,204**	**292,168,747**	**2,299,239,435**	**968,694,173**	**(42,645,898)**	**–**	**13,147,224,097**
Depreciation and amortization	**3,414,446,057**	**670,983,537**	**1,023,781,910**	**502,699,702**	**597,033,260**	**878,828,316**	**–**	**–**	**7,087,772,782**
Earnings (loss) before interest and taxes	**4,045,859,183**	**(56,234,341)**	**530,931,294**	**(210,530,955)**	**1,702,206,175**	**89,865,857**	**(42,645,898)**	**–**	**6,059,451,315**
Interest income	**9,882,549**	**2,172,751**	**9,167,434**	**305,781**	**3,481,001**	**3,510,299**	**418,308,676**	**–**	**446,828,491**
Equity in net earnings of an associate	**–**	**–**	**–**	**–**	**–**	**–**	**292,071,188**	**–**	**292,071,188**
Dividend income	**–**	**–**	**–**	**–**	**–**	**–**	**76,941,788**	**–**	**76,941,788**
Foreign exchange gain (loss) - net	**(7,892,053)**	**3,468,817**	**(1,980)**	**–**	**(98,525)**	**637,345**	**233,910,972**	**–**	**230,024,576**
Interest expense	**(1,025,671,764)**	**(166,920,441)**	**(251,637,592)**	**(98,699,716)**	**(224,995,193)**	**(192,968,496)**	**–**	**–**	**(1,960,893,202)**
Others	**43,415,802**	**–**	**30,654,285**	**11,394,979**	**1,238,517**	**16,048,729**	**21,902,516**	**–**	**124,654,828**
Income before income tax	**₱3,065,593,717**	**(₱217,513,214)**	**₱319,113,441**	**(₱297,529,911)**	**₱1,481,831,975**	**(₱82,906,266)**	**₱1,000,489,242**	**₱–**	**₱5,269,078,984**
Assets and liabilities									
Segment assets	**₱45,298,686,353**	**₱6,935,262,324**	**₱10,671,724,178**	**₱3,512,907,430**	**₱18,539,760,317**	**₱8,759,187,778**	**₱25,927,959,709**	**₱14,588,794,510**	**₱134,234,282,599**
Investment in subsidiaries - at cost	**4,614,291,927**	**3,679,182,333**	**–**	**–**	**–**	**–**	**24,132,839,151**	**(32,426,313,411)**	**–**
Total segment assets	**₱49,912,978,280**	**₱10,614,444,657**	**₱10,671,724,178**	**₱3,512,907,430**	**₱18,539,760,317**	**₱8,759,187,778**	**₱50,060,798,860**	**(₱17,837,518,901)**	**₱134,234,282,599**
Total segment liabilities	**₱26,067,894,563**	**₱7,451,408,924**	**₱5,195,263,432**	**₱2,486,357,810**	**₱10,741,771,385**	**₱4,773,750,644**	**₱1,494,635,677**	**(₱489,517,457)**	**₱57,721,564,978**
Other segment information:									
Capital expenditures	**₱1,473,084,609**	**₱360,334,721**	**₱118,807,383**	**₱63,538,577**	**₱316,145,558**	**₱125,023,556**	**₱–**	**₱–**	**₱2,456,934,404**

2020

	Supermarket Division	Department Store Division	DIY Division	Convenience Store Division	Drug Store Division	Specialty Store Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Segment net sales	₱94,121,288,564	₱8,450,525,571	₱11,357,701,521	₱4,811,079,503	₱19,058,775,778	₱13,270,889,853	₱–	₱–	₱151,070,260,790
Intersegment net sales	–	–	–	–	–	–	–	–	–
Total net sales	94,121,288,564	8,450,525,571	11,357,701,521	4,811,079,503	19,058,775,778	13,270,889,853	–	–	151,070,260,790
Segment cost of merchandise sold	74,496,606,972	5,951,862,621	7,668,439,716	4,088,783,407	15,429,375,991	10,537,269,572	–	–	118,172,338,279
Intersegment cost of merchandise sold	–	–	–	–	–	–	–	–	–
Total cost of merchandise sold	74,496,606,972	5,951,862,621	7,668,439,716	4,088,783,407	15,429,375,991	10,537,269,572	–	–	118,172,338,279
Gross profit	19,624,681,592	2,498,662,950	3,689,261,805	722,296,096	3,629,399,787	2,733,620,281	–	–	32,897,922,511
Segment other income	449,865,663	19,849,634	–	922,266,746	173,820,873	52,416,756	–	–	1,618,219,672
Intersegment other income	107,946,940	–	–	–	–	–	–	(107,946,940)	–
Total other income	557,812,603	19,849,634	–	922,266,746	173,820,873	52,416,756	–	(107,946,940)	1,618,219,672
Gross profit including other income	20,182,494,195	2,518,512,584	3,689,261,805	1,644,562,842	3,803,220,660	2,786,037,037	–	(107,946,940)	34,516,142,183
Segment operating expenses	12,362,894,148	2,209,248,027	1,898,036,532	1,326,876,172	1,990,712,816	1,915,334,553	46,495,067	–	21,749,597,315
Intersegment operating expenses	–	27,239,860	18,757,090	–	42,750,397	19,199,593	–	(107,946,940)	–
Total operating expenses	12,362,894,148	2,236,487,887	1,916,793,622	1,326,876,172	2,033,463,213	1,934,534,146	46,495,067	(107,946,940)	21,749,597,315
Earnings before interest, taxes and depreciation and amortization	7,819,600,047	282,024,697	1,772,468,183	317,686,670	1,769,757,447	851,502,891	(46,495,067)	–	12,766,544,868
Depreciation and amortization	3,286,552,797	745,931,227	956,139,304	584,095,430	477,888,321	936,540,455	–	–	6,987,147,534
Earnings before interest and taxes	4,533,047,250	(463,906,530)	816,328,879	(266,408,760)	1,291,869,126	(85,037,564)	(46,495,067)	–	5,779,397,334
Interest income	38,462,463	5,925,894	25,324,940	831,064	13,302,989	14,156,333	578,541,586	–	676,545,269
Equity in net earnings of an associate	(47,345,883)	–	–	–	–	–	243,859,909	–	196,514,026
Dividend income	–	–	–	–	–	–	27,347,725	–	27,347,725
Foreign exchange gain (loss) - net	9,445,408	3,127,934	–	–	105,424	58	(183,294,196)	–	(170,615,372)
Interest expense	(1,263,446,584)	(178,795,472)	(275,583,930)	(127,449,171)	(214,360,317)	(266,536,880)	(84,456)	–	(2,326,256,810)
Others	559,317,948	(70,927,508)	–	–	–	(256,550,085)	4,104,179	–	235,944,534
Income before income tax	₱3,829,480,602	(₱704,575,682)	₱566,069,889	(₱393,026,867)	₱1,090,917,222	(₱593,968,138)	₱623,979,680	₱–	₱4,418,876,706
Assets and liabilities									
Segment assets	₱47,041,826,708	₱6,586,613,349	₱10,788,240,150	₱3,800,112,679	₱17,810,789,079	₱9,667,597,347	₱30,206,428,685	₱15,694,574,986	₱141,596,182,983
Investment in subsidiaries - at cost	4,590,607,224	3,879,212,333	–	–	–	–	21,632,839,151	(30,102,658,708)	–
Total segment assets	₱51,632,433,932	₱10,465,825,682	₱10,788,240,150	₱3,800,112,679	₱17,810,789,079	₱9,667,597,347	₱51,839,267,836	(₱14,408,083,722)	₱141,596,182,983
Total segment liabilities	₱31,101,571,095	₱6,611,816,732	₱5,539,935,910	₱2,498,415,783	₱11,086,105,648	₱5,935,268,621	₱229,079,840	₱1,003,755,100	₱64,005,948,729
Other segment information:									
Capital expenditures	₱1,130,319,183	₱174,896,526	₱139,939,413	₱160,874,438	₱182,119,695	₱79,671,915	₱–	₱–	₱1,867,821,170

2019

	Supermarket Division	Department Store Division	DIY Division	Convenience Store Division	Drug Store Division	Specialty Store Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Segment net sales	₱88,514,715,048	₱18,039,637,214	₱14,382,541,311	₱6,744,155,713	₱17,684,834,470	₱17,549,803,545	₱–	₱–	₱162,915,687,301
Intersegment net sales	–	–	–	–	–	1,733,507,154	–	(1,733,507,154)	–
Total net sales	88,514,715,048	18,039,637,214	14,382,541,311	6,744,155,713	17,684,834,470	19,283,310,699	–	(1,733,507,154)	162,915,687,301
Segment cost of merchandise sold	69,902,996,664	11,317,374,859	9,707,107,667	6,223,507,105	14,266,050,062	14,317,497,305	–	–	125,734,533,662
Intersegment cost of merchandise sold	–	1,733,507,154	–	–	–	–	–	(1,733,507,154)	–
Total cost of merchandise sold	69,902,996,664	13,050,882,013	9,707,107,667	6,223,507,105	14,266,050,062	14,317,497,305	–	(1,733,507,154)	125,734,533,662
Gross profit	18,611,718,384	4,988,755,201	4,675,433,644	520,648,608	3,418,784,408	4,965,813,394	–	–	37,181,153,639
Segment other income	635,713,065	66,708,741	–	1,846,781,976	184,814,712	6,162,530	–	–	2,740,181,024
Intersegment other income	151,042,982	16,190,774	–	–	–	–	–	(167,233,756)	–
Total other income	786,756,047	82,899,515	–	1,846,781,976	184,814,712	6,162,530	–	(167,233,756)	2,740,181,024
Gross profit including other income	19,398,474,431	5,071,654,716	4,675,433,644	2,367,430,584	3,603,599,120	4,971,975,924	–	(167,233,756)	39,921,334,663
Segment operating expenses	12,487,678,031	3,696,369,137	2,304,072,907	1,790,025,263	1,898,210,428	3,019,707,906	47,321,775	–	25,243,385,447
Intersegment operating expenses	13,880,355	45,259,787	32,015,211	–	48,500,765	27,577,638	–	(167,233,756)	–
Total operating expenses	12,501,558,386	3,741,628,924	2,336,088,118	1,790,025,263	1,946,711,193	3,047,285,544	47,321,775	(167,233,756)	25,243,385,447
Earnings before interest, taxes and depreciation and amortization	6,896,916,045	1,330,025,792	2,339,345,526	577,405,321	1,656,887,927	1,924,690,380	(47,321,775)	–	14,677,949,216
Depreciation and amortization	3,235,289,418	729,798,334	1,016,146,334	590,493,211	385,963,873	922,102,052	–	–	6,879,793,222
Earnings before interest and taxes	3,661,626,627	600,227,458	1,323,199,192	(13,087,890)	1,270,924,054	1,002,588,328	(47,321,775)	–	7,798,155,994
Interest income	83,324,817	40,772,404	73,211,287	17,696,102	26,660,346	29,503,503	774,657,635	(30,252,945)	1,015,573,149
Equity in net earnings of an associate	(53,622,712)	–	–	–	–	–	158,372,445	–	104,749,733
Dividend income	–	–	–	–	–	–	100,315,156	–	100,315,156
Foreign exchange gain (loss) - net	(1,849,148)	–	–	–	–	–	(132,770,048)	–	(134,619,196)
Interest expense	(1,402,546,324)	(218,541,965)	(312,547,186)	(81,939,518)	(224,246,955)	(325,963,626)	(42,967,218)	30,252,945	(2,578,499,847)
Others	(153,000,603)	–	–	–	–	(75,858,614)	32,764,750	–	(196,094,467)
Income before income tax	₱2,133,932,657	₱422,457,897	₱1,083,863,293	(₱77,331,306)	₱1,073,337,445	₱630,269,591	₱843,050,945	₱–	₱6,109,580,522
Assets and liabilities									
Segment assets	₱48,077,501,547	₱6,990,849,907	₱10,791,258,928	₱3,961,746,250	₱10,326,202,964	₱12,596,289,253	₱32,367,134,542	₱12,755,086,922	₱137,866,070,313
Investment in subsidiaries - at cost	2,840,607,224	3,907,012,333	–	–	–	–	21,632,839,151	(28,380,458,708)	–
Total segment assets	₱50,918,108,771	₱10,897,862,240	₱10,791,258,928	₱3,961,746,250	₱10,326,202,964	₱12,596,289,253	₱53,999,973,693	(₱15,625,371,786)	₱137,866,070,313
Total segment liabilities	₱30,658,205,176	₱5,681,493,878	₱5,854,617,277	₱2,356,267,743	₱6,029,724,180	₱8,766,432,844	₱170,329,510	₱1,822,603,095	₱61,339,673,703
Other segment information:									
Capital expenditures	₱1,459,447,307	₱333,015,880	₱461,289,318	₱474,754,257	₱141,239,470	₱476,649,158	₱–	₱–	₱3,346,395,390

The revenue of the Group consists mainly of sales to external customers through its retail and e-commerce channels. There were no inter-segment revenue arising from purchase arrangements in 2021 and 2020. In 2019, inter-segment revenue arising from purchase arrangements amounted to ₱1.73 billion was eliminated on consolidation.

No operating segments have been aggregated to form the above reportable segments.

Capital expenditures consist of additions to property and equipment arising from current acquisitions and those acquired through business combinations plus any adjustments made in the fair values of the acquired property and equipment.

The Group has no significant customer which contributed to 10.00% or more to the revenue of the Group.

7. Cash and Cash Equivalents

This account consists of cash on hand and in banks and cash equivalents amounting to ₱16.17 billion and ₱21.34 billion as of December 31, 2021, and 2020, respectively.

Cash in banks earns interest at the respective bank deposit rates. Cash equivalents are made for varying periods of one (1) to three (3) months, depending on the immediate cash requirements of the Group, and earn annual interest at the respective short-term investment rates that ranges from 0.10% to 0.70%, 0.12% to 3.20% and 0.80% to 5.40% in 2021, 2020 and 2019, respectively.

Interest income arising from cash in banks and cash equivalents amounted to ₱44.50 million, ₱163.56 million and ₱292.85 million in 2021, 2020 and 2019, respectively.

8. Trade and Other Receivables

This account consists of:

	2021	2020
Trade (Notes 24 and 27)	**₱2,023,826,043**	₱2,423,558,010
Nontrade (Notes 24 and 27)	**567,232,378**	710,519,575
Due from franchisees (Notes 27 and 29)	**95,989,313**	39,106,088
	2,687,047,734	3,173,183,673
Less allowance for impairment losses (Notes 27 and 29)	**20,265,363**	29,088,209
	₱2,666,782,371	₱3,144,095,464

Trade receivables are noninterest-bearing and are generally on a one (1) to thirty (30) days' term.

Nontrade receivables include receivable from insurance companies amounting to ₱56.38 million and ₱100.71 million as of December 31, 2021, and 2020, respectively. The remaining balance consists of operational advances, receivable from lessees and interest receivable arising from short-term investments.

Movement in the allowance for impairment losses is as follows:

	2021	2020
Balance at beginning of year	**₱29,088,209**	₱79,335,269
Provision for impairment losses (Note 21)	**3,278,945**	92,943,700
Reversals and write-off	**(12,101,791)**	(143,190,760)
Balance at end of year	**₱20,265,363**	₱29,088,209

9. Merchandise Inventories

The rollforward analysis of this account follows:

	2021	2020
Balance at beginning of year	**₱22,234,439,282**	₱19,810,252,511
Acquisition through business combination (Note 19)	–	1,386,996,369
Deconsolidation of a subsidiary (Note 19)	–	(210,675,616)
Add purchases - net of purchase discounts and allowances	**121,111,258,780**	119,563,958,796
Cost of goods available for sale	**143,345,698,062**	140,550,532,060
Less Cost of merchandise sold	**118,101,349,532**	118,172,338,279
Allowance for inventory obsolescence	**154,683,712**	143,754,499
Balance at end of year	**₱25,089,664,818**	₱22,234,439,282

The cost of merchandise inventories charged to the consolidated statements of comprehensive income amounted to ₱118.10 billion, ₱118.17 billion and ₱125.73 billion in 2021, 2020 and 2019, respectively.

