ROBINSONS RETAIL HOLDINGS, INC.

The Greater Goods

ANNUAL & SUSTAINABILITY REPORT 2021

About The Cover

As the nation continues to grapple with complex changes, Robinsons Retail continues to be there for the Filipino people — through timely improvements, dependable service, and superb goods for all.

Our 2021 Annual and Sustainability Report is entitled "The Greater Goods," a play on words that sums up the year's accomplishments. As we strived for the greater good on all fronts, we delivered greater goods through a remarkably diverse portfolio.

All together, our cover highlights Robinsons Retail's best qualities. Harmony in fostering recovery. Empowerment in our collective purpose. And commitment to a common future: a truly better normal.

Contents

Corporate Information

Robinsons Retail Holdings, Inc. (RRHI) is one of the Philippines' largest and most diversified multiformat retailers. Everyday, we serve a broad spectrum of customers across the nation through our stores and online channels. Through a vast array of products and services, we are dedicated to providing the needs of the Filipino consumer.

Founded in 1980 by the late entrepreneur and philanthropist John L. Gokongwei, Jr., the Company began with the first Robinsons Department Store at Robinsons Place Manila. The Company's portfolio then diversified to food and grocery retail, do-it-yourself, convenience stores, drugstores, mass merchandise and specialty stores. We became publicly listed in 2013 and are currently part of the Philippine Stock Exchange MidCap and Dividend Yield (DivY) Indices.

Our culture of customer-centricity and creating shared success is reflected in our strategies to adapt to the dynamic space of the retail industry, such as our continuous pursuit for digitalization, disciplined expansion and embedding sustainability across different aspects of our operations. Through the years, we have established meaningful collaborations with various partners and suppliers. We have also contributed to the growth of local economies, provided employment to thousands of individuals and ushered in modern retail in many parts of the country.

Vision

We enrich the lives of every Filipino with trusted products and solutions that bring them joy.

Mission

We aim to be an innovative lifestyle partner and customer-centric retailer of choice that provides delightful shopping experiences to every Filipino.

Chairman & President's Message

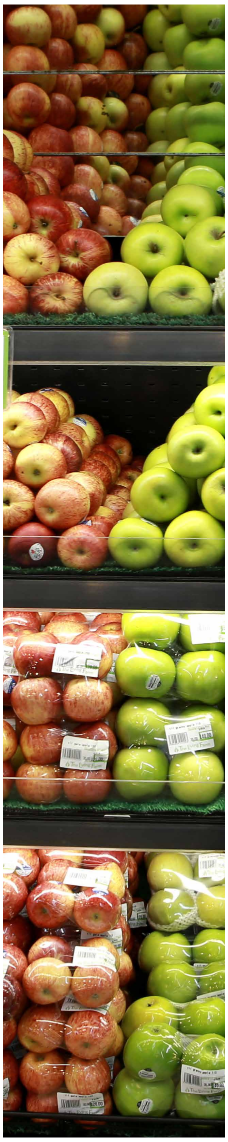
Dear Shareholders,

We are pleased to share with you Robinsons Retail Holdings, Inc.'s 2021 Annual & Sustainability Report, which is our story of transformation and the road to recovery. This marks the second year of us navigating through the pandemic, and while COVID-19 continues to have lingering effects on industries and the economy, we at Robinsons Retail have always believed that a better normal is on the horizon.

Lance Gokongwei
Chairman

Robina Gokongwei Pe
President & CEO

Throughout the past year, Robinsons Retail made leaps in its transformational journey to become even more digital, sustainable, and agile.



In 2021, the Philippines posted a positive 5.7% growth in gross domestic product (GDP), signifying reinvigorated economic activity compared to the previous year with performance expected to further improve in 2022.

Indicators of growth were seen across various sectors. Bouncing back from the pandemic lull of 2020, the Construction, Manufacturing, and Wholesale and Retail trade sectors grew by 10.0%, 8.8% and 4.2% respectively, while Industry and Services grew by 8.5% and 5.4% respectively. Meanwhile, the business process outsourcing sector remained resilient despite on-off lockdowns with the transition to telecommuting, posting an estimated annual growth of around 9.0%.

Our optimism from encouraging signs of recovery comes with the awareness that businesses need to adapt to changing conditions, and indeed a new normal is being set in place as the coronavirus becomes an endemic presence in people's lives. Throughout the past year, Robinsons Retail made leaps in its transformational journey to become even more digital, sustainable, and agile. By learning from the lessons of COVID-19, we were able to deliver value to our stakeholders in meaningful ways across our business units.