Movements in the allowance for shrinkage, obsolescence and other losses is as follows:

	2021	2020
Balance at beginning of year	**₱143,754,499**	₱24,954,805
Provisions	**61,815,286**	123,976,912
Write-off	**(50,886,073)**	(5,177,218)
Balance at end of year	**₱154,683,712**	₱143,754,499

There are no merchandise inventories pledged as security for liabilities as of December 31, 2021 and 2020.

10. Other Current Assets

This account consists of:

	2021	2020
Input VAT - net	**₱1,633,710,699**	₱1,790,435,301
Prepayments	**1,355,684,128**	865,278,960
	₱2,989,394,827	₱2,655,714,261

Input VAT will be applied against output VAT in the succeeding periods. In 2020, the Group written-off prepayments amounting to ₱33.47 million.

Prepayments consist of advance payments for insurance, taxes and utilities.

11. Debt and Equity Instrument Financial Assets

The Group's debt and equity instrument financial assets classified as FVOCI and FVTPL which are carried at fair value is as follows:

		2021	2020
Debt securities			
FVOCI with recycling	(a)	**₱7,881,508,445**	₱12,695,937,447
FVTPL	(b)	**143,392,265**	–
		8,024,900,710	12,695,937,447
Equity securities at FVOCI without recycling		**3,601,031,942**	1,235,820,000
		₱11,625,932,652	₱13,931,757,447

Debt Securities

a. The Group's debt securities consist of Peso and Dollar-denominated bond securities with fixed coupon rate per annum ranging from 3.68% to 7.88% and term of five (5) to ten (10) years.

   Rollforward analysis of debt securities at FVOCI with recycling as of December 31, 2021 and 2020 follows:

	2021	2020
Amortized cost:		
At beginning of year	**₱12,504,536,668**	₱13,457,645,945
Additions	**109,130,000**	2,751,866,909
Disposals	**(4,989,806,720)**	(3,518,027,065)
Foreign exchange gain (loss)	**100,354,091**	(186,949,121)
At end of year	**7,724,214,039**	12,504,536,668
Amortization of discount (premium) on debt securities	**40,743,914**	(147,525,252)
Change in fair value of financial assets:		
At beginning of year	**344,153,803**	175,731,382
Changes in fair value recognized in OCI	**(178,700,687)**	166,416,166
Transfer to profit or loss	**(39,021,836)**	2,006,255
At end of year	**126,431,280**	344,153,803
Allowance for expected credit losses	**(9,880,788)**	(5,227,772)
	116,550,492	338,926,031
	₱7,881,508,445	₱12,695,937,447

b. The Group's debt securities at FVTPL as of December 31, 2021 amounting to ₱143.39 million pertain to investments in Edamama Pte. Ltd. and Wholeselect Technology Pte. Ltd. through Simple Agreement for Future Equity (SAFE).

   The Group's debt securities at FVTPL as of December 31, 2019 pertain to Metrobank Basel III Tier 2 Notes and BDO Tier 2 Notes with fixed interest rate of 5.38% and 5.19%, respectively. The notes will mature on June 27, 2024 and March 10, 2020, respectively.

On January 7, 2020, BDO Unibank, Inc. (BDO) exercised its right to redeem its notes on March 10, 2020. The note is redeemed for cash at redemption price.

On February 13, 2019, the BOD of Metropolitan Bank & Trust Company (Metrobank) approved to exercise the call option on the subordinated debt on June 27, 2019.

	2021	2020
At beginning of year	**₱–**	₱100,547,120
Additions	**143,392,265**	–
Disposals	**–**	(100,000,000)
Changes in fair value recognized in profit or loss	**–**	(547,120)
	₱143,392,265	₱–

In 2021, 2020 and 2019, the Group recognized gain on disposal of debt instrument financial assets amounting to ₱21.90 million, ₱2.31 million and ₱7.66 million, respectively.

Interest income arising from debt instrument financial assets amounted to ₱402.33 million, ₱512.99 million and ₱722.72 million in 2021, 2020 and 2019, respectively.

Accretion of interest pertains to the amortization of interest income resulting from the difference of the carrying value and face value of debt instrument financial assets.

Equity Securities
Quoted equity securities pertain to investment in stocks listed in the PSE. The Group elected to classify irrevocably its listed equity investments under FVOCI as it intends to hold these investments for the foreseeable future.

Rollforward analysis of equity securities at FVOCI without recycling for the years ended December 31, 2021 and 2020 follows:

	2021	2020
Cost:		
At beginning of year	**₱1,197,500,000**	₱1,197,500,000
Additions	**1,998,093,885**	–
	3,195,593,885	1,197,500,000
Change in fair value of equity instrument financial assets:		
At beginning of year	**38,320,000**	17,483,500
Changes in fair value	**367,118,057**	20,836,500
At end of year	**405,438,057**	38,320,000
	₱3,601,031,942	₱1,235,820,000

Dividend income earned by the Group amounted to ₱76.94 million in 2021, ₱27.35 million in 2020 and ₱100.32 million in 2019.

Fair value changes on debt and equity instrument financial assets attributable to the equity holders of the Parent Company follow:

	2021	2020
Balances at the beginning of year	**₱383,178,928**	₱193,920,007
Change in fair value during the year - OCI	**188,417,370**	187,252,666
Transfers to profit or loss	**(39,021,836)**	2,006,255
Balances at the end of year	**₱532,574,462**	₱383,178,928

12. **Property and Equipment**

2021

	Land	Building and Other Equipment	Leasehold Improvements	Store Furniture and Fixtures	Office Furniture and Fixtures	Transportation Equipment	Computer Equipment	Total
Cost								
At beginning of year	**₱1,056,774,298**	**₱2,795,679,695**	**₱17,841,698,056**	**₱11,355,963,198**	**₱3,382,416,501**	**₱220,323,998**	**₱3,825,430,248**	**₱40,478,285,994**
Additions	**–**	**199,846,903**	**963,404,971**	**258,448,544**	**636,375,034**	**4,836,993**	**394,021,959**	**2,456,934,404**
Disposals and reclassifications	**–**	**3,511,471**	**(590,874,181)**	**(294,818,362)**	**57,216,437**	**17,615,420**	**(14,002,925)**	**(821,352,140)**
At end of year	**1,056,774,298**	**2,999,038,069**	**18,214,228,846**	**11,319,593,380**	**4,076,007,972**	**242,776,411**	**4,205,449,282**	**42,113,868,258**
Accumulated depreciation and amortization								
At beginning of year	**–**	**984,398,333**	**10,220,178,910**	**6,783,376,525**	**1,613,428,602**	**163,767,271**	**2,324,335,055**	**22,089,484,696**
Depreciation and amortization (Note 21)	**–**	**128,841,284**	**1,397,602,816**	**646,237,634**	**459,876,707**	**14,283,111**	**354,550,229**	**3,001,391,781**
Disposals and reclassifications	**–**	**92,960,538**	**(739,833,186)**	**(179,035,415)**	**31,832,453**	**773,553**	**(18,789,789)**	**(812,091,846)**
At end of year	**–**	**1,206,200,155**	**10,877,948,540**	**7,250,578,744**	**2,105,137,762**	**178,823,935**	**2,660,095,495**	**24,278,784,631**
Allowance for impairment losses								
At beginning and end of year	**–**	**20,608,826**	**97,266,540**	**80,584,720**	**2,296,986**	**61,458**	**14,218,550**	**215,037,080**
	₱1,056,774,298	**₱1,772,229,088**	**₱7,239,013,766**	**₱3,988,429,916**	**₱1,968,573,224**	**₱63,891,018**	**₱1,531,135,237**	**₱17,620,046,547**

2020

	Land	Building and Other Equipment	Leasehold Improvements	Store Furniture and Fixtures	Office Furniture and Fixtures	Transportation Equipment	Computer Equipment	Total
Cost								
At beginning of year	₱609,382,477	₱2,824,802,243	₱17,447,361,600	₱11,154,763,381	₱3,149,458,471	₱225,023,573	₱3,464,917,442	₱38,875,709,187
Additions	404,831,821	14,093,138	618,705,325	202,391,992	251,208,657	2,882,768	373,707,469	1,867,821,170
Additions from business combination (Note 19)	–	–	111,994,455	83,301,487	22,663,434	685,868	25,252,631	243,897,875
Deconsolidation of a subsidiary (Note 19)	–	(81,841,649)	(2,384,079)	(22,145,276)	(3,510,444)	(5,516,223)	(4,393,993)	(119,791,664)
Disposals and reclassifications	42,560,000	38,625,963	(333,979,245)	(62,348,386)	(37,403,617)	(2,751,988)	(34,053,301)	(389,350,574)
At end of year	1,056,774,298	2,795,679,695	17,841,698,056	11,355,963,198	3,382,416,501	220,323,998	3,825,430,248	40,478,285,994
Accumulated depreciation and amortization								
At beginning of year	–	892,682,843	9,020,506,194	6,264,851,638	1,181,512,097	152,602,792	1,998,225,491	19,510,381,055
Depreciation and amortization (Note 21)	–	127,011,907	1,415,088,632	667,552,116	464,909,002	15,757,701	344,056,088	3,034,375,446
Deconsolidation of a subsidiary (Note 19)	–	(47,193,262)	(1,145,160)	(17,709,505)	(3,009,721)	(3,883,532)	(3,037,506)	(75,978,686)
Disposals and reclassifications	–	11,896,845	(214,270,756)	(131,317,724)	(29,982,776)	(709,690)	(14,909,018)	(379,293,119)
At end of year	–	984,398,333	10,220,178,910	6,783,376,525	1,613,428,602	163,767,271	2,324,335,055	22,089,484,696
Allowance for impairment losses								
At beginning of year	–	–	49,567,673	25,882,986	–	–	349,273	75,799,932
Provision for impairment losses		20,608,826	47,698,867	54,701,734	2,296,986	61,458	13,869,277	139,237,148
At end of year	–	20,608,826	97,266,540	80,584,720	2,296,986	61,458	14,218,550	215,037,080
	₱1,056,774,298	₱1,790,672,536	₱7,524,252,606	₱4,492,001,953	₱1,766,690,913	₱56,495,269	₱1,486,876,643	₱18,173,764,218

On November 9, 2020, RSC acquired 100% ownership of JMBHC for a total consideration amounting to ₱411.77 million. JMBHC's only asset is related to land leased out to RSCI. The transaction is treated as an acquisition of assets. On July 9, 2021, JMBHC was merged with RSC, the surviving entity.

In 2021 and 2020, the Group disposed property and equipment with net book value of ₱9.26 million and ₱10.06 million, respectively. Allowance for impairment losses pertain to closing of non-performing stores. Cost of fully depreciated property and equipment still in use amounted to ₱10.59 billion and ₱10.40 billion as of December 31, 2021 and 2020, respectively.

There are no property and equipment pledged as security for liabilities as of December 31, 2021 and 2020.

13. Investment in Associates

This account consists of investments in shares of stocks as follow (Note 2):

	2021	2020
RBC	**₱7,683,280,929**	₱7,624,214,187
TCCI	**257,340,548**	298,919,850
DAVI	**147,723,845**	283,959,037
G2M	**406,154,409**	377,669,299
GoTyme	**200,000,000**	–
HD Retail	**160,775,321**	–
VHI	**40,865,488**	–
	₱8,896,140,540	₱8,584,762,373

The details of the investment in common stock of RBC follow:

	2021	2020
Shares of stock - at equity:		
At beginning and end of year	**₱5,950,238,902**	₱5,950,238,902
Accumulated equity in net earnings:		
Balance at beginning of year	**1,606,623,011**	1,232,788,244
Equity in net earnings	**493,597,494**	373,834,767
Balance at end of year	**2,100,220,505**	1,606,623,011
Share in fair value changes of financial assets of RBC:		
Balance at beginning of year	**89,472,302**	(5,677,976)
Share in fair value changes of financial assets at FVOCI	**(453,700,424)**	95,150,278
Balance at end of year	**(364,228,122)**	89,472,302
Share in translation loss adjustments:		
Balance at beginning of year	**(9,383,496)**	(44,350,609)
Share in translation adjustments	**19,914,747**	34,967,113
Balance at end of year	**10,531,251**	(9,383,496)

(Forward)

	2021	2020
Share in remeasurement losses on retirement obligation:		
Balance at beginning of year	**(₱12,736,532)**	(₱13,577,160)
Share in remeasurement loss on retirement obligation	**(745,075)**	840,628
Balance at end of year	**(13,481,607)**	(12,736,532)
	₱7,683,280,929	₱7,624,214,187

RBC is incorporated in the Philippines and is engaged in commercial and thrift banking whose principal activities include deposit-taking, lending, foreign exchange dealing and fund transfers or remittance servicing. The Group has 40.00% ownership in RBC.

Summarized financial information of RBC follows:

	2021	2020
Total assets	**₱179,821,507,669**	₱151,215,387,210
Total liabilities	**161,348,226,459**	132,889,772,851

	2021	2020	2019
Net income	**₱1,233,993,734**	₱934,586,917	₱681,018,202
Other comprehensive income (loss)	**(1,134,251,060)**	237,875,695	1,028,362,670

The consolidated statements of comprehensive income follow:

	2021	2020	2019
Total operating income	**₱9,512,327,791**	₱8,790,116,183	₱4,992,311,801
Total operating expenses and tax	**8,278,334,057**	7,855,529,266	4,311,293,599
Net income	**1,233,993,734**	934,586,917	681,018,202
Other comprehensive income (loss)	**(1,134,251,060)**	237,875,695	1,028,362,670
Total comprehensive income	**99,742,674**	1,172,462,612	1,709,380,872
Group's share of profit for the year	**₱493,597,494**	₱373,834,767	₱272,407,281

The reconciliation of the net assets of RBC to the carrying amounts of the interest in RBC recognized in the consolidated financial statements follows:

	2021	2020
Net assets of RBC	**₱18,486,127,758**	₱18,338,460,903
Proportionate ownership in the associate	**40%**	40%
Total share in net assets	**7,394,451,103**	7,335,384,361
Carrying amount of the investment	**7,683,280,929**	7,624,214,187
Difference	**₱288,829,826**	₱288,829,826

The difference is attributable to the commercial banking license and goodwill.

Fair value changes on financial assets and remeasurement losses on retirement obligation of associates attributable to the equity holders of the Parent Company follows:

	2021	2020
Changes in fair value of financial assets of associates:		
Balances at the beginning of year	**(₱45,596,592)**	(₱101,711,653)
Change in fair value during the year	**(345,067,736)**	56,115,061
Balances at end of year	**(390,664,328)**	(45,596,592)
Remeasurement losses on retirement obligation of associates:		
Balances at the beginning of year	**(15,649,364)**	(16,489,992)
Remeasurement loss during the year	**(745,075)**	840,628
Balances at end of year	**(16,394,439)**	(15,649,364)
	(₱407,058,767)	(₱61,245,956)

TCCI
On December 13, 2017, the Parent Company acquired 20.00% ownership interest in TCCI or 1.00 million shares for a total consideration amounting to ₱125.00 million or ₱25.00 per share. On March 28, 2019, the Parent Company acquired additional 875,011 common shares representing 10% ownership interest for a total consideration amounting to ₱280.00 million. Ownership interest of the Parent Company in TCCI as of December 31, 2021 and 2020 is 30%. TCCI is incorporated in the Philippines and is the operator of BeautyMNL, an e-commerce site.

Carrying value of TCCI's investment as of December 31, 2021 and 2020 amounted to ₱257.34 million and ₱298.92 million, respectively. Details follow:

	2021	2020
Shares of stock - at equity:		
Balance at beginning and end of year	**₱405,000,000**	₱405,000,000
Accumulated equity in net earnings:		
Balance at beginning of year	**(106,080,150)**	(78,310,153)
Equity in net loss	**(41,579,302)**	(27,769,997)
Balance at end of year	**(147,659,452)**	(106,080,150)
	₱257,340,548	₱298,919,850

DAVI
On November 16, 2018, the Parent Company subscribed 40% ownership interest in DAVI of which ₱0.40 million was paid in 2018. DAVI's principal activities include processing, managing and analyzing data. DAVI is incorporated in the Philippines. On June 5, 2020, RRHI made additional capital infusion to DAVI amounting to ₱192.00 million.