Financial Performance Highlights

₱153.3B

Consolidated Net Sales

↑ **1.5% YoY**

₱4.5B

Net Income Attributable to Parent

↑ **40.8% YoY**

Our full-year productivity, though not yet back to pre-pandemic levels, showed stable growth with consolidated net sales growing by 1.5% year-on-year to Php153.3 billion in 2021, as we navigated through different levels of community quarantine that impacted consumer mobility and led to temporary store closures.

Our other performance indicators likewise showed notable improvement. Net income attributable to the Parent showed significant growth to Php4.5 billion, growing 40.8%, driven by the improved operating environment, forex gains, increased earnings from associates and lower income tax rate due to the CREATE Law. Although still negative at -4.9%, blended Same Store Sales Growth (SSSG) was better versus -8.9% in 2020. Gross profit margin rose 120 basis points (bps) to 23.0%, while Earnings before interest, taxes, depreciation (EBITDA) margin expanded by 10 bps to 8.6% to Php13.1 billion from cost containment measures.

↓ **4.9%**

Blended SSSG

↑ **120 bps**

Gross Profit Margin

↑ **10 bps**

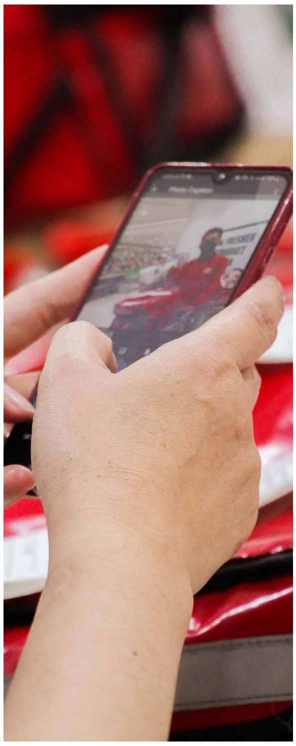
EBITDA Margin

As in previous years, the Supermarket Segment contributed the biggest portion of sales at 58%, albeit registering a decline in sales and SSSG given the higher base of 2020 which were driven by pantry loading at the peak of COVID panic. However, with the easing of restrictions especially in the fourth quarter of 2021, there was notable recovery in our drugstores, convenience stores, and the majority of our discretionary formats, which registered positive SSSG.

In our e-commerce business, sales grew three times (3x) year-on-year, representing 3.6% of total sales, bolstered by the momentum of online shopping through our own e-commerce websites, third-party marketplace partnerships, and call & collect.

Captivating the Omnichannel Consumer

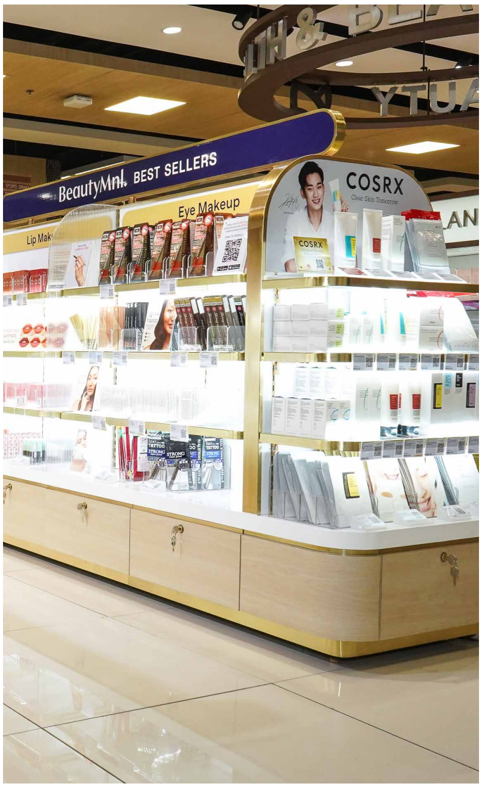
Of the lessons we learned from the disruption of COVID-19, perhaps the most relevant is the affirmation that technology and digitalization is set to shape and reshape the Philippine retail industry. Our accelerated adoption of e-commerce, which was established during the height of the pandemic, will remain relevant in a post-COVID reality and a more open economy.



As we opened new stores across our banners, we on-boarded our banners in GoRobinsons, our very own e-commerce site. We ended 2021 with 11 banners on the platform and gross merchandise value (GMV) grew by around 7x year-on-year, showing substantial uptake as we succeeded in capturing an emerging demographic of online shoppers. GoRobinsons is integrated with our loyalty program, GoRewards, which currently has over five million members nationwide. Customers can earn points and take advantage of targeted promotions, giving more value with their purchases.