Carrying value of DAVI's investment as of December 31, 2021 and 2020 amounted to ₱147.72 million and ₱283.96 million, respectively. Details follow:

	2021	2020
Shares of stock - at equity:		
Balance at beginning of year	**₱432,000,000**	₱240,000,000
Additional investment (Note 2)	**–**	192,000,000
Balance at end of year	**432,000,000**	432,000,000
Accumulated equity in net earnings:		
Balance at beginning of year	**(148,040,963)**	(48,649,384)
Equity in net loss	**(136,235,192)**	(99,391,579)
Balance at end of year	**(284,276,155)**	(148,040,963)
	₱147,723,845	₱283,959,037

G2M
On September 20, 2018, the Parent Company made an investment in G2M amounting to ₱160.65 million through convertible note which will provide the Parent Company 14.90% ownership interest upon conversion of the note. The terms of the agreement also provide and entitled the Parent Company to one (1) out of three (3) board seats. G2M is principally engaged in the business of providing neighborhood sundry stores enablement platform and software in the Philippines. G2M is incorporated in Singapore. On September 16, 2020, the Parent Company assigned its investment in G2M to NDV. In 2021 and 2020, the Group made additional cash infusion to G2M amounting to ₱33.90 million and ₱219.83 million, respectively.

Carrying value of G2M's investment as of December 31, 2021 and 2020 amounted to ₱406.15 million and ₱377.67 million, respectively. Details follow:

	2021	2020
Shares of stock - at equity:		
Balance at beginning of year	**₱380,482,581**	₱160,650,429
Additional investment (Note 2)	**33,895,680**	219,832,152
Balance at end of year	**414,378,261**	380,482,581
Accumulated equity in net earnings:		
Balance at beginning of year	**(2,813,282)**	–
Equity in net loss	**(5,410,570)**	(2,813,282)
Balance at end of year	**(8,223,852)**	(2,813,282)
	₱406,154,409	₱377,669,299

GoTyme
On December 28, 2021, the Parent Company acquired 20.0% ownership interest in GoTyme or 200 million shares for a total consideration amounting to ₱200.0 million or ₱1.0 per share. GoTyme's principal activity is to carry on and engage in the business of a digital bank. GoTyme is incorporated in the Philippines. Carrying value of GoTyme's investment as of December 31, 2021 amounted to ₱200.00 million.

HD Retail
On June 3, 2021, NDV acquired 24.25% ownership interest in HD Retail or 7,275 shares for a total consideration amounting to ₱179.07 million or ₱24,615.00 per share . HD Retail's principal activity is to operate as a hard discount store. HD Retail is incorporated in Singapore. NDV's share in the net loss of HD Retail for 2021 amounted to ₱18.30 million. Carrying value of HD Retail's investment as of December 31, 2021 amounted to ₱160.78 million.

VHI
In December 2021, RSC acquired 30% ownership in VKD Holdings, Inc. (VHI) for a total consideration ₱40.87 million. VHI is a holding of a company whose principal activity is to engage in business of holding, selling and assigning, transfer and exchange of real property and personal property of any kind. Carrying value of VHI's investment as of December 31, 2021 amounted to ₱40.87 million.

Growsari
On August 16, 2018, RSC made an investment in GrowSari amounting to ₱105.00 million through convertible note which will provide the Company 28.60% ownership interest upon conversion of the note. The terms of the agreement also provide technical information and entitled the Company to two (2) out of seven (7) board seats. GrowSari is engaged in selling wholesale goods to sari sari business owners. GrowSari is incorporated in the Philippines.

Carrying value of Growsari's investment as of December 31, 2021 and 2020 amounted to nil, respectively. Details follow:

	2021	2020
Shares of stock - at equity:		
At beginning and end of year	**₱105,000,000**	₱105,000,000
Accumulated equity in net earnings:		
Balance at beginning of year	**(105,000,000)**	(57,654,117)
Equity in net loss	−	(47,345,883)
Balance at end of year	**(105,000,000)**	(105,000,000)
	₱–	₱–

As of December 31, 2021, total assets and total liabilities of the associates except RBC amounted to ₱5.49 billion and ₱3.00 billion, respectively. As of December 31, 2020, total assets and total liabilities of the associates except RBC amounted to ₱2.82 billion and ₱2.42 billion, respectively. In 2021, 2020 and 2019, net loss of the associates except RBC amounted to ₱1,047.21 million, ₱545.43 million and ₱217.95 million, respectively.

14. Intangible Assets

This account consists of:

	2021	2020
Goodwill (Note 19)	**₱14,751,090,162**	₱14,751,090,162
Trademarks (Note 19)	**7,915,917,598**	7,915,917,598
Franchise	**5,118,811**	5,877,144
	₱22,672,126,571	₱22,672,884,904

Goodwill
The Group's goodwill as of December 31, 2021 and 2020 pertains to the excess of the acquisition cost over the fair value of the net assets of acquired subsidiaries which also represents separate CGUs. Details follow (Note 19):

	2021	2020
RSCI (Note 19)	**₱9,109,386,061**	₱9,109,386,061
RPI (Note 19)	**2,343,614,826**	2,343,614,826
TGPPI	**1,281,428,830**	1,281,428,830
SSDI	**745,887,131**	745,887,131
SEWI	**715,103,869**	715,103,869
EC	**199,870,222**	199,870,222
RHIB	**145,655,320**	145,655,320
RTSHPI	**85,161,468**	85,161,468
JRMC	**71,732,435**	71,732,435
HPTDI	**30,000,000**	30,000,000
GPC	**23,250,000**	23,250,000
	₱14,751,090,162	₱14,751,090,162

In 2020, the goodwill related to the acquisition of BSRI amounting to ₱83.32 million was impaired.

Trademarks
The trademarks were acquired through business combinations and were recognized at fair value at the date of acquisition. Details follow:

	2021	2020
RSCI (Note 19)	**₱3,205,411,607**	₱3,205,411,607
RPI (Note 19)	**1,514,575,531**	1,514,575,531
SSDI	**1,566,917,532**	1,566,917,532
TGPPI	**1,264,098,435**	1,264,098,435
SEWI	**364,914,493**	364,914,493
	₱7,915,917,598	₱7,915,917,598

Included in the trademarks acquired through acquisition of RSCI in 2018 is the right to use a brand and trademark for a period of almost five (5) years. In 2020, the Group impaired the remaining value of trademarks amounting to ₱115.59 million.

Franchise
On July 29, 2014, Costa International Limited granted the Group the development and operating rights to carry on the Costa business in the Philippines. The development agreement includes a development fee, 60.00% of which is payable upon execution of the agreement and the remaining 40.00% is payable one (1) year after the date of the agreement, and a service fee equal to a certain percentage of sales. As of December 31, 2018, the Group has franchise amounting to ₱16.73 million. In 2019, the Group wrote off the remaining value of its franchise amounting to ₱15.05 million due to permanent store closure.

On January 10, 2018, Pet Lovers Centre International Pte. Ltd, granted the Group the right to develop its business including its trademarks, system, manuals and image in the Philippines for ₱7.58 million. The Group started Pet Lovers Centre operations in October 2018. The franchise shall be amortized using straight-line method over a period of ten (10) years.

The rollforward analysis of the franchise follows:

	2021	2020
Beginning balance	**₱5,877,144**	₱6,635,499
Amortization (Note 21)	**(758,333)**	(758,355)
	₱5,118,811	₱5,877,144

15. Other Noncurrent Assets

This account consists of:

	2021	2020
Security and other deposits	**₱2,376,771,232**	₱2,199,111,643
Construction bonds	**85,520,888**	65,579,632
	₱2,462,292,120	₱2,264,691,275

Security and other deposits mainly consist of advances for the lease of stores which are refundable at the end of the lease term.

16. Trade and Other Payables

This account consists of:

	2021	2020
Trade	**₱13,236,213,592**	₱14,704,322,104
Nontrade (Note 24)	**6,765,084,789**	7,608,841,130
Others	**1,214,453,380**	1,050,000,995
	₱21,215,751,761	₱23,363,164,229

Trade payables are noninterest-bearing and are normally settled on forty-five (45) to sixty (60) in days' term arising mainly from purchases of merchandise inventories for resale.

Nontrade payables consist mainly of liabilities/obligations payable to nontrade suppliers, contract liabilities and due to related parties.

Others mainly consist of taxes and licenses payable.

Contract Liabilities
The Group identified its gift check outstanding, accrued customer loyalty rewards and deferred revenue, recorded under nontrade payables, as contract liabilities as of December 31, 2021 and 2020. These represent the Group's obligation to provide goods or services to the customers for which the Group has received consideration from the customers. Substantially, all of the contract liabilities at year-end will be recognized as revenue in the following year.

	2021	2020
Gift check outstanding	**₱230,037,442**	₱164,006,567
Deferred revenue	**13,450,713**	13,450,713
	₱243,488,155	₱177,457,280

Below is the rollforward of contract liabilities as December 31, 2021 and 2020:

	2021	2020
At January 1	**₱177,457,280**	₱287,054,130
Deferred during the year	**494,858,621**	405,660,600
Transferred to DAVI	–	(118,434,504)
Recognized as revenue during the year	**(428,827,746)**	(396,822,946)
At December 31	**₱243,488,155**	₱177,457,280

17. **Short-term Loans Payable**

Details of short-term loans follow:

	2021	2020
Balance at beginning of year	**₱9,584,000,000**	₱4,634,000,000
Availments	**3,550,000,000**	9,450,000,000
Payments	**(5,400,000,000)**	(4,500,000,000)
	₱7,734,000,000	₱9,584,000,000

The balances of short-term loans of the subsidiaries are as follows:

	2021	2020
SSDI	**₱3,609,000,000**	₱4,109,000,000
RSC	**2,000,000,000**	4,200,000,000
RCSI	**970,000,000**	770,000,000
RPI	**450,000,000**	–
RHDDS	**400,000,000**	400,000,000
RDDC	**200,000,000**	–
SUPER50	**50,000,000**	–
RHIB	**30,000,000**	55,000,000
HPTD	**25,000,000**	50,000,000
	₱7,734,000,000	₱9,584,000,000

a.) SSDI's short-term loans payable consist of loans availed from local commercial banks at interest rates of 2.40%-3.45% per annum in 2021 and 3.45%-5.40% per annum in 2020. In 2020, SSDI availed short-term loans amounting to ₱3.65 billion. In addition, SSDI paid ₱500 million and ₱1.47 billion in 2021 and 2020, respectively. The short-term loans payable of SSDI as of December 31, 2021 and 2020 amounted to ₱3.61 billion and ₱4.11 billion, respectively.

b.) RSC's short-term loans payable consist of loans availed from a local commercial bank at interest rates of 2.25%-3.45% per annum in 2021 and 2.90% per annum in 2020. In 2021 and 2020, RSC availed short-term loans amounting to ₱2.0 billion and ₱4.20 billion, respectively. In 2021 and 2020, RSC paid ₱4.20 billion and ₱300 million, respectively. The short-term loans payable of RSC as of December 31, 2021 and 2020 amounted to ₱2.0 billion and ₱4.20 billion, respectively.

c.) RCSI's short-term loans payable consist of loans availed from a local commercial bank at interest rates of 2.25%-3.45% per annum in 2021 and 3.10% - 4.50% per annum in 2020. In 2021 and 2020, RCSI availed short-term loan amounting to ₱850.0 million and ₱770.0 million, respectively. In addition, RCSI paid ₱650 million in 2021. The short-term loans payable as of December 31, 2021 and 2020 amounted to ₱970.0 million and ₱770.0 million, respectively.

d.) RPI's short-term loans payable consists of loans availed from a local commercial bank at an interest rate of 2.25%-3.45% per annum in 2021. No payment of short-term loan was made during the year. The short-term loans payable as of December 31, 2021 and 2020 amounted to ₱450.0 million and nil, respectively.

e.) RHDDS's short-term loans payable consist of a loan availed from a local commercial bank at an interest rates of 2.40%-3.10% per annum in 2021 and 3.10%-5.50% per annum in 2020. No payment of short-term loan were made in 2021 and 2020. The short-term loans payable as of December 31, 2021 and 2020 amounted to ₱400.0 million.

f.) RDDC's short-term loans payable consists of loans availed from a local commercial bank at an interest rate of 2.40%-2.50% per annum in 2021. No payment of short-term loan was made during the year. The short-term loans payable as of December 31, 2021 and 2020 amounted to ₱200.0 million and nil, respectively.

g.) SUPER50's short-term loans payable consists of loans availed from a local commercial bank at an interest rate of 2.4% per annum in 2021. No payment of short-term loan was made during the year. The short-term loans payable as of December 31, 2021 and 2020 amounted to ₱50.0 million and nil, respectively.

h.) RHIB's short-term loans payable consists of loans availed from a local commercial bank at an interest rate of 2.25%-3.45% per annum in 2021 and 3.10%-5.50% per annum in 2020. In 2021 and 2020, RHIB paid ₱25.0 million and nil, respectively. The short-term loans payable as of December 31, 2021 and 2020 amounted to ₱30.0 million and ₱55.0 million, respectively.

i.) HPTD's short-term loans payable consist of loans availed from local commercial banks at an interest rates of 2.25%-3.45% per annum in 2021 and 3.10%-5.50% per annum in 2020. In 2021 and 2020, HPTD paid ₱25.0 million and nil, respectively. The short-term loans payable as of December 31, 2021 and 2020 amounted to ₱25.0 million and ₱50.0 million, respectively.

Total interest expense charged to operations amounted to ₱159.27 million, ₱146.43 million and ₱300.68 million in 2021, 2020 and 2019, respectively.

The above loans are not subject to any loan covenants. In addition, there are no loan modification or deferral during the year.

18. Equity

Capital Stock

The details of this account follow:

	2021		2020		2019	
	Amount	**No. of shares**	Amount	No. of shares	Amount	No. of shares
Common stock - ₱1 par value						
Authorized shares	**₱2,000,000,000**	**2,000,000,000**	₱2,000,000,000	2,000,000,000	₱2,000,000,000	2,000,000,000
Issued shares	**1,576,489,360**	**1,576,489,360**	1,576,489,360	1,576,489,360	1,576,489,360	1,576,489,360
Outstading shares	**1,563,460,430**	**1,512,010,200**	1,563,460,430	1,563,460,430	1,576,489,360	1,576,489,360
Treasury shares	**3,616,057,963**	**64,479,160**	810,018,635	13,028,930	–	–

Registration Track Record
On November 11, 2013, the Parent Company listed with the Philippine Stock Exchange (PSE) its common stock wherein it offered 484,750,000 shares to the public at ₱58.00 per share. All shares were sold. Of the total shares sold, 18,871,950 shares were subsequently reacquired by the Parent Company at ₱58.00 per share or an aggregate cost of ₱1,094.57 million. The Parent Company incurred transaction costs incidental to the IPO amounting ₱745.65 million, charged against "Additional paid-in capital".

On December 9, 2014, the Parent Company sold its treasury shares at ₱69.0 per share or ₱1,309.06 million, incurring transaction costs amounting to ₱8.22 million.

On November 23, 2018, the Parent Company issued 191,489,360 new common shares for the acquisition of RSCI (Notes 1 and 19). The market value of the share amounted to ₱72.05 per share on November 23, 2018. Transaction cost related to the issuance of new shares amounted to ₱64.50 million.

On October 14, 2021, RRHI applied with the PSE the listing of 191,489,360 shares, that was issued to MCBV in 2018, for a total transaction cost of ₱20.00 million. The PSE approved the listing on January 26, 2022.

Treasury stock
On March 9, 2020, the Parent Company's BOD authorized the buy-back of RRHI's common shares of up to ₱2.0 billion. The repurchased shares are presented under 'Treasury stock' account in the consolidated statement of changes in equity.

On February 26, 2021, the BOD of the Parent Company agreed to extend the share buyback program for an additional amount of ₱2.0 billion to improve shareholder value. This will be on top of the ₱2.0 billion share buyback approved last March 9, 2020.

The program will be implemented in the open market through the trading facilities of the PSE and will be supervised by the President and Chief Executive Officer and Chief Financial Officer, as authorized by the BOD.

As of December 31, 2021 and 2020, RRHI has repurchased 64.48 million shares for ₱3,616.06 million and 13.03 million shares for ₱810.02 million, respectively, under the buyback program. Under the Revised Corporation Code, a stock corporation can purchase or acquire its own shares provided that it has unrestricted retained earnings to cover the shares to be purchased or acquired.

Equity Reserve
Details of equity reserve follow:

	2021	2020	2019
Acquisition of additional shares from non-controlling interest			
Beginning	**(₱995,284,977)**	(₱995,284,977)	(₱975,943,538)
Additions/Deductions	**–**	–	(19,341,439)
	(₱995,284,977)	(₱995,284,977)	(₱995,284,977)
Acquisition of subsidiary under common control			
Beginning	**–**	5,508,177	5,508,177
Additions/Deductions	**–**	(5,508,177)	–
	₱–	₱–	₱5,508,177

Acquisition of a Subsidiary under Common Control
On June 15, 2021, RSC acquired 250,000 common shares, representing 100% ownership of CGII for a total consideration of ₱23.68 million. Net assets of CGII at the date of acquisition amounted to ₱23.82 million. CGII is in the business of retail and wholesale of goods.

On October 3, 2016, RI acquired 28,800 common shares, representing 100% ownership of Chic Centre Corporation for a total consideration of ₱27.80 million. Net assets of Chic Centre Corporation at the date of acquisition amounted to ₱33.34 million. As a result of the combination of the entities, the difference between the consideration paid for the acquisition and the net assets acquired amounting to ₱5.51 million is accounted for as "Equity reserve". On February 17, 2020, the BOD of RSC approved the sale of 100% of the shares of stocks owned in CCC for a total consideration of ₱230.00 million.

Acquisition of Additional Shares from a Non-Controlling Shareholder
On November 4, 2019, RI acquired additional 18,947,368 common shares, representing 0.95% of RCSI from a non-controlling shareholder for ₱18.95 million. As a result of the acquisition, RI then holds 60.00% interest in RCSI. The Group recognized equity reserve from the acquisition amounting to ₱1.36 million included in "Equity reserve" representing the excess consideration paid for the carrying amount of the non-controlling interest.

On April 3, 2019, RSC acquired additional 1,650,000 common shares, representing 33% of ASI from a non-controlling shareholder for ₱50.00 million. As a result of the acquisition, RSC then holds 100.00% interest in ASI. The Group recognized equity reserve from the acquisition amounting to ₱17.98 million included in "Equity reserve" representing the excess consideration paid for the carrying amount of the non-controlling interest.

On August 28, 2018, RI acquired additional 161,052,632 common shares, representing 8.05% of RCSI from a non-controlling shareholder for ₱85.36 million. As a result of the acquisition, RI then holds 59.05% interest in RCSI. The Group recognized equity reserve from the acquisition amounting to ₱51.46 million included in "Equity reserve" representing the excess of carrying amount of the non-controlling interest acquired over consideration paid.

On December 5, 2014, RSC acquired additional 2,500,000 common shares, representing 25%, of RHMI from a non-controlling shareholder for ₱1.45 billion. As a result of the acquisition, RSC then holds 80% interest in RHMI.

The Group recognized equity reserve from the acquisition amounting to ₱1.02 billion included in "Equity reserve" in the consolidated statements of changes in equity representing the excess of consideration paid over the carrying amount of the non-controlling interest acquired. The equity reserve from the acquisition will only be recycled to the consolidated statements of comprehensive income in the event that RSC will lose its control over RHMI.

In 2015, the total consideration was adjusted from ₱1.45 billion to ₱1.48 billion. The difference is recognized as an adjustment to equity reserve. Of the total amount, ₱1.31 billion was received and settled in 2014. The remaining balance was fully settled in cash in 2015.

Retained Earnings
The income of the subsidiaries and accumulated equity in net income of the associates that are recognized in the consolidated statements of comprehensive income are not available for dividend declaration unless these are declared by the subsidiaries and associates. The accumulated earnings of subsidiaries included in retained earnings amounted to ₱25.44 billion and ₱22.69 billion as of December 31, 2021 and 2020, respectively, while the accumulated equity in net income of the

associates amounted to ₱1,536.76 million and ₱1,244.69 million as of December 31, 2021 and 2020, respectively (Note 13).

Dividend Declaration
Details of the Parent Company's dividend declarations follow:

	2021	2020	2019
Date of declaration	**April 27, 2021**	May 13, 2020	May 30, 2019
Dividend per share	**₱1.83**	₱1.00	₱0.72
Total dividends	**₱2,813,524,076**	₱1,572,931,450	₱1,135,072,339
Date of record	**May 20, 2021**	June 03, 2020	June 20, 2019
Date of payment	**June 10, 2021**	June 30, 2020	July 12, 2019

Appropriation of Retained Earnings
Rollforward analysis of appropriated retained earnings follows:

	2021	2020	2019
Balance at beginning of year	**₱27,852,852,847**	₱26,944,852,847	₱24,151,852,847
Appropriation	**888,500,000**	948,000,000	3,186,000,000
Reversal of appropriation	**(4,775,600,000)**	(40,000,000)	(393,000,000)
Balance at end of year	**₱23,965,752,847**	₱27,852,852,847	₱26,944,852,847

On December 10, 2021, the Group's BOD approved the appropriation of retained earnings which shall be used to augment new stores with the Group's nationwide expansion which is expected to complete in next two (2) to five (5) years. Details are as follow:

Entity	Amount
RHMI	₱564,000,000
RDSI	162,000,000
WHMI	101,000,000
HEMI	2,500,000
TV	59,000,000
	₱888,500,000

On December 11, 2020, the Group's BOD approved the appropriation of retained earnings which shall be used to augment new stores with the Group's nationwide expansion which is expected to complete in next two (2) to five (5) years. Details are as follow:

Entity	Amount
RHIMI	₱306,000,000
WHMI	36,000,000
HEMI	4,000,000
TV	22,000,000
SSD	525,000,000
SEWI	55,000,000
	₱948,000,000

On November 8, 2019, the Group's BOD approved the appropriation of retained earnings which shall be used to augment new stores with the Group's nationwide expansion which is expected to complete in next two (2) to five (5) years. Details are as follow:

Entity	Amount
RSC	₱1,000,000,000
RHMI	674,000,000
RTI	310,000,000
SSDI	300,000,000
RAC	235,000,000
RHDDS	162,000,000
SEWI	110,000,000
RTSHPI	90,000,000
WHMI	87,000,000
HEMI	3,000,000
	₱2,971,000,000

On March 14, 2019, the Group's BOD approved the appropriation of retained earnings of RAC amounting to ₱215.00 million which shall be used to augment new stores with the Group's nationwide expansion which is expected to complete in next two (2) to five (5) years.

Reversal of appropriation
In December 10, 2021, the BOD of the subsidiaries of the Group approved the reversal of appropriated retained earnings due to completion of certain store expansions and renovations. Details are as follow:

Entity	Amount
RHMI	₱484,000,000
RDSI	162,000,000
WHMI	67,000,000
TV	50,000,000
RAC	10,000,000
HEMI	2,600,000
Total	₱775,600,000

On February 6, 2021, the Parent Company's BOD authorized and approved the reversal of the appropriation of ₱4.00 billion from the retained earnings as of December 31, 2020 due to completion of investment program to augment funds of subsidiaries for the construction and renovation of stores in line with the expansion in various locations nationwide.

In 2020, the BOD of the subsidiaries of the Group approved the reversal of appropriated retained earnings of RAC amounting to ₱40.00 million due to completion of certain store expansions and renovations.

In 2019, the BOD of the subsidiaries of the Group approved the reversal of appropriated retained earnings due to completion of certain store expansions and renovations. Details are as follow:

Entity	Date of reversal	Amount
RHMI	June 14	₱191,000,000
WHMI	June 14	77,000,000
RSSI	November 8	75,000,000
RDDC	November 8	33,000,000
HEMI	June 14	17,000,000
Total		₱393,000,000

Declaration of Dividends of the Subsidiaries
On June 1, 2021 and December 1, 2021, the BOD of TGP approved the declaration of cash dividends amounting to ₱340.0 million and ₱340.0 million, respectively, which was paid on June 10, 2021 and December 6, 2021, respectively.

On May 15, 2020 and December 1, 2020, the BOD of TGP approved the declaration of cash dividends amounting to ₱300.00 million and ₱330.00 million, respectively, which was paid on June 19, 2020 and December 6, 2020, respectively.

In 2019, the BOD of the below subsidiaries approved the declaration of cash dividends as follows:

Entity	Date of declaration	Amount
RRHI TMI	November 8	₱600,000,000
TGP	June 10	560,007,000
RHMI	June 14	200,000,000
HEMI	June 14	20,000,000
WHMI	June 14	80,000,000
CCC	September 30	2,585,332
Total		₱1,462,592,332

NCI
Acquisition of NCI
In November 2019, the Group acquired NCI in RCSI increasing the Group's ownership stake from 59.05% to 60.00%.

In April 2019, the Group acquired NCI in ASI increasing the Group's ownership stake from 67% to 100%.

Investment from NCI
In September 2020, an NCI made an investment in SSDI amounting to ₱200.0 million.

On February 27, 2018, an NCI made an investment which represents 49% ownership in Super50 amounting to ₱14.70 million.

Dividends to NCI
In 2021, 2020 and 2019, dividends declared attributable to NCI amounted to ₱333.20 million, ₱308.70 million and ₱349.41 million, respectively.

Material Partly-Owned Subsidiary
In 2021 and 2020, the Group has 49.00% proportion of equity interest held by non-controlling interests attributable to TGPPI. Accumulated balances of material non-controlling interest amounted to ₱1,552.66 million, ₱1,169.39 million and ₱942.16 million in 2021, 2020 and 2019, respectively. Profit allocated to material non-controlling interest amounted to ₱318.01 million, ₱284.45 million and ₱322.28 million in 2021, 2020 and 2019, respectively. Total assets of TGPPI as of December 31, 2021 and 2020 amounted to ₱2,019.55 million and ₱2,074.23 million, respectively, while total liabilities as of December 31, 2021 and 2020 amounted to ₱844.30 million and ₱873.47 million, respectively. Total sales in 2021, 2020 and 2019 amounted to ₱4,940.03 million, ₱4,825.95 million and ₱4,783.81 million, respectively. Net income in 2021, 2020 and 2019 amounted to ₱648.99 million, ₱580.50 million and ₱631.93 million, respectively.

Capital Management
The primary objective of the Group's capital management policy is to ensure that it maintains healthy capital in order to support its business and maximize shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for the years ended December 31, 2021 and 2020.

The Group considers the following as its main source of capital:

	2021	2020
Capital stock	**₱1,576,489,360**	₱1,576,489,360
Additional paid-in capital	**40,768,202,897**	40,768,202,897
Treasury stock	**(3,616,057,963)**	(810,018,635)
Other comprehensive income	**442,697,037**	434,295,080
Equity reserve	**(995,284,977)**	(995,284,977)
Retained earnings		
Appropriated	**23,965,752,847**	27,852,852,847
Unappropriated	**9,827,278,268**	4,225,869,025
Total equity attributable to equity holders of the Parent Company	**71,969,077,469**	73,052,405,597
Non-controlling interest in consolidated subsidiaries	**4,543,640,152**	4,537,828,657
Total Equity	**₱76,512,717,621**	₱77,590,234,254

19. **Business Combinations and Disposal of a Subsidiary**

Business Combination and Goodwill
On October 30, 2020, SSDI acquired 100% of RPI for a total consideration of ₱4.33 billion. RPI was incorporated in the Philippines and is primarily engaged in the business of trading medical and pharmaceutical goods, on either wholesale or retail basis.

The fair values of the identifiable assets and liabilities of RPI at the date of acquisition were:

	Fair values recognized on acquisition
Assets	
Cash	₱251,725,265
Trade and other receivables	7,195,614
Merchandise inventories (Note 9)	1,386,996,369
Other current assets	99,567,541
Property and equipment (Note 12)	243,897,875
ROU assets (Note 28)	685,580,674
Deferred tax assets	125,891,598
Trademarks arising from acquisition (Note 14)	1,514,575,531
Other noncurrent assets	74,404,229
	4,389,834,696
Liabilities	
Trade and other payables	912,464,473
Income tax payable	1,835,968
Lease liability (Note 28)	780,263,614
Retirement obligation (Note 23)	251,473,028
Deferred tax liability	454,372,659
	2,400,409,742
Net assets acquired	1,989,424,954
Goodwill from the acquisition (Note 14)	2,343,614,826
Purchase consideration transferred	₱4,333,039,780

In 2021, the Group finalized the purchase price allocation and the fair value computation of goodwill. There were no adjustments to the provisional amounts that were made during the measurement period. The final purchase price allocation resulted in goodwill of ₱2.34 billion. The goodwill of ₱2.34 billion comprises the fair value of expected synergies arising from acquisition.

Total consolidated revenue would have increased by ₱8.14 billion, while consolidated net income would have decreased by ₱208.23 million for the year ended December 31, 2020 had the acquisition of RPI took place at the beginning of the year. Total revenues and net loss of RPI from October 30, 2020 to December 31, 2020 included in the consolidated statement of comprehensive income amounted to ₱1.29 billion and ₱10.63 million, respectively.

As a result of the transaction, provisional goodwill amounting to ₱2.34 billion was recognized, representing the difference between the total consideration of ₱4.33 billion and the provisional value of net assets acquired of ₱1.99 billion (Note 14). The provisional goodwill and trademarks were not tested for impairment in 2020 since the acquisition occurred in the fourth quarter of 2020 and there was no material change in RPI's business.

Net cash arising from the acquisition follows:

Cash consideration	₱4,333,039,780
Less cash acquired	251,725,265
	₱4,081,314,515

Acquisition of RSCI
On March 23, 2018, the BOD of RRHI and MCBV approved the acquisition by RRHI of MCBV's 100% stake in RSCI through a share for share swap involving shares of RSCI in exchange for primary common shares of RRHI equivalent to 12.15% stake. RSCI was incorporated in the Philippines and operates food retail brands "Marketplace by Rustan's", "Rustan's Supermarket", "Shopwise Hypermarket", "Shopwise Express" and "Wellcome".

RRHI agreed to pay MCBV at an agreed price which was settled by the issuance of 191.49 million new RRHI common shares as consideration for the value of the net assets of RSCI. RRHI engaged an independent financial advisor to review the transaction and render a fairness opinion on the transaction and the consideration payable by RRHI. The independent financial advisor completed its review and concluded that the acquisition of the net assets is fair and reasonable and in the interest of RRHI shareholders as a whole.

The completion of the acquisition was subjected to the procurement of certain regulatory and other approvals including:

i. Approval by the shareholders of RRHI of the issuance of primary shares;
ii. Approval of the transaction by the Philippine Competition Commission; and
iii. Confirmation by the SEC of the valuation of the entire issued share capital of RSCI to be exchanged for the primary shares of RRHI.

The acquisition was completed on November 23, 2018 as agreed in the Shareholders Agreement which is seven days after the confirmation by the SEC of the valuation of the entire issued share capital of RSCI to be exchanged for the primary shares of RRHI on November 16, 2018.

Approvals (i) and (ii) were obtained on May 28, 2018 and August 16, 2018, respectively. On November 23, 2018, the market value of RRHI shares amounted to ₱72.05 per share. Transaction costs related to the issuance of new shares amounted to ₱64.50 million was charged to 'Additional paid-in capital'.

In 2019, the Group finalized the purchase price allocation and the fair value computation of goodwill. There were no adjustments to the provisional amounts that were made during the measurement period. The final purchase price allocation resulted in goodwill of ₱9.11 billion. The goodwill of ₱9.11 billion comprises the fair value of expected synergies arising from acquisition.

The fair values of the identifiable assets and liabilities of RSCI at the date of acquisition were:

	Fair values recognized on acquisition
Assets	
Cash	₱103,162,382
Trade and other receivables	384,075,105
Merchandise inventories	3,073,734,206
Other current assets	912,897,897
Property and equipment	3,897,725,011
Trademarks arising from acquisition (Note 14)	3,398,600,050
Other noncurrent assets	684,781,136
	12,454,975,787

(Forward)

	Fair values recognized on acquisition
Liabilities	
Trade and other payables	₱4,633,625,787
Loans payable	1,500,000,000
Income tax payable	39,346,173
Other current liabilities	60,595,212
Retirement obligation	283,655,342
Deferred tax liability	961,623,483
Other noncurrent liabilities	288,707,463
	7,767,553,460
Net assets acquired	4,687,422,327
Goodwill from the acquisition (Note 14)	9,109,386,061
Purchase consideration transferred	₱13,796,808,388

Disposal of a Subsidiary

In February 2020, RSC entered into a Deed of Absolute Sale to sell its 100% equity interest in CCC for a total consideration amounting to ₱230.0 million.