In addition to GoRobinsons, our mainstream drugstore and appliances banners also operate their own e-commerce sites, and the majority of our formats are also present in third party marketplaces and have call & collect services.

We believe that we are capturing a market that itself is evolving through the times, as the modern consumer becomes more and more used to the conveniences of online shopping, but also values the experiential and tactile qualities of a physical store. We recognize the irreplaceable role of brick and mortar in our growth strategy, as there are yet more underserved areas in the country where modern retail carries potential, particularly in provinces and cities outside Metro Manila.



Our strategy remains, where we build the foundations of omnichannel. We will open more physical stores to fulfill their purpose of bringing access to quality products and services in areas where it is the best model to serve customers and communities.
At the same time, we will accelerate our online initiatives to remain relevant in the fast-paced and competitive space of e-commerce, leveraging on the trust we have cultivated with our customers through the Robinsons brand.

While some vectors of business strategically headed towards online, we also saw the transition of a purely online business to brick and mortar. Through collaboration with BeautyMNL, our first digital investment in e-commerce where we currently have 30% stake, we launched the first BeautyMNL shop-in-shop in selected branches of Robinsons Department Store and The Marketplace. BeautyMNL is the leading pure Filipino beauty e-commerce platform in the country, and the shop-in-shop concept features their bestselling cosmetics and personal care, allowing them to tap into the offline market as well.

Our investments in digital partners allow us to gain a deeper understanding of the dynamism in online marketplaces, making us more capable to expand our digital footprint.

Intuitive Digital Investments

We have seen meaningful success in GrowSari, which is operated by one of our notable digital investments, G2M Solutions Philippines, Inc. (G2M). GrowSari promotes inclusive business through providing stock replenishment services to around 50,000 sari-sari store owners in the Philippines. Our partnership manifested intuitive synergies, with GrowSari sourcing its merchandise from our supermarkets, and it is currently leading the pack in the digital space for B2B services for small business owners.

In June 2021, G2M closed its Series B funding round, raising US$30+ million in total funding from global marquee investors. This raised its pre-money valuation 3.6x from its 2018 Series A funding.

Robinsons Retail joined G2M's Series A in 2018 and also participated in Series B, maintaining its share in G2M at 14.16%. The funding is expected to fuel GrowSari's geographic expansion to cover 300,000 sari-sari stores, create a larger supplier marketplace, and provide more financial service offerings.

In line with our strategy and pivot into e-commerce, we invested in Edamama, with 13.3% equity ownership upon conversion. Established in 2020, Edamama is a new e-commerce platform designed for mothers to get easy online access to quality child care products. Our investment in Edamama is a strategic fit as it allows us to explore potential collaborations with Robinsons Department Store and Toys 'R' Us.

A digital world awaits retail and technology heavily informs our long-term vision for the company. But alongside the digital, we also believe in the sustainable, where Robinsons Retail operates with integrity as a company that takes into account its impacts to society.

growsari

edamama™

Sustainability Beyond COVID-19

Our responses to the pandemic form part of our commitment to Sustainability that focuses on human capital. When the pandemic started, we prioritized the safety of our employees and we will sustain this effort throughout its duration and under normal operating conditions.

From our frontliners to our support services, we have always been keenly aware that our people and their talent are our greatest asset in the company, and we are grateful for the dedication they have shown. Although we may breathe easier now as we make progress in vaccination and have adopted proper protocols in case infections do occur, we remain vigilant in safeguarding our health as we wade through the possibility of new variants emerging that may prolong the pandemic.

91% Vaccinated Workforce

Out of over 32,000 employees and third-party workers

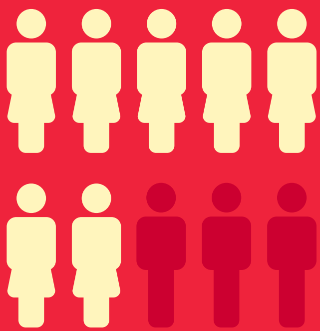
We affirm the position that vaccinations offer a significant layer of protection for individuals and communities. As of end 2021, 91% of our over 32,000 employees and third-party workers were vaccinated through partnerships with Local Government Units and the Gokongwei Group's vaccination program, COVID Protect. The program correspondingly extended vaccines to their chosen dependents and household members, giving collective security to as many people as possible.

> From our frontliners to our support services, we have always been keenly aware that our people and their talent are our greatest asset in the company, and we are grateful for the dedication they have shown.

Further bolstering our capabilities in managing ESG (environment, social, and governance) impacts, we deepened our understanding of Enterprise Risk Management (ERM) through the lens of sustainability. We are forming the foundations to enhance our disclosures in sustainability while taking into account key material trends, emphasizing risks and opportunities that are material to Robinsons Retail and its business units. Lastly, we established the Corporate Governance and Sustainability Committee, signifying to our stakeholders that sustainability is a relevant aspect in the long-term views of Robinsons Retail at the level of the Board.

Recognition in Gender Equality

Robinsons Retail has always been a space of merit, and we constantly strive to foster inclusive spaces where anyone can prosper regardless of gender. At present, Robinsons Retail's employee base is 70% women, with female employees fulfilling leadership roles across all levels of management, including the Chief Financial Officer, Corporate Secretary, and Head of Corporate Planning, Investor Relations and Sustainability; a total of 6 out of 11 of our Business Unit Heads.



70% Female Employees

Across Robinsons Retail

Bloomberg
Gender-Equality Index
2022

RRHI is a member of the
Bloomberg Gender Equality Index

We are happy that 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, Robinsons Retail Holdings, Inc. 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 comprises 418 companies across 11 sectors and 45 countries, with Robinsons Retail being one of only four Filipino companies in the 2022 GEI.

Robinsons Retail shall strive to sustain this culture of empowerment, where it can serve as a place for personal and collective growth.

Hope and Resilience in 2022

We hold onto a hopeful outlook for the year, despite the immediate headwinds that emerged within the first quarter of 2022. While challenges are inevitable, we will rely on our agility as a business to remain resilient in the face of any circumstance.

In January, the country experienced a surge in Omicron cases, leading to a strict albeit temporary lockdown. However, we believe that the nation is better equipped to mitigate and contain COVID-19. Given the notable improvements in vaccination roll-outs to around 63% of the population as of end 2021, the majority of cases were less severe than in initial waves of infection. The inoculation efforts and the strengthening of the healthcare system subsequently inform the lifting of restrictions. We expect to see more consumer confidence for the rest of the year, as well as a resurgence in consumption with the resumption of onsite work arrangements and face to face classes at schools.

As we are writing the report, the ongoing conflict between Ukraine and Russia is a point of precaution, with the immediate impact seen through rising oil prices and higher inflation rates across the globe. As a retail business, inflation offers a temporary uplift in margins through the price protection policies, however, extreme inflation negatively impacts consumers and businesses in the long-term, and the government is likely to intervene through tighter monetary policies. For our price-sensitive customers, we will seek ways to offer options that will still address their needs, as well as implement internal controls to manage costs in our operations.

2022 is an election year. Based on previous electoral seasons, these usually usher in a period of heightened economic activity that ultimately benefits the retail sector. The National Presidential Elections results will likewise carry implications on the future of governance for the country. As a company, Robinsons Retail sees its role in the private sector as a sustainable corporation that has remained intact and collaborative across various shifts in regime. We are hopeful in this next phase in Philippine history for the Filipino people, and whatever its results, Robinsons Retail will do its best to be a partner for development.

As a Company, we mourn the loss of our Independent Director, Ambassador Roberto R. Romulo, who passed away on January 23, 2022. He was elected as Independent Director on July 4, 2013, having paved an illustrious career with notable work and chairmanships across various corporations and organizations. We are grateful for Mr. Romulo's immeasurable contributions to Robinsons Retail. In his capacity, he shared his invaluable insight and expertise across various aspects of the business.

At this point, we acknowledge and thank our diverse stakeholders in this message and report, which is dedicated to the vast number of individuals and partners who have made Robinsons Retail what it is today. We chose the theme "The Greater Goods" for this report with our shareholders, customers, employees, and partners in mind, highlighting our aspirations to always deliver greater value to the best of our ability. We face a big year ahead of us, and we hope that you will be with us for what milestones we have yet to achieve.

Thank you and forever and always, happy shopping!

Sincerely,

Lance Gokongwei
Chairman

Robina Gokongwei Pe
President & CEO

Management Discussion and Analysis

Net sales of Robinsons Retail Holdings, Inc. grew by 1.5%, reaching Php153.3 billion in 2021 despite the continuing impact of COVID-19. Sales were lifted by the strong performance of our Drugstore segment, the remarkable recovery of our Department Store segment, and positive contributions from the DIY and Convenience Store segments. These were partly offset by the decline in supermarket sales due to the very high base in 2020 as a result of pantry loading.