Impact of the disposal of the subsidiary in the consolidated financial statement follows:

Assets	
Cash	₱18,388,383
Trade and other receivables	60,387,728
Merchandise inventories (Note 9)	210,675,616
Property and equipment (Note 12)	43,812,978
ROU assets (Note 28)	39,954,612
Deferred tax assets	12,236,857
Other assets	8,366,577
	393,822,751
Liabilities	
Trade and other payables	177,379,432
Lease liabilities (Note 28)	42,260,296
Income tax payable	11,542,593
Retirement obligation (Note 23)	21,869,849
	253,052,170
Net assets of deconsolidated subsidiary	140,770,581
Consideration, net of transaction costs	199,671,350
Gain on deconsolidation of a subsidiary	₱58,900,769

The deconsolidation of CCC did not have significant impact on the Group's consolidated statements of comprehensive income and consolidated statements of cash flows.

20. Sales Revenue

Sales are recognized from customers at the point of sale in the stores and upon delivery.

Sales returns and sales discounts deducted from the sales to arrive at the net sales amounted to ₱5.73 billion, ₱4.44 billion and ₱4.64 billion in 2021, 2020 and 2019, respectively.

Disaggregated revenue information
Set out below is the disaggregation of the Company's revenue from contracts with customers:

	For the year ended December 31, 2021						
Segments	**Supermarket**	**Department Store**	**DIY**	**Convenience Store**	**Drug Store**	**Specialty Store**	**Total**
Type of goods or service							
Sale of goods - retail	**₱88,630,077,986**	**₱9,325,871,483**	**₱11,501,454,806**	**₱3,992,274,198**	**₱26,667,779,983**	**₱12,286,905,633**	**₱152,404,364,089**
Sale of merchandise to franchisees	**–**	**–**	**–**	**922,996,377**	**–**	**–**	**922,996,377**
Franchise revenue	**–**	**–**	**–**	**4,253,611**	**19,649,952**	**–**	**23,903,563**
Royalty fee	**–**	**–**	**–**	**140,352,386**	**58,944,810**	**–**	**199,297,196**
	₱88,630,077,986	**₱9,325,871,483**	**₱11,501,454,806**	**₱5,059,876,572**	**₱26,746,374,745**	**₱12,286,905,633**	**₱153,550,561,225**
Timing of revenue recognition							
Goods transferred at point in time	**₱88,630,077,986**	**₱9,325,871,483**	**₱11,501,454,806**	**₱4,915,270,575**	**₱26,667,779,983**	**₱12,286,905,633**	**₱153,327,360,466**
Services transferred over time	**–**	**–**	**–**	**144,605,997**	**78,594,762**	**–**	**223,200,759**
	₱88,630,077,986	**₱9,325,871,483**	**₱11,501,454,806**	**₱5,059,876,572**	**₱26,746,374,745**	**₱12,286,905,633**	**₱153,550,561,225**

	For the year ended December 31, 2020						
Segments	**Supermarket**	**Department Store**	**DIY**	**Convenience Store**	**Drug Store**	**Specialty Store**	**Total**
Type of goods or service							
Sale of goods - retail	₱94,121,288,564	₱8,450,525,571	₱11,357,701,521	₱1,158,100,710	₱19,058,775,778	₱13,270,889,853	₱147,417,281,997
Sale of merchandise to franchisees	–	–	–	3,652,978,793	–	–	3,652,978,793
Franchise revenue	–	–	–	6,025,040	33,726,531	–	39,751,571
Royalty fee	–	–	–	916,241,707	58,662,829	–	974,904,536
	₱94,121,288,564	₱8,450,525,571	₱11,357,701,521	₱5,733,346,250	₱19,151,165,138	₱13,270,889,853	₱152,084,916,897
Timing of revenue recognition							
Goods transferred at point in time	₱94,121,288,564	₱8,450,525,571	₱11,357,701,521	₱4,811,079,503	₱19,058,775,778	₱13,270,889,853	₱151,070,260,790
Services transferred over time	–	–	–	922,266,747	92,389,360	–	1,014,656,107
	₱94,121,288,564	₱8,450,525,571	₱11,357,701,521	₱5,733,346,250	₱19,151,165,138	₱13,270,889,853	₱152,084,916,897

	For the year ended December 31, 2019						
Segments	**Supermarket**	**Department Store**	**DIY**	**Convenience Store**	**Drug Store**	**Specialty Store**	**Total**
Type of goods or service							
Sale of goods - retail	₱88,514,715,048	₱18,039,637,214	₱14,382,541,311	₱–	₱17,684,834,470	₱17,549,803,545	₱156,171,531,588
Sale of merchandise to franchisees	–	–	–	6,744,155,713	–	–	6,744,155,713
Franchise revenue	–	–	–	6,676,528	49,168,502	–	55,845,030
Royalty fee	–	–	–	1,840,105,448	60,181,952	–	1,900,287,400
	₱88,514,715,048	₱18,039,637,214	₱14,382,541,311	₱8,590,937,689	₱17,794,184,924	₱17,549,803,545	₱164,871,819,731
Timing of revenue recognition							
Goods transferred at point in time	₱88,514,715,048	₱18,039,637,214	₱14,382,541,311	₱6,744,155,713	₱17,684,834,470	₱17,549,803,545	₱162,915,687,301
Services transferred over time	–	–	–	1,846,781,976	109,350,454	–	1,956,132,430
	₱88,514,715,048	₱18,039,637,214	₱14,382,541,311	₱8,590,937,689	₱17,794,184,924	₱17,549,803,545	₱164,871,819,731

In 2019, intersegment eliminating adjustments related to sale of goods amounted to ₱1.73 billion. (Note 6).

21. **Operating Expenses**

This account consists of:

	2021	2020	2019
Personnel costs and contracted services (Notes 22 and 23)	**₱9,802,346,518**	₱9,164,608,686	₱9,801,982,310
Rental and utilities (Notes 24 and 28)	**6,863,041,043**	6,144,201,142	8,884,787,244
Depreciation and amortization (Notes 12, 14 and 28)	**7,087,772,782**	6,987,147,534	6,879,793,222
Transportation and travel	**1,713,359,868**	1,877,331,677	1,666,796,549
Supplies	**1,014,592,585**	948,089,911	1,013,015,415
Repairs and maintenance	**890,438,363**	719,396,515	830,280,835
Bank and credit charges	**694,435,937**	695,843,837	754,389,132
Advertising	**679,976,957**	534,776,923	755,776,814
Commission expense	**211,860,822**	86,616,534	34,918,933
Royalty expense (Note 29)	**121,319,030**	116,986,146	213,685,744
Tolling fee	**35,922,832**	21,935,172	10,241,643
Others	**921,456,834**	1,439,810,772	1,277,510,828
	₱30,036,523,571	₱28,736,744,849	₱32,123,178,669

Others consist mainly of taxes and licenses, insurance and professional fees.

Depreciation and amortization pertains to:

	2021	2020	2019
Property and equipment (Note 12)	**₱3,001,391,781**	₱3,034,375,446	₱3,023,656,560
Trademarks, franchise and license fees (Note 14)	**758,333**	25,570,661	52,068,805
Amortization of ROU assets (Note 28)	**4,085,622,668**	3,927,201,427	3,804,067,857
	₱7,087,772,782	₱6,987,147,534	₱6,879,793,222

22. **Personnel Costs and Contracted Services**

This account consists of:

	2021	2020	2019
Salaries, allowances and benefits (Note 21)	**₱5,956,205,160**	₱5,299,306,985	₱5,570,643,300
Contracted services (Note 21)	**3,846,141,358**	3,865,301,701	4,231,339,010
	₱9,802,346,518	₱9,164,608,686	₱9,801,982,310

Details of salaries, allowances and benefits:

	2021	2020	2019
Salaries, wages and allowances	**₱5,672,408,136**	₱5,114,309,542	₱5,378,560,824
Retirement expense (Note 23)	**283,797,024**	184,997,443	192,082,476
	₱5,956,205,160	₱5,299,306,985	₱5,570,643,300

23. Employee Benefits

The Group has a funded, non-contributory, defined benefit pension plan covering all regular permanent employees. Benefits are dependent on years of service and the respective employee's final compensation. The benefits are paid in a lump-sum upon retirement or separation in accordance with the terms of the Robinsons Retail Multi-Employer Retirement Plan, South Star Drug Retirement Plan and Rustan Supercenters Retirement Plan (the Plan).

The Group computes the actuarial valuation every year by hiring the services of a professional third party qualified actuary.

The Group is a member of the Plan which is administered separately by the Trustee, RBC, Metrobank Corporation and Bank of the Philippine Islands, so named under the Trust Agreement. The Trustee is under the supervision of the Retirement Working Committee (the Committee) of the Plan. The Committee shall have all the powers necessary or useful in the discharge of its duties, including but not limited, to implement and administer the plan, propose changes and determine the rights of the members of the plan. However, changes or revisions in the Plan shall be approved by the Executive Retirement Committee.

The Committee may seek the advice of counsel and appoint an investment manager or managers to manage the Retirement Fund, an independent accountant to audit the Fund and an actuary to value the Plan.

The Plan was amended effective April 1, 2019. The effect of the change in retirement plan is reflected as past service cost and recognized immediatey in the 2019 retirement expense. In 2019, certain number of employees of RSCI were involuntarily separated. The settlement gain, as a result of the event, is also reflected in the retirement expense.

Under the existing regulatory framework, Republic Act (RA) No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The components of retirement expense under "Operating expenses" account in the consolidated statements of comprehensive income are as follow:

	2021	2020	2019
Current service cost	**₱282,641,430**	₱194,010,535	₱143,133,157
Net interest cost (income)	**16,227,113**	10,341,246	(19,202,019)
Net settlement gain	**–**	–	11,772,256
Past service cost (income)	**(15,071,519)**	(19,354,338)	56,379,082
Retirement expense	**₱283,797,024**	₱184,997,443	₱192,082,476

Net retirement obligation as of December 31, 2021 and 2020 recognized in the consolidated statements of financial position follow:

	2021	2020
Present value of defined benefit obligation	**₱1,538,372,982**	₱1,923,209,146
Fair value of plan assets	**(1,289,445,770)**	(1,374,251,973)
Net retirement obligation	**₱248,927,212**	₱548,957,173

The movements in net retirement obligation recognized in the consolidated statements of financial position follow:

	2021	2020
Balance at beginning of year	**₱548,957,173**	₱347,737,290
Remeasurement loss (gain)	**(345,526,680)**	181,971,717
Retirement expense	**283,797,024**	184,997,443
Additions arising from business combination (Note 19)	**–**	251,473,028
Deconsolidation of a subsidiary (Note 19)	**–**	(21,869,849)
Actual contribution	**(198,155,825)**	(166,679,081)
Benefits paid from direct payments	**(40,144,480)**	(228,673,375)
Balance at end of year	**₱248,927,212**	₱548,957,173

Remeasurement effects recognized in OCI:

	2021	2020
Remeasurement gains (losses) on:		
Retirement obligation	**₱662,218,799**	(₱190,707,671)
Retirement plan assets	**(316,692,119)**	8,735,954
	₱345,526,680	(₱181,971,717)

In 2020, cumulative loss amounting to ₱58.82 million were derecognized from RSCI and in 2019, cumulative gain amounting to ₱4.15 million were derecognized from RGFBI. Cumulative gains are not to be reclassified in profit or loss in the consolidated financial statements of comprehensive income.

Movements of cumulative remeasurement effect recognized in OCI:

	2021	2020
Balance at beginning of year	**(₱450,404,771)**	(₱327,255,317)
Actuarial loss (gain)	**662,218,799**	(190,707,671)
Derecognition of cumulative loss	**–**	58,822,263
Return on assets excluding amount included in net interest cost	**(316,692,119)**	8,735,954
Total remeasurement	**(104,878,091)**	(450,404,771)
Income tax effect	**26,219,523**	135,121,431
	(₱78,658,568)	(₱315,283,340)

Changes in the present value of defined benefit obligation follow:

	2021	2020
Balance at beginning of year	**₱1,923,209,146**	₱1,410,838,083
Additions arising from business combination (Note 19)	–	369,117,970
Current service cost	**282,641,430**	194,010,535
Remeasurement (gain) loss arising from:		
Changes in financial assumptions	**(456,294,122)**	252,702,366
Changes in demographic assumptions	**(121,712,466)**	12,835,944
Experience adjustments	**(84,212,211)**	(74,830,639)
Interest cost	**72,797,653**	66,706,387
Past service income	**(15,071,519)**	(19,354,338)
Transfers	–	4,542,041
Deconsolidation of a subsidiary (Note 19)	–	(31,058,314)
Benefits paid	**(62,984,929)**	(262,300,889)
Balance at end of year	**₱1,538,372,982**	₱1,923,209,146

Movements in the fair value of plan assets follow:

	2021	2020
Balance at beginning of year	**₱1,374,251,973**	₱1,063,100,793
Actual contribution	**198,155,825**	166,679,081
Additions arising from business combination (Note 19)	–	117,644,942
Interest income included in net interest cost	**56,570,540**	56,365,141
Remeasurement gain (loss)	**(316,692,119)**	8,735,954
Transfers	–	4,542,041
Deconsolidation of a subsidiary (Note 19)	–	(9,188,465)
Benefits paid	**(22,840,449)**	(33,627,514)
Balance at end of year	**₱1,289,445,770**	₱1,374,251,973

The fair value of net plan assets of the Group by each class as at the end of the reporting period are as follows:

	2021	2020
Cash and cash equivalents		
Savings deposit	**₱17,808,781**	₱9,246,244
Time deposit	–	634,960
Investments in government securities		
Fixed rate treasury notes	**63,935,598**	85,153,207
Retail treasury bonds	**12,419,901**	7,078,070
Investments in UITF	**1,039,205,851**	1,244,593,525
Other receivables	**156,133,553**	27,637,258
Accrued trust fee payable	**(57,912)**	(91,291)
	₱1,289,445,772	₱1,374,251,973

The principal assumptions used in determining pensions for the Group's plan are shown below:

	2021	2020
Discount rates	**4.93% - 5.20%**	3.84% - 5.01%
Salary increase rates	**2.50% - 5.70%**	5.70% -6.00%

The carrying amounts disclosed above reasonably approximate fair values at each reporting period. The actual return on plan assets amounted to ₱260.12 million, ₱55.96 million and ₱70.94 million in 2021, 2020 and 2019, respectively.

The Group expects to contribute ₱155.67 million to the defined benefit plan in 2022.

Remeasurement effects attributable to the equity holders of the Parent Company follows:

	2021	2020
Balances at the beginning of year	**₱78,916,050**	₱201,372,594
Remeasurement losses during the year	**264,386,954**	(122,456,544)
Balances at end of year	**₱343,303,004**	₱78,916,050

The sensitivity analyses that follow has been determined based on reasonably possible changes of the assumption occurring as of the end of the reporting period, assuming if all other assumptions were held constant.

		Increase (Decrease)	Effect in Defined Benefit Obligation
2021	**Salary increase**	**+1.00%**	**₱195,496,431**
		-1.00%	**(166,727,028)**
	Discount rates	**+1.00%**	**(158,274,537)**
		-1.00%	**188,597,961**
2020	Salary increase	+1.00%	₱73,344,201
		-1.00%	(195,342,415)
	Discount rates	+1.00%	(194,181,315)
		-1.00%	74,795,934

Each year, an Asset-Liability Matching Study (ALM) is performed with the result being analyzed in terms of risk-and-return profiles. The principal technique of the Group's ALM is to ensure the expected return on assets to be sufficient to support the desired level of funding arising from the defined benefit plans.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2021	2020
Less than 1 year	**₱120,247,349**	₱50,588,379
More than 1 year but less than 5 years	**417,226,812**	228,571,400
More than 5 years but less than 10 years	**838,952,538**	420,350,802
More than 10 years but less than 15 years	**1,351,565,673**	685,807,954
More than 15 years but less than 20 years	**2,071,912,612**	1,082,084,579
More than 20 years	**6,449,332,793**	4,473,713,582

24. **Related Party Disclosures**

Parties are 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 and the parties are subject to common control or common significant influence. Related parties may be individuals or corporate entities.