E-commerce sales provided a substantial contribution as it grew three times (3x) compared to the previous year and accounted for 3.6% of total sales. GoRobinsons, Robinsons Retail's e-commerce platform, now services 11 banners. Meanwhile, Southstar Drug, Rose Pharmacy, Robinsons Appliances, and Savers Appliances continued to serve customers via their own websites. Selling via third party platforms also remained an important component in the company's efforts to widen its channels to reach customers better. Call & Collect and Call & Deliver services also provided valuable integrated access points for our products.

Robinsons Retail also further increased its online presence through its digital investments. The company invested in Edamama, a new e-commerce platform for mothers to get easy access to quality childcare products and services. Meanwhile, BeautyMNL, the country's leading beauty e-commerce site, continued making marks in its own e-commerce space while it also tapped the offline market with the introduction of shop-in-shop concept stores. Additionally, Data Analytics Ventures, Inc. (DAVI), a data analytics company that provides consumer insights for precision marketing and omnichannel campaigns-based data from the group's loyalty program Go Rewards, continued to support Robinsons Retail. Go Rewards now has more than 5 million members.

Robinsons Retail also participated in the Series B funding round of Growsari, a B2B platform engaged in selling wholesale goods to sari-sari stores, which also sources products from Robinsons Supermarket. In 2018, Robinsons Retail led Growsari's Series A fundraising, along with JG Digital Equity Ventures (JGDEV) and Wavemaker Partners LLC. For Series B, Growsari raised a total of more than $30 million. As of year-end, Robinsons Retail's stake in Growsari was at 14.16%.

Robinsons Retail opened 135 new stores in 2021, closed a number of underperforming stores, and also completed the closure of the global fast fashion stores when its principal Arcadia UK Ltd. went into administration. The total store count as of end-2021 reached 2,208, composed of 286 supermarkets, 899 drugstores, 52 department stores, 227 DIY stores, 456 convenience stores, and 288 specialty stores. The specialty stores consist of 121 appliances, 108 mass merchandise, 41 toys, 14 beauty and 4 pets stores. On top of total stores are 2,030 franchised stores of TGP.

Blended Same Store Sales Growth (SSSG) ended at minus 4.9%, an improvement against 2020's minus 8.9%. Department store, DIY, and Specialty segments rebounded with positive SSSG in 2021. Supermarket segment, on the other hand, posted negative SSSG coming from a high base while the drugstore segment registered flattish SSSG.

Gross profit margin expanded 120 basis points (bps) to 23.0% from higher vendor support and better product mix almost across segments. EBITDA margin likewise improved by 10bps to 8.6% supported by efforts to reduce costs and yield more savings.

Net income attributable to the equity holders of the parent company hit Php4.5 billion, up by 40.8% versus 2020. Bottomline expansion was driven by better operating performance, forex gains, increased earnings from associates and lower income tax rate.

Supermarket

The supermarket segment, which includes No Brand and Growsari starting 2021, posted net sales of Php88.6 billion, down 5.8% from the previous year. Full year SSSG was at minus 8.7% given the heavy pantry loading in 2020 when the lockdowns started in mid-March, along with the evident rise of social commerce. Renovations in key Shopwise and The Marketplace stores also affected sales in 2021 but will see fruit in 2022. Meanwhile, e-commerce tripled in 2021, accounting for 3.7% of sales, above the 2.4% target.

Gross margin was 21.5% in 2021, 60bps higher than the 20.9% in 2020. Excluding the consolidation of Growsari and No Brand, gross margin expanded by 120bps to 22.1%, attributable to stronger advertising support for category promotions, higher business advancement support for new stores, and increased revenues from new product listings.

The gains in gross margins trickled down to EBITDA margins, reaching 8.4%, a 10bps increase from 2020.

The segment ended the year with 145 Robinsons Supermarket, 80 Robinsons Easymart, 34 The Marketplace, 16 Shopwise, and 11 No Brand stores for a total of 286 stores. All five banners have been onboarded in GoRobinsons.ph. The supermarket segment has also continued to partner with third party grocery delivery services.

Drugstore

The drugstore segment delivered strong net sales in 2021 that surged 39.9% to Php26.7 billion. Rose Pharmacy contributed full-year sales of Php8.2 billion in 2021 compared to Php1.2 billion for the last two months in 2020 (Robinsons Retail acquired Rose in the last week of October 2020). E-commerce contribution likewise grew to 4.4% of total sales, ahead of the 4.1% target.