Significant Related Party Transactions
The Group, in the regular conduct of business, has receivables from/payables to related parties arising from the normal course of operations.

1. The following are the Group's transactions with its related parties:

	Amount			Due from (Due to)	
	2021	2020	2019	**2021**	2020
Other affiliates under common control					
a. Trade and other receivables					
Sales	**₱42,197,527**	₱2,105,106,040	₱4,158,993,927	**₱5,469,587**	₱9,161,738
Royalty income	–	740,475,141	1,681,857,691	–	–
b. Trade and other payable					
Purchases - net	**(3,385,707,782)**	(3,276,056,450)	(2,925,027,729)	–	–
Rent and utilities	**(2,621,785,618)**	(3,328,644,890)	(4,694,100,343)	**(658,332,096)**	(559,221,088)

Below are the Group's transactions with its related parties:

a. As of December 31, 2021 and 2020, the Group has outstanding balances from its other affiliates arising primarily from sales of merchandise inventories and royalty income for grant of use and right to operate stores of the Group.

b. As of December 31, 2021 and 2020, the Group has outstanding payable to its other affiliates arising from purchases of merchandise inventories for resale to its customers which are normally paid within the year and expenses for rent and utilities relative to the Group's operations. Lease agreements normally have terms of 5 to 20 years with escalation clauses ranging from 5% to 10% every year.

c. The Group maintains savings and current accounts and money market placements with RBC. Cash and cash equivalents earns interest at the prevailing bank deposit rates.

Affiliates are related parties by the Group by virtue of common ownership and representations to management where significant influence is apparent.

2. There are no agreements between the Group and any of its directors and key officers providing for benefits upon termination of employment, except for such benefits to which they may be entitled under the Group's retirement plans.

The details of compensation and benefits of key management personnel for 2021, 2020 and 2019 follow:

	2021	2020	2019
Short-term employee benefits	**₱192,258,333**	₱182,790,525	₱174,301,314
Post-employment benefits	**53,888,531**	38,966,507	44,379,656
	₱246,146,864	₱221,757,032	₱218,680,970

Terms and Conditions of Transactions with Related Parties
Outstanding balances at year-end are unsecured, interest-free and settlement occurs in cash. There have been no guarantees provided or received for any related party payables or receivables. The Group did not recognize provision for expected credit losses relating to amounts due from related parties for the years ended December 31, 2021, 2020 and 2019. This assessment is undertaken each financial year through a review of the financial position of the related party and the market in which the related party operates.

Approval Requirements and Limits on the Amount and Extent of Related Party Transactions
Material related party transactions (MRPT) refers to any related party transaction/s, either individually, or in aggregate over a twelve (12)-month period with the same related party, amounting to ten percent (10%) or higher of the Group's total consolidated assets based on its latest audited financial statements.

All individual MRPT's shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the Independent Directors voting to approve the MRPT. In case that a majority of the Independent Directors' vote is not secured, the MRPT may be ratified by the vote of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock.

Aggregate RPT transactions within a 12-month period that meets or breaches the materiality threshold shall require the same BOD approval mentioned above.

25. Income Tax

a. Provision for income tax for the years ended December 31 follows:

	2021	2020	2019
Current	**₱1,122,465,120**	₱1,422,672,062	₱2,056,973,505
Deferred	**(703,827,609)**	(489,409,753)	(497,680,792)
	₱418,637,511	₱933,262,309	₱1,559,292,713

b. The components of the net deferred tax assets of the Group as of December 31, 2021 and 2020 pertain to the deferred tax effects of the following:

	2021	2020
Tax effects of:		
Items recognized in profit or loss:		
Lease liabilities	**₱797,255,099**	₱683,031,942
MCIT	**47,205,672**	243,771,864
NOLCO	**256,938,894**	169,669,840
Unamortized past service cost	**69,941,799**	122,912,830
Allowance for inventory write-obsolescence	**27,037,406**	72,523,249
Allowance for impairment losses	**88,006,408**	68,750,365
Deferred revenue	**5,369,557**	10,707,744
Accrued expenses	**2,310,750**	1,379,388
Unrealized foreign exchange - net	**(5,491,573)**	(3,736,010)
Retirement obligation	**34,727,127**	(37,393,921)
	1,323,301,139	1,331,617,291
Item recognized directly in other comprehensive income:		
Remeasurement loss on retirement obligation	**26,557,073**	200,161,977
	₱1,349,858,212	₱1,531,779,268

In 2020, the Group recognized previously unrecognized deferred tax assets on MCIT amounting to ₱103.60 million. In addition, deferred tax assets acquired in a business combination affecting profit or loss amounted to ₱56.42 million. Deferred tax assets on deconsolidation of CCC amounted to ₱12.24 million. In 2019, the Group derecognized deferred tax assets amounting to ₱1.25 million related to the retirement obligation of RGBFI.

c. The components of the net deferred tax liabilities of the Group as of December 31, 2021 and 2020 represent deferred tax effects of the following:

	2021	2020
Tax effect of:		
Items recognized in profit or loss:		
Business combination (Note 19)	**₱1,979,723,401**	₱2,375,668,081
Asset revaluation	**9,504,175**	28,289,414
	1,989,227,576	2,403,957,495
Item recognized directly in other comprehensive income:		
Fair value adjustments on investment in an associate	**37,234,177**	145,866,866
	₱2,026,461,753	₱2,549,824,361

d. The Group did not recognize deferred tax assets on the following future deductible differences as management assessed that it is not probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized.

	2021	2020
Tax effects of:		
MCIT	**₱49,928,585**	₱60,996,225
NOLCO	**210,769,709**	180,072,303
Allowance for impairment losses	**75,799,932**	75,799,933
Lease liabilities	**65,473,132**	33,226,860
Retirement asset	**10,454,704**	(7,838,720)
	₱412,426,062	₱342,256,601

e. On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

As of December 31, 2020, RRHI, RDDC, RI, RCSI, RGFBI, RHIB, HPTD, RSSI and Super50 has incurred NOLCO before taxable year 2020 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Inception Year	Amount	Applied	Expired	Reversals	Balance	Expiry Year
2019	₱213,280,729	₱31,508,157	₱–	₱–	₱181,772,572	2022
2018	415,832	–	415,832	–	–	2021
Total	₱213,696,561	₱31,508,157	₱415,832	₱–	₱181,772,572	

In 2019, RLSI recognized deferred tax assets pertaining to NOLCO amounting to ₱0.42 million which was unrecognized in prior year.

As of December 31, 2021, RRHI, RDSI, RAC, RVC, RCSI, RHIB, HPTD and RPI has incurred NOLCO in taxable years 2021 and 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Inception Year	Amount	Applied	Expired	Balance	Expiry Year
2021	₱503,200,601	₱–	₱–	₱503,200,601	2026
2020	563,450,033	9,897,924	–	553,552,109	2025
	₱1,066,650,634	₱9,897,924	₱–	₱1,056,752,710	

f. Details of the Group's MCIT related to RRHI, RSC, RPI, RVC, RCSI, RHIB, HPTD, RSSI, RDDC, RAC, RPI and HEMI follow:

Inception Year	Amount	Applied	Expired	Balance	Expiry Year
2021	₱19,224,027	₱–	₱–	₱19,224,027	2024
2020	105,599,101	55,672,268	–	49,926,833	2023
2019	67,040,248	39,056,852	–	27,983,396	2022
2018	96,929,039	73,226,224	23,702,815	–	2021
Total	₱288,792,415	₱167,955,344	₱23,702,815	₱97,134,256	

g. The reconciliation of statutory income tax rate to the effective income tax rate follows:

	2021	2020	2019
Statutory income tax rate	**25.00%**	30.00%	30.00%
Add (deduct) tax effects of:			
Nondeductible interest expense	**2.12**	3.31	4.92
Nondeductible expense	–	1.91	–
Effect of OSD	–	–	(0.69)
Nontaxable income subject to final tax	**(1.18)**	–	(0.70)
Derecognized DTA for NOLCO	–	(0.02)	(1.70)
Dividend income	**(0.37)**	(0.19)	(0.49)
Change in unrecognized deferred tax assets	**(0.81)**	(0.20)	(0.14)
Expired MCIT and NOLCO	**(0.45)**	(0.47)	(0.40)
Franchise income	**(0.37)**	(0.76)	(0.22)
Interest income subject to final tax	**(2.65)**	(5.74)	(4.99)
Nontaxable income not subject to final tax	**(3.57)**	(6.72)	(0.07)
CREATE impact	**(8.17)**	–	–
Effective income tax rate	**9.55%**	21.12%	25.52%

On November 26, 2008, the BIR issued Revenue Regulation No. 16-2008 which implemented the provisions of RA No. 9504 on Optional Standard Deduction (OSD). This regulation allowed both individual and corporate taxpayers to use OSD in computing their taxable income. For corporations, they may elect standard deduction in an amount equivalent to 40% of the gross income, as provided by law, in lieu of the itemized allowable deductions. In 2019 certain subsidiaries elected OSD in the computation of its taxable income.

Republic Act No. 11534 otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act or CREATE

On March 26, 2021, the President signed into law Republic Act No. 11534 otherwise known as the Corporate Recovery and Tax Incentives for Enterprises Act or CREATE. Except for the provisions with retroactive effect, CREATE shall take effect fifteen (15) days after its publication in the Official Gazette or in newspaper of general circulation. One of the important provisions of CREATE that may affect the Group's financial statements as at and for the year ending December 31, 2020 is the reduction of the income tax rate from 30% to 25% effective July 1, 2020.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Group:

- Effective July 1, 2020, regular corporate income tax (RCIT) rate is reduced from 30% to 25% for domestic and resident foreign corporations. For domestic corporations with net taxable income not exceeding Php5 million and with total assets not exceeding Php100 million (excluding land on which the business entity's office, plant and equipment are situated) during the taxable year, the RCIT rate is reduced to 20%.

- Minimum corporate income tax (MCIT) rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

- Imposition of improperly accumulated earnings tax (IAET) is repealed.

As clarified by the Philippine Financial Reporting Standards Council in its Philippine Interpretations Committee Q&A No. 2020-07, the CREATE Act was not considered substantively enacted as of December 31, 2020 even though some of the provisions have retroactive effect to July 1, 2020. The passage of the CREATE Act into law on March 26, 2021 is considered as a non-adjusting subsequent event. Accordingly, current and deferred taxes as of and for the year ended December 31, 2020 continued to be computed and measured using the applicable income tax rates as of December 31, 2020 (i.e., 30% RCIT / 2% MCIT) for financial reporting purposes.

Applying the provisions of the CREATE Act, the Group would have been subjected to lower regular corporate income tax rate of 25% or 1.5% MCIT rate effective July 1, 2020.

- This resulted in lower provision for current income tax for the year ended December 31, 2020 and lower income tax payable as of December 31, 2020 amounting to ₱164.43 million, which was reflected in the 2020 annual income tax returns but was only recognized for financial reporting purposes in its 2021 financial statements.

- This resulted in lower deferred tax assets as of December 31, 2020 by ₱283.19 million and provision for deferred tax for the year then ended by ₱265.84 million. These reductions were recognized in the 2021 financial statements.

26. **Earnings Per Share**

The following table presents information necessary to calculate EPS on net income attributable to equity holders of the Parent Company:

	2021	2020	2019
Net income attributable to equity holders of the Parent Company	**₱4,527,833,319**	₱3,216,636,348	₱3,918,623,046
Weighted average number of common shares	**1,535,225,570**	1,570,606,945	1,576,489,360
Basic and Diluted EPS	**₱2.95**	₱2.05	₱2.49

	2021	2020	2019
No. of shares at the beginning of year	**1,570,606,945**	1,576,489,360	1,576,489,360
Weighted average number of shares issued during the year	–	–	–
Weighted average number of treasury shares	**(35,381,375)**	(5,882,415)	–
Weighted average number of common shares	**1,535,225,570**	1,570,606,945	1,576,489,360

The Parent Company has no dilutive potential common shares in 2021, 2020 and 2019.

27. **Risk Management and Financial Instruments**

Governance Framework
The primary objective of the Group's risk and financial management framework is to protect the Group's shareholders from events that hinder the sustainable achievement of financial performance objectives, including failing to exploit opportunities. Key management recognizes the critical importance of having efficient and effective risk management systems in place.

The BOD approves the Group's risk management policies and meets regularly to approve any commercial, regulatory and organizational requirements of such policies. These policies define the Group's identification of risk and its interpretation, limit structure to ensure the appropriate quality and diversification of assets and specify reporting requirements.

Financial Risk
The main purpose of the Group's financial instruments is to fund its operations and capital expenditures. The main risks arising from the Group's financial instruments are market risk, liquidity risk and credit risk. The Group does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Market Risk
Market risk is the risk of loss to future earnings, to fair value of cash flows of a financial instrument as a result of changes in its price, in turn caused by changes in interest rates, foreign currency exchange rates equity prices and other market factors.

Foreign Currency Risk
Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's principal transactions are carried out in Philippine Peso (₱) but maintain a minimal balance of foreign currency. The Group's currency risk arises mainly from foreign currency-denominated cash and cash equivalents, interest receivable, and financial assets at FVOCI which are denominated in currency other than the Group's functional currency.

The following tables demonstrate the sensitivity to a reasonably possible change in foreign exchange rates, with all variables held constant, of the Group's profit before tax (due to changes in the fair value of monetary assets and liabilities).

	Increase (decrease) in foreign currency rate		**Effect on income before income tax (₱)**	
	2021	2020	**2021**	2020
USD	**+1.17%**	+1.25%	**₱56,999,406**	₱60,663,525
	-1.17%	-1.25%	**(56,999,406)**	(60,663,525)

The Group used foreign exchange rate of ₱50.99:USD1 and ₱48:02:USD1 as of December 31, 2021, and 2020, respectively, in converting its dollar-denominated financial assets to peso.

The sensitivity analyses shown above are based on the assumption that the movements in US dollars will more likely be limited to the upward or downward fluctuation of 1.17% and 1.25% in 2021 and 2020, respectively. The forecasted movements in percentages used were sourced by management from an affiliated bank. These are forecasted movements in the next twelve months.

The foreign currency-denominated financial assets in original currencies and equivalents to the functional and presentation currency in 2021 and 2020 are as follows:

	2021		2020	
	USD	**PHP**	USD	PHP
Cash and cash equivalents	**$10,043,757**	**₱512,231,607**	$2,150,150	₱103,256,653
Receivables	**1,262,773**	**64,401,423**	1,229,498	59,044,182
FVOCI with recycling	**84,545,108**	**4,311,800,508**	97,371,363	4,676,064,965
Total	**$95,851,638**	**₱4,888,433,538**	$100,751,011	₱4,838,365,800

The effect on the Group's income before tax is computed on the carrying value of the Group's foreign currency denominated financial assets and liabilities as at December 31, 2021 and 2020. There is no impact on equity other than those already affecting income before income tax.

Equity Price Risk
The Group's equity price risk exposure at year-end relates to financial assets whose values will fluctuate as a result of changes in market prices, principally, equity securities classified as financial assets at FVOCI in 2021 and 2020.

Quoted equity securities are subject to price risk due to changes in market values of instruments arising either from factors specific to individual instruments or their issuers or factors affecting all instruments traded in the market.

Quoted equity security consists of marketable equity security that is listed and traded on the PSE. The fair market value of the listed shares is based on the quoted market price as of December 31, 2021 and 2020.

The analyses below are performed for reasonably possible movements in the PSE Index with all other variables held constant, showing the impact on equity:

	Change in variable	**Effect on equity-Other comprehensive income**
2021	**+18.67%**	**₱60,027,877**
	-18.67%	**(₱60,027,877)**
2020	+33.54%	₱151,915,119
	-33.54%	(₱151,915,119)

The sensitivity analyses shown above are based on the assumption that the movement in PSE composite index and other quoted equity securities will be most likely be limited to an upward or downward fluctuation of 18.67% and 33.54% in 2021 and 2020, respectively.

For quoted securities, the Group, used as basis of these assumptions, the annual percentage change in PSE composite index.

The impact of sensitivity of equity prices on the Group's equity already excludes the impact on transactions affecting the consolidated statements of consolidated income.

Liquidity Risk
Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows.

The table below shows the maturity profile of the financial instruments of the Group as of December 31, 2021 and 2020 based on the remaining period at the reporting date to their contractual maturities and are also presented based on contractual undiscounted repayment obligations.

December 31, 2021

	On Demand	One (1) year	More than One (1) year	Total
Financial Assets				
Amortized cost				
Cash and cash equivalents	**₱16,170,113,685**	**₱–**	**₱–**	**₱16,170,113,685**
Trade receivables	**20,265,363**	**2,003,560,680**	**–**	**2,023,826,043**
Nontrade receivables	**–**	**567,232,378**	**–**	**567,232,378**
Due from franchisees	**–**	**95,989,313**	**–**	**95,989,313**
Other noncurrent assets:				
Security and other deposits	**–**	**–**	**2,376,771,232**	**2,376,771,232**
Construction bonds	**–**	**–**	**85,520,888**	**85,520,888**
FVOCI	**–**	**–**	**11,482,540,387**	**11,482,540,387**
FVTPL	**–**	**–**	**143,392,265**	**143,392,265**
	₱16,190,379,048	**₱2,666,782,371**	**₱14,088,224,772**	**₱32,945,386,191**
Financial Liabilities				
Other financial liabilities				
Trade and other payables*	**₱–**	**₱20,733,506,500**	**₱–**	**₱20,733,506,500**
Short-term loans payable	**–**	**7,734,000,000**	**–**	**7,734,000,000**
Lease liabilities	**–**	**4,793,483,951**	**30,385,069,576**	**35,178,553,527**
Other current liabilities	**–**	**382,355,834**	**–**	**382,355,834**
	₱–	**₱33,643,346,285**	**₱30,385,069,576**	**₱64,028,415,861**

**Excluding statutory liabilities amounting ₱482,245,261.*

December 31, 2020

	On Demand	One (1) year	More than One (1) year	Total
Financial Assets				
Amortized cost				
Cash and cash equivalents	₱21,338,418,561	₱–	₱–	₱21,338,418,561
Trade receivables	29,088,209	2,394,469,801	–	2,423,558,010
Nontrade receivables	–	710,519,575	–	710,519,575
Due from franchisees	–	39,106,088	–	39,106,088
Other noncurrent assets:				
Security and other deposits	–	–	2,199,111,643	2,199,111,643
Construction bonds	–	–	65,579,632	65,579,632
FVOCI	–	–	13,931,757,447	13,931,757,447
	₱21,367,506,770	₱3,144,095,464	₱16,196,448,722	₱40,708,050,956
Financial Liabilities				
Other financial liabilities				
Trade and other payables*	₱–	₱22,794,728,769	₱–	₱22,794,728,769
Short-term loans payable	–	9,584,000,000	–	9,584,000,000
Lease liabilities	–	4,362,004,444	32,278,890,256	36,640,894,700
Other current liabilities	–	255,281,634	–	255,281,634
	₱–	₱36,996,014,847	₱32,278,890,256	₱69,274,905,103

**Excluding statutory liabilities amounting ₱568,435,460.*

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Group's trade and other receivables are actively monitored by the Collection Services Department to avoid significant concentrations of credit risk.

The Group has adopted a no-business policy with customers lacking an appropriate credit history where credit records are available.

The Group manages the level of credit risk it accepts through a comprehensive credit risk policy setting out the assessment and determination of what constitutes credit risk for the Group. The Group's policies include the following: setting up of exposure limits by each counterparty or group of counterparties; right of offset where counterparties are both debtors and creditors; reporting of credit risk exposures; monitoring of compliance with credit risk policy; and review of credit risk policy for pertinence and the changing environment.

The Group's maximum exposure in financial assets (excluding cash on hand amounting to ₱703.05 million and ₱1.31 billion in 2021 and 2020, respectively) are equal to their carrying amounts. This was determined based on the nature of the counterparty and the Group's experience.

Credit Quality
The Group maintains internal credit rating system. Neither past due nor impaired financial assets are graded as either "A" or "B" based on the following criteria:

- Grade A are accounts considered to be of high value. The counterparties have a very remote likelihood of default and have consistently exhibited good paying habits.
- Grade B are active accounts with minimal to regular instances of payment default, due to collection issues. These accounts are typically not impaired as the counterparties generally respond to the Group's collection efforts and update their payments accordingly.

Cash in banks and cash equivalents are short-term placements and working cash fund placed, invested or deposited in reputable foreign and local banks in the Philippines. These financial assets are classified as Grade A due to the counterparties' low probability of insolvency.

Receivables and due from franchisees are Grade A because they are from related parties, employees and accredited customers who are highly reputable, progressive and consistently pay their accounts.

Security and other deposits and construction bond are Grade A since these were paid to creditworthy third parties.

Financial assets at FVOCI is Grade A because these are securities placed in entities with good favorable credit standing.

The Group's financial assets considered as neither past due nor impaired amounting to ₱32.08 billion and ₱39.37 billion as of December 31, 2021 and 2020, respectively are all graded "A" based on the Group's assessment.

The tables below show the aging analysis of financial assets classified as amortized cost and FVOCI as of December 31, 2021 and 2020.

2021

	Neither Past Due Nor Impaired		Past Due or	
	Grade A	**Grade B**	**Impaired**	**Total**
Financial Assets				
Amortized cost				
Cash and cash equivalents (excluding cash on hand)	**₱15,467,064,816**	**₱–**	**₱–**	**₱15,467,064,816**
Trade receivables	**2,003,560,680**	**–**	**20,265,363**	**2,023,826,043**
Nontrade receivables	**567,232,378**	**–**	**–**	**567,232,378**
Due from franchisees	**95,989,313**	**–**	**–**	**95,989,313**
Other noncurrent assets:				
Security and other deposits	**2,376,771,232**	**–**	**–**	**2,376,771,232**
Construction bond	**85,520,888**	**–**	**–**	**85,520,888**
FVOCI	**11,482,540,387**	**–**	**–**	**11,482,540,387**
	₱32,078,679,694	**₱–**	**₱20,265,363**	**₱32,098,945,057**

2020

	Neither Past Due Nor Impaired		Past Due or	
	Grade A	Grade B	Impaired	
Financial Assets				
Amortized cost				
Cash and cash equivalents				
(excluding cash on hand)	₱20,028,069,048	₱–	₱–	₱20,028,069,048
Trade receivables	2,394,469,801	–	29,088,209	2,423,558,010
Nontrade receivables	710,519,575	–	–	710,519,575
Due from franchisees	39,106,088	–	–	39,106,088
Other noncurrent assets:				
Security and other deposits	2,199,111,643	–	–	2,199,111,643
Construction bond	65,579,632	–	–	65,579,632
FVOCI	13,931,757,447	–	–	13,931,757,447
	₱39,368,613,234	₱–	₱29,088,209	₱39,397,701,443

Impairment of Financial Assets. The Company has the following financial assets that are subject to the expected credit loss model under PFRS 9:

- Cash and cash equivalents;
- Trade receivables;
- Debt securities at FVOCI; and
- Other debt instruments carried at amortized cost

Other debt instruments carried at amortized cost include accrued interest receivables, refundable security and other deposits, advances to employees and officers and receivable from insurance. These are also subject to impairment requirements of PFRS 9, the identified impairment losses were immaterial.

Cash and Cash Equivalents and Debt Securities at FVOCI. Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The Group invests only on quoted debt securities with very low credit risk. The Group's debt instruments at FVOCI comprised solely of quoted bonds that are have a minimum BBB- credit rating by S&P Global Ratings and, therefore, are considered to be low credit risk investments. The Group recognized recoveries of (provision for) expected credit losses on its debt instruments at FVOCI amounting to ₱9.88 million and ₱5.23 million in 2021 and 2020, respectively (Note 11).

Trade Receivables. The Group applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables (Note 8).

A summary of Group exposure to credit risk under general and simplified approach as of December 31, 2021 and 2020 follows:

2021

	General Approach			Simplified
	Stage 1	Stage 2	Stage 3	Approach
Amortized cost				
Cash and cash equivalents	**₱15,467,064,816**	**₱–**	**₱–**	**₱–**
Trade receivables	**–**	**–**	**–**	**2,023,826,043**
Due from franchisees	**–**	**–**	**–**	**95,989,313**
Nontrade receivables	**567,232,378**	**–**	**–**	**–**
Security and other deposits	**2,462,292,120**	**–**	**–**	**–**
FVOCI	**11,625,932,652**	**–**	**–**	**–**
Total gross carrying amounts	**30,122,521,966**	**–**	**–**	**2,119,815,356**
Less allowance	**9,880,788**	**–**	**–**	**20,265,363**
	₱30,112,641,178	**₱–**	**₱–**	**₱2,099,549,993**

2020

	General Approach			Simplified
	Stage 1	Stage 2	Stage 3	Approach
Amortized cost				
Cash and cash equivalents	₱20,028,069,048	₱–	₱–	₱–
Trade receivables	–	–	–	2,423,558,010
Due from franchisees	–	–	–	39,106,088
Nontrade receivables	710,519,575	–	–	–
Security and other deposits	2,264,691,275	–	–	–
FVOCI	13,931,757,447	–	–	–
Total gross carrying amounts	36,935,037,345	–	–	2,462,664,098
Less allowance	5,227,772	–	–	29,088,209
	₱36,929,809,573	₱–	₱–	₱2,433,575,889

In 2021 and 2020, there were no movements between stage 1, 2 and 3.

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:

- Due to the short-term nature of the transaction, the fair value of cash and cash equivalents and trade and other receivables approximates the carrying values at year-end.

- Security and other deposits and construction bond are presented at cost since the timing and amounts of future cash flows related to the refundable deposits are linked to the termination of the contract which cannot be reasonably and reliably estimated.

- Debt and equity instrument financial assets amounting to ₱11.63 billion and ₱13.93 billion as at December 31, 2021 and 2020, respectively were carried at fair values. Investments in bonds and quoted equity securities are derived from quoted market prices in active markets.

- Due to the short-term nature of trade and other payables, short-term loans payable and other current liabilities, their carrying values approximate fair values.

- Due to the long-term nature of lease contracts, lease payments are discounted using an incremental borrowing rate to approximate the fair value of lease liablities.

In 2021 and 2020, the Company's financial assets measured at fair value are categorized within the Level 1 fair value hierarchy.

28. Lease Commitments

Group as Lessee
The Group has lease contracts for various land and building wherein the offices, stores and warehouses are located and built. Lease terms are generally between one (1) year up to thirty (30) years. Most lease are renewable at certain agreed terms and conditions. The monthly fees are based on fixed rate subject to 2%-5% escalation rate or percentage of sales, whichever is higher.

Set out below are the carrying amounts of right-of-use assets recognized and the movements for the years ended December 31, 2021 and 2020 as follows:

	2021	2020
Beginning balance	**₱25,038,299,389**	₱26,317,960,761
Net additions during the year	**1,686,469,716**	1,961,959,381
Additions from business combination (Note 19)	**–**	685,580,674
Amortization of ROU assets (Note 21)	**(4,085,622,668)**	(3,927,201,427)
	₱22,639,146,437	₱25,038,299,389

Set out below are the carrying amounts of lease liabilities and the movements for the years ended December 31, 2021 and 2020 as follows:

	2021	2020
Beginning balance (Note 30)	**₱27,327,440,734**	₱28,052,771,073
Accretion of interest expense	**1,801,627,179**	2,179,822,833
Net additions during the year (Note 30)	**1,582,366,738**	1,077,519,013
Additions from business combination (Note 19)	**–**	780,263,614
Deconsolidation of a subsidiary (Note 19)	**–**	(42,260,296)
COVID-19 rent concessions	**(747,846,177)**	(786,074,188)
Lease payments	**(4,130,853,486)**	(3,934,601,315)
	25,832,734,988	27,327,440,734
Less current portion of lease liabilities	**2,965,059,293**	2,714,936,166
Noncurrent portion of lease liabilities	**₱22,867,675,695**	₱24,612,504,568

The following are the amounts recognized in profit or loss for the years ended December 31, 2021 and 2020 as follows:

	2021	2020
Amortization of ROU assets (Note 21)	**₱4,085,622,668**	₱3,927,201,427
Interest expense on lease liabilities	**1,801,627,179**	2,179,822,833
Expenses relating to short-term leases and variable lease payments, net of negative variable lease (Note 21)	**1,118,056,727**	889,996,049
	₱7,005,306,574	₱6,997,020,309

Shown below is the maturity analysis of the undiscounted lease payments as of December 31, 2021 and 2020:

	2021	2020
Within one (1) year	**₱4,793,483,951**	₱4,362,004,444
After one (1) year but not more than five (5) years	**18,677,600,783**	16,814,827,322
More than five (5) years	**11,707,468,793**	15,464,062,934
	₱35,178,553,527	₱36,640,894,700

Group as a Lessor
The Group has entered into operating leases on its building. Income from these leases is included in the "Royalty, Rent and Other Revenue" account in the consolidated statements of comprehensive income.

There are no contingent rental income and expense under these operating leases both as lessee and lessor.

29. **Agreements**

a) The Group has exclusive right to use the Ministop System in the Philippines which was granted to the Group by Ministop Co. Ltd., a corporation organized in Japan. In accordance with the franchise agreement, the Group agrees to pay, among others, royalties to Ministop based on a certain percentage of gross profit.

   Royalty expense amounted to ₱46.63 million, ₱55.37 million and ₱87.96 million in 2021, 2020 and 2019, respectively (Note 21). Royalty payable to Ministop included under "Other current liabilities" as of December 31, 2021 and 2020 amounted to ₱53.03 million and ₱40.75 million, respectively (Note 16).

b) The Group has franchise agreements which mainly include providing store facilities and equipment to franchisees. Other services rendered by Ministop consist of providing personnel and utilities. The lease/royalty fee is based on a certain percentage of the gross profit of the lessee/franchisee. The related royalty income amounted to ₱140.35 million, ₱916.24 million and ₱1.84 billion in 2021, 2020 and 2019, respectively.

   As of December 31, 2021 and 2020, amounts due from franchisees amounted to ₱95.99 million and ₱39.11 million, respectively. No provision for impairment losses on due from franchisees was recognized in 2021, 2020 and 2019 (Note 8).

c) The Group obtained a license to use the Daiso Business Model in the Philippines that was granted to the Group by Daiso Industries Co., Ltd. (DICL) in Japan. In accordance with the license agreement, the Group agrees to pay, among others, royalties to DICL based on a certain percentage of monthly net sales.

   Royalty expenses amounted to ₱8.36 million, ₱8.03 million and ₱11.42 million in 2021, 2020 and 2019, respectively.

d.) The Group is a sub-licensee of Toys R Us in the Philippines. The royalty fee is based on fixed percentage of gross monthly sales of sub-licensee. Royalty expense amounted to ₱47.81 million, ₱46.94 million and ₱93.52 million in 2021, 2020 and 2019, respectively.

e.) On April 25, 2019, Emart Inc., granted the Group, an exclusive and non-transferrable right to carry on the "NO BRAND" business in the Philippines. The Group pays royalty fee amounting to ₱0.84 million for 2021 representing 0.5% of the net revenue arising from sale of "NO BRAND" products and EMART sourced products in the Philippines.

f.) In 2019, the Group paid royalty fee in the amount of ₱15.70 million. This represents 0.5% royalty fee on net sales for the use of "Rustan's" trademarks. The royalty fee is payable to a third party.

g.) The Group has other licenses and franchises to carry various global brands.

30. Changes in Liabilities Arising from Financing Activities

2021

	January 1, 2021	Net Cash Flows	Dividend Declaration	Others	December 31, 2021
Lease liabilities	**₱27,327,440,734**	**(₱4,130,853,486)**	**₱–**	**₱2,636,147,740**	**₱25,832,734,988**
Short-term loans payable	**9,584,000,000**	**(1,850,000,000)**	**–**	**–**	**7,734,000,000**
Dividends payable	**–**	**(3,146,724,424)**	**3,146,724,424**	**–**	**–**
Total liabilities from financing activities	**₱36,911,440,734**	**(₱9,127,577,910)**	**₱3,146,724,424**	**₱2,636,147,740**	**₱33,566,734,988**

2020

	January 1, 2020	Net Cash Flows	Dividend Declaration	Others	December 31, 2020
Lease liabilities	₱28,052,771,073	(₱3,934,601,315)	₱–	₱3,209,270,976	₱27,327,440,734
Short-term loans payable	4,634,000,000	4,950,000,000	–	–	9,584,000,000
Dividends payable	39,173,881	(1,920,805,654)	1,881,631,773	–	–
Total liabilities from financing activities	₱32,725,944,954	(₱905,406,969)	₱1,881,631,773	₱3,209,270,976	₱36,911,440,734

In 2021, others include new leases of the Group and accretion of interest expense on lease liabilities amounted to ₱1.58 billion and ₱1.80 billion, respectively.