SSSG ended flattish for the year. First quarter 2021 SSSG was exceptionally low as it was coming from a high base in the same period last year due to the surge in offtake of vitamins and medical supplies caused by the effects of the Taal eruption and panic buying due to the onset of the pandemic. This was, however, fully covered by the strong performance in the last three quarters with higher demand for anti-diabetes, respiratory, and cardiovascular pharma products.

Blended gross margins increased by 50bps to 19.5% versus 2020 as a result of trading terms alignment and other supply chain synergies between Southstar Drug and Rose Pharmacy. As early as March 2021, Rose Pharmacy saw an increase in the gross margin due to the buying synergies with Southstar Drug and TGP that resulted in a positive EBIT performance after years of losses.

The segment's EBITDA margin still declined by 70bps to 8.6% given the full year impact of Rose Pharmacy versus only two months in 2020. Excluding Rose Pharmacy, EBITDA margin improved 10bps compared to 2020.

As of end-December, there were 582 SouthStar, 317 Rose Pharmacy, and 2,030 TGP stores. Southstar Drug onboarded GoRobinsons in December 2021 while continuing to operate its own e-commerce website, southstardrug.com.ph. Rose Pharmacy also has its own website, rosepharmacy.com.ph.

DIY and Big Box Hardware

The DIY segment posted net sales of Php11.5 billion, up 1.3% from the previous year. DIY stores were considered essential under the restriction guidelines in 2021 and were fully operational. Meanwhile, e-commerce sales grew 2.5x, which contributed 3.7% of sales, above the 2.5% target.

SSSG was parallel to net sales growth at 1.3%. Categories that performed favorably were small appliances, tools, and cleaning supplies.

The full year gross margin was down 90bps to 31.6% due to more promotional events for the year. This translated to an EBITDA margin of 13.5%.

The DIY portfolio totaled 227 stores, comprising 180 Handyman Do-It-Best, 31 True Value, and 16 Robinsons Builders stores. Handyman Do-It-Best and True Value were onboarded in GoRobinsons.ph in 2021. DIY products can also be accessed through the Call & Collect and Call & Deliver services.

Department Store

Net sales of the Department Store segment significantly grew by 10.4% to Php9.3 billion. SSSG remarkably turned around at 8.7% compared to the negative SSSG in 2020, driven by strong performance in all categories, especially Home Goods. E-commerce sales doubled and was at 1.4% of total sales. In addition, three newly-opened stores in Robinsons Malls in La Union, Antique, and Tacloban also contributed to the strong topline performance.

The gross margin expanded by 40 bps to 29.9% due to a better category mix. Coupled with lower operating expenses resulting from the implementation of cost-cutting measures, EBITDA margins accelerated 330bps to 6.6%.

With the addition of the three provincial stores, Robinsons Department store ended the year with 52 stores. Its products can also be reached through GoRobinsons.ph and its Call & Collect and Call & Deliver services.

Convenience Stores

Ministop ended 2021 with Php4.9 billion in net sales. The convenience store segment was still highly affected by the pandemic as about 55% of its stores are located in business process outsourcing (BPO) and commercial districts where employees were on work-from-home (WFH) arrangements during most parts of the year. Sales also declined during the imposition of the 10pm-5am curfew in NCR that started on March 15th to March 28th, followed by ECQ on March 29th, which resulted in -33.4% SSSG in the first quarter. SSSG steadily improved from the second to the fourth quarter to narrow down the full-year SSSG to -9.6%. Meanwhile, E-commerce as a percentage of total sales rose to 2.7% from 0.9% the previous year.

Gross margin and royalty income expanded to 35.4% in 2021 driven by the increase in commission income and distribution center (DC) allowance. Commissions from value-added services such as telco, bills payments, and cash-ins gained traction, accounting for 1.5% of sales from 0.9% in 2020.

EBITDA margins declined by 70bps to 5.9% in 2021 as OPEX grew with the conversion of several franchised stores to direct.

As of year-end, Ministop had 456 store branches and provides online delivery services.

Specialty Stores

The specialty stores segment registered Php12.3 billion in sales in 2021. Sales declined by 7.4% due to the closure of the fashion segment and the reclassification of Growsari and No Brand to the supermarket segment.

SSSG showed tremendous progress, ending at 6.0%, a turnaround from the minus 28.0% it suffered in 2020. All specialty store formats contributed positive SSSG for the year. E-commerce sales also grew 63% and accounted for 3.0% of sales.

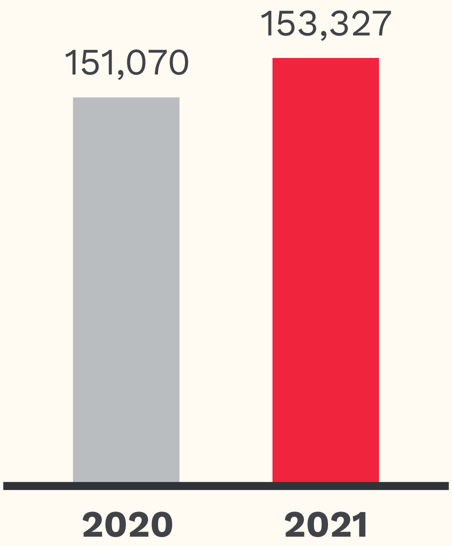
Blended gross margin rose by 400bps to 24.6% and EBITDA margins likewise expanded by 150bps to 7.9%.

The specialty stores portfolio totaled 288 as of end 2021. Robinsons Appliances and Savers Appliances have their own e-commerce websites — robinsonsappliances.com.ph and saversappliances.com.ph. Meanwhile, Shiseido joined GoRobinsons.ph in 2021. Toy 'R' Us also has Call & Collect and Call & Deliver services.