In 2020, others include new leases of the Group and accretion of interest expense on lease liabilities amounted to ₱1.08 billion and ₱2.18 billion, respectively.

Interest paid in 2021, 2020 and 2019 amounted to ₱159.27 million, ₱146.43 million and ₱300.68 million, respectively.

31. Contingencies

The Group has various contingent liabilities from legal cases arising from the ordinary course of business which are either pending decision by courts or are currently being contested by the Group, the outcome of which are not presently determinable.

In the opinion of the management and its legal counsel, the eventual liability under these lawsuits or claims, if any, will not have material adverse effect in the Group's financial position and results of operations.

32. **Other Matters**

Events After Reporting Period

a. On October 14, 2021, RRHI applied with the PSE the listing of 191,489,360 shares for a total transaction cost of ₱20.00 million. The PSE approved the listing on January 26, 2022.

b. On February 11, 2022, the BOD of the Parent Company agreed to further extend the share buyback program for an additional amount of ₱1.0 billion to enhance shareholder value. This will be on top of the ₱2.0 billion share buyback approved last March 9, 2020 and additional ₱2.0 billion share buyback approved last February 26, 2021.

   The program will be implemented in the open market through the trading facilities of the PSE and will be supervised by the President and Chief Executive Officer and Chief Financial Officer, as authorized by the BOD.

c. In February 2022, RSC acquired Ministop Japan's (MSJ) 40% stake in RCSI, increasing its share from 60% to 100%. RCSI is the exclusive franchisee of Ministop in the Philippines.

COVID-19 Impact
On March 11, 2020, the World Health Organization declared the novel coronavirus (COVID-19) outbreak a global pandemic. In the Philippines, in a move to contain the COVID-19 pandemic, on March 13, 2020, the Office of the President of the Philippines issued a Memorandum directive to impose stringent social distancing measures in the National Capital Region effective March 15, 2020. On March 16, 2020, Presidential Proclamation No. 929 was issued, declaring a State of Calamity throughout the Philippines for a period of six (6) months and imposed an enhanced community quarantine throughout the island of Luzon until May 15, 2020. Subsequently, as a measure to limit the spread of COVID-19 in the Philippines, lockdowns officially characterized as "community quarantines" by the government, of varying strictness were imposed in numerous parts of the country. The whole Metro Manila was under general community quarantine until April 4, 2021.

These measures resulted to significant volatility across the business of the Group. The sales from supermarket segment rose with customers shopping less frequently but with bigger baskets given COVID-19 related movement restrictions and customer behavioral changes. Sales from drugstore segment also rose because of the demand for health and sanitation products. Other business segments showed decline in sales especially in the second quarter of 2020 because of different quarantine and mobility restrictions resulting to lower foot traffic in malls where significant number of the stores are located. Also, there were additional costs incurred due to additional team hours to support the safety of team members and customers, additional costs associated with cleaning, security and personal protective equipment and incremental supply chain costs to meet increased demand.

The effects of the pandemic continued into 2021, albeit with meaningful signs of recovery in daily business operations, which became apparent especially in the fourth quarter of the year. While foot traffic and consumer mobility were affected during periods of community lockdowns, consumers and businesses alike adapted to the changing conditions and the new normal. Compared to 2020, there were less periods of stringent quarantines, which allowed for more operating days for RRHI's discretionary formats. 2021 also saw the rollout of COVID-19 vaccination programs across local government units and corporations. This aided in better performance across RRHI's businesses, as vaccinated individuals allowed for better mobility and rising consumer confidence.

The pandemic affected the Company's strategic pivots towards accelerated e-commerce operations and digitalization. While brick and mortar stores still constitute the significantly larger proportion of sales, RRHI believes in the relevance of e-commerce to serve the rising omnichannel consumer, even in a post-COVID reality.

RRHI continues to monitor the pandemic, as the virus may still result into variants that can harm consumers and industry. However, RRHI is cautiously optimistic that it will be able to remain resilient to further disruptions caused by COVID-19, as a greater proportion on the population is inoculated with primary, secondary and booster shots through government-led programs, and safety measures continue to be implemented across the various aspects of operations.

33. Approval of the Consolidated Financial Statements

The accompanying consolidated financial statements were approved and authorized for issue by the BOD on March 28, 2022.

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Building a better working world

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**INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES**

The Stockholders and the Board of Directors
Robinsons Retail Holdings, Inc.
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Sts., Ortigas Center
Pasig City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Robinsons Retail Holdings, Inc. and Subsidiaries (the Group) as at December 31, 2021 and 2020, and for each of the three years in the period ended December 31, 2021, included in this Form 17-A and have issued our report thereon dated March 28, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the financial information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.

Wenda Lynn M. Loyola

Wenda Lynn M. Loyola
Partner
CPA Certificate No. 109952
Tax Identification No. 242-019-387
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 109952-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
SEC Firm Accreditation No. 0001-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
BIR Accreditation No. 08-001998-117-2022, January 20, 2022, valid until January 19, 2025
PTR No. 8854316, January 3, 2022, Makati City

March 28, 2022

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

I. Reconciliation of Retained Earnings Available for Dividend Declaration

II. Map of the relationships of the companies within the group

III. Supplementary schedules required by Annex 68-J

- Schedule A. Financial Assets
- Schedule B. Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
- Schedule C. Amounts Receivable/Payable From/To Related Parties which are Eliminated During the Consolidation of Financial Statements
- Schedule D. Long-term Debt
- Schedule E. Indebtedness to Related Parties
- Schedule F. Guarantees of Securities of Other Issuers
- Schedule G. Capital Stock

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SUPPLEMENTARY SCHEDULE OF RECONCILIATION OF RETAINED EARNINGS AVAILABLE FOR DIVIDENDS DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2021

Total Parent Company Unappropriated Retained Earnings Available For Dividend Distribution, January 1, 2021		₱1,710,129,602
Net income based on the face of audited financial statements	₱1,841,217,568	
Provision for deferred income tax through profit or loss		
Less: Non-actual/unrealized income net of tax	–	
Equity in net income of an associate	–	
Unrealized actuarial gain	–	
Fair value adjustment (marked-to-market gains)	–	
Fair value adjustment of investment properties resulting to gain	–	
Adjustment due to deviation from PFRS/GAAP - gain	–	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under PFRS	–	
Add: Non-actual/unrealized losses net of tax	–	
Depreciation on revaluation increment	–	
Unrealized foreign exchange gain - net	12,180	
Adjustment due to deviation from PFRS/GAAP - loss	–	
Loss on fair value adjustment of investment properties	–	
Net income actual/realized		1,841,229,748
Less: Appropriations during the year		–
Reversal of appropriation		4,000,000,000
Dividend declarations during the year		(2,813,524,076)
Treasury shares		(2,806,039,328)
Total Parent Company Unappropriated Retained Earnings Available For Dividend Distribution, December 31, 2021		₱1,931,795,946

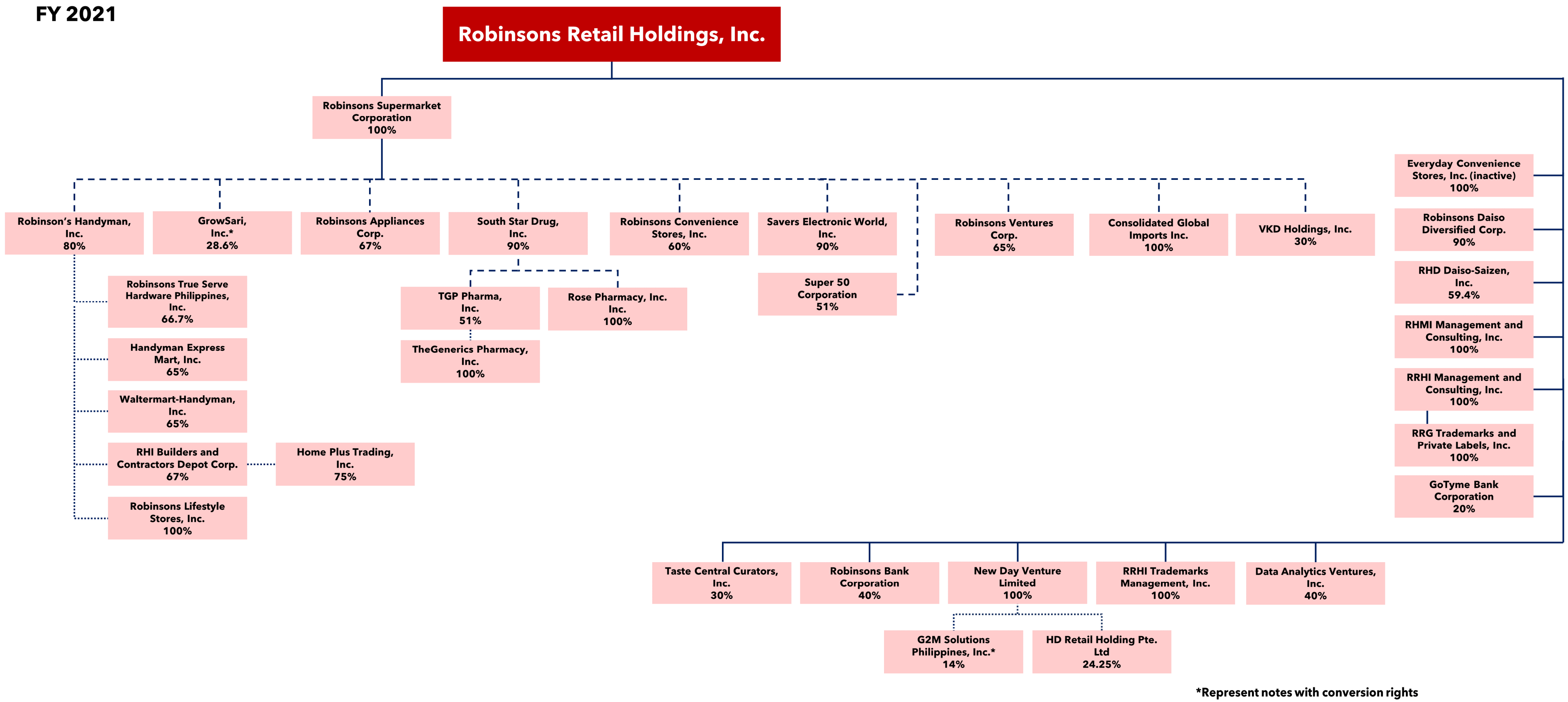
ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

DECEMBER 31, 2021

Group Structure

Below is a map showing the relationship between and among the Group and its ultimate parent company, subsidiaries, and associates as of December 31, 2021:



ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS

DECEMBER 31, 2021

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	Value based on market quotation at end of reporting period	Income received and accrued
Debt and Equity Securities				
Various bonds	₱7,867,606,304	₱8,024,900,710	₱8,024,900,710	₱402,338,439
Investment in preferred shares	3,195,593,884	3,601,031,942	3,601,031,942	76,941,788
	₱11,063,200,188	₱11,625,932,652	₱11,625,932,652	₱479,280,227

See Note 11 of the Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE B: AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2021

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not current	Balance at end of period

NOT APPLICABLE

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE C: AMOUNTS RECEIVABLE/PAYABLE FROM/TO RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS

DECEMBER 31, 2021

Entity with Receivable Balance	Balance at Beginning of Period	Net Movement	Write-offs	Current	Noncurrent	Balance at end of period
Robinsons Retail Holdings, Inc.	₱316,537,046	(₱110,534,370)	₱–	₱206,002,676	₱–	₱206,002,676
Robinsons Toys, Inc.	–	–	–	–	–	–
Robinsons Convenience Stores, Inc.	39,106,088	–	–	39,106,088	–	39,106,088
Robinson's Supermarket Corporation	3,642,100,546	(3,191,198,716)	–	450,901,830	–	450,901,830
Robinson's Incorporated	572,275,952	(379,012,012)	–	193,263,940	–	193,263,940
Robinsons Handyman, Inc.	53,530,248	8,458,781	–	61,989,029	–	61,989,029
RHD Daiso - Saizen, Inc.	517,164,345	25,238,715	–	542,403,060	–	542,403,060
	₱5,140,714,225	(₱3,647,047,602)	₱–	₱1,493,666,623	₱–	₱1,493,666,623

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE D: LONG TERM DEBT

DECEMBER 31, 2021

Title of issue and type of obligation	Amount authorized by indenture	Interest rates	Current portion	Noncurrent portion

NOT APPLICABLE

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES
DECEMBER 31, 2021

Name of related party	Balance at beginning of period	Balance at end of period
Robinsons Land Corporation	₱185,783,890	₱338,888,700
Universal Robina Corporation	373,437,198	311,910,323
JG Summit Holdings, Inc.	–	7,533,073
	₱559,221,088	₱658,332,096

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2021

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	Amount of owned by person for which statement is filed	Nature of guarantee

NOT APPLICABLE

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE G: CAPITAL STOCK

DECEMBER 31, 2021

Title of issue	Number of shares authorized	Number of shares issued and outstanding as shown under related balance sheet caption	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by		
				Related parties	Directors, officers and employees	Others
Common stock - ₱1 par value	2,000,000,000	1,512,010,200	–	491,299,997	215,835,320	804,874,883
	2,000,000,000	1,512,010,200	–	491,299,997	215,835,320	804,874,883

See Note 18 of the Consolidated Financial Statements

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INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
Robinsons Retail Holdings, Inc.
43rd Floor, Robinsons Equitable Tower
ADB Avenue corner Poveda Sts., Ortigas Center
Pasig City, Metro Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Robinsons Retail Holdings, Inc. and Subsidiaries (the Group) as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021, and have issued our report thereon dated March 28, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at December 31, 2021 and 2020 and for each of the three years in the period ended December 31, 2021 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

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March 28, 2022

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

AS OF DECEMBER 31, 2021 and 2020

Financial Soundness Indicator	**2021**	2020
i. Liquidity ratio:		
Current ratio	**1.44**	1.36
ii. Profitability ratio:		
Gross profit margin	**0.23**	0.22
Return on assets	**0.04**	0.02
Return on equity	**0.06**	0.05
iii. Stability ratio:		
Solvency ratio	**0.21**	0.16
Debt to equity ratio	**0.75**	0.82
Asset to equity ratio	**1.75**	1.82
Interest rate coverage ratio	**3.09**	2.48

**See attached reporting computation.*

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

AS OF DECEMBER 31, 2021 AND DECEMBER 31, 2020

	2021	2020
Current assets	**₱46,915,955,701**	₱49,372,667,568
Current liabilities	**32,525,716,501**	36,269,086,090
Current ratio	**1.44**	1.36
Gross profit	**35,226,010,934**	32,897,922,511
Net sales	**153,327,360,466**	151,070,260,790
Gross profit margin	**0.23**	0.22
After tax net profit	**4,850,441,473**	3,485,614,397
Depreciation and amortization	**7,087,772,782**	6,987,147,534
	11,938,214,255	10,472,761,931
Total liabilities	**57,721,564,978**	64,005,948,729
Solvency ratio	**0.21**	0.16
Total liabilities	**57,721,564,978**	64,005,948,729
Total equity	**76,512,717,621**	77,590,234,254
Debt to equity ratio	**0.75**	0.82
Total assets	**134,234,282,599**	141,596,182,983
Total equity	**76,532,158,207**	77,590,234,254
Asset to equity ratio	**1.75**	1.82
Earnings before interest and taxes	**6,059,451,315**	5,779,397,334
Interest expense	**1,960,893,202**	2,326,256,810
Interest rate coverage ratio	**3.09**	2.48
Net income	**4,850,441,473**	3,485,614,397
Average total assets	**137,915,232,791**	139,731,126,648
Return on assets	**0.04**	0.02
Net income	**4,850,441,473**	3,485,614,397
Average total equity	**77,051,475,938**	77,058,315,432
Return on equity	**0.06**	0.05