Financial Highlights

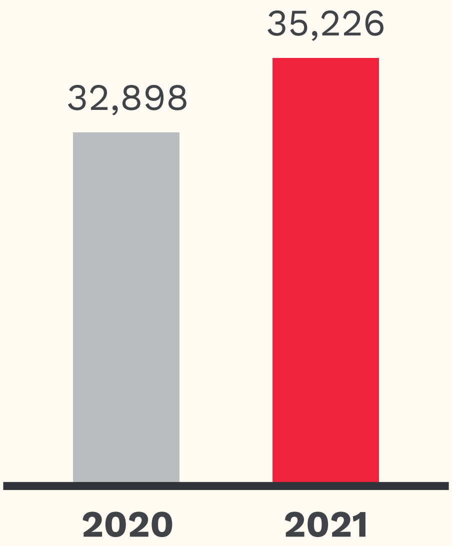
In ₱ millions

For the year ended December 31



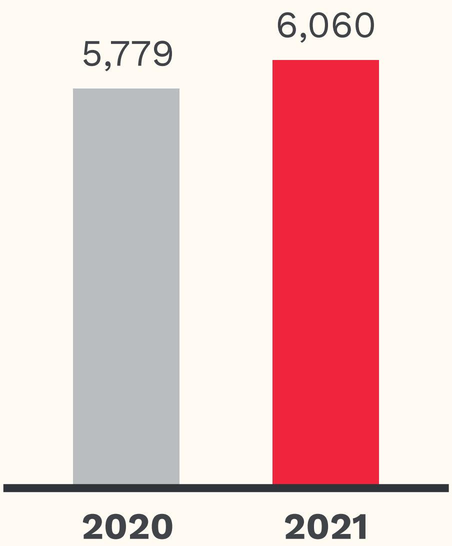
Net Sales

+1.5% growth



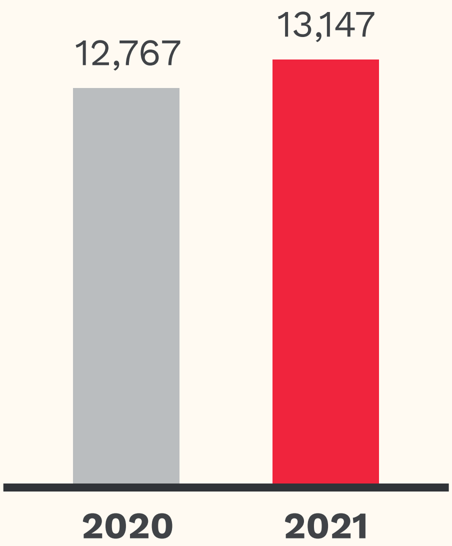
Gross Profit

+7.1% growth



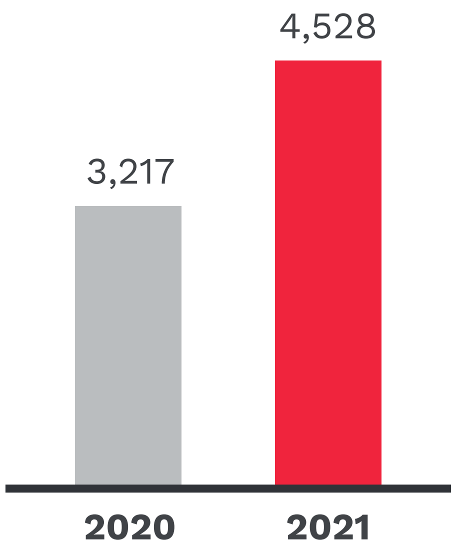
EBIT

+4.8% growth



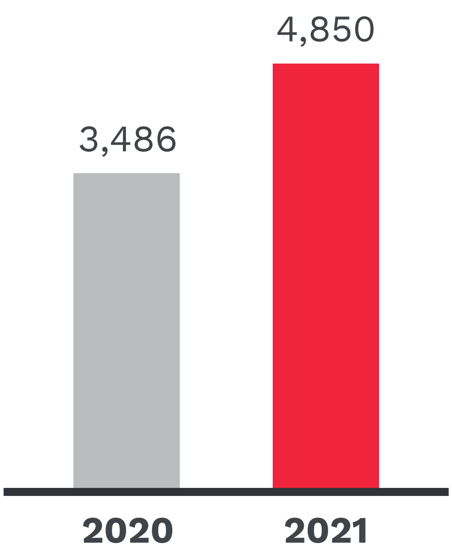
EBITDA

+3.0% growth



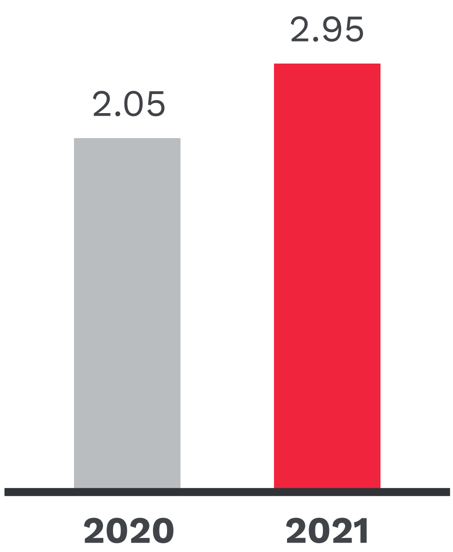
Net Income attributable to the Parent company

+40.8% growth



Net Income

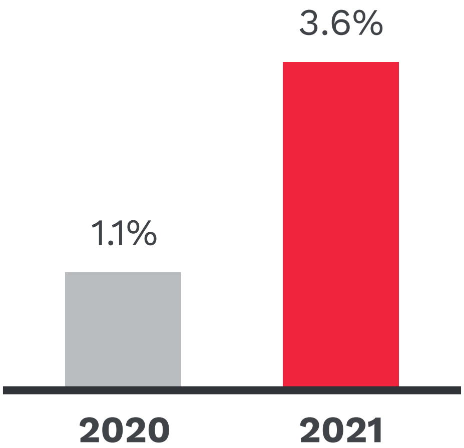
+39.2% growth



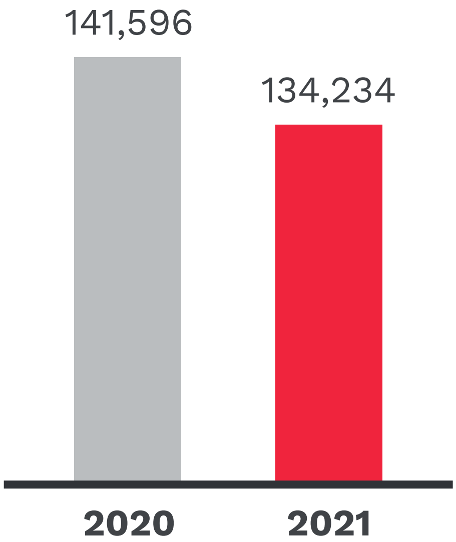
Earnings per share

₱/share

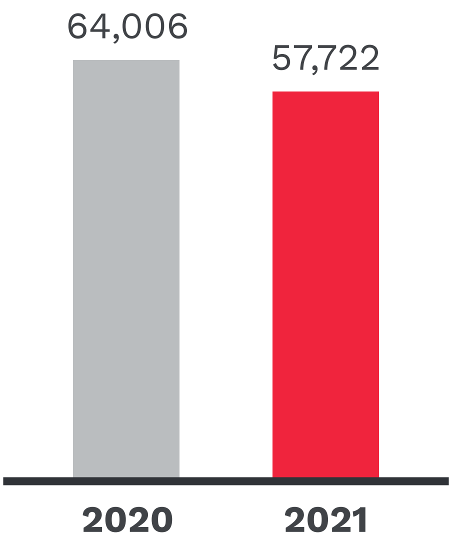
+44.0% growth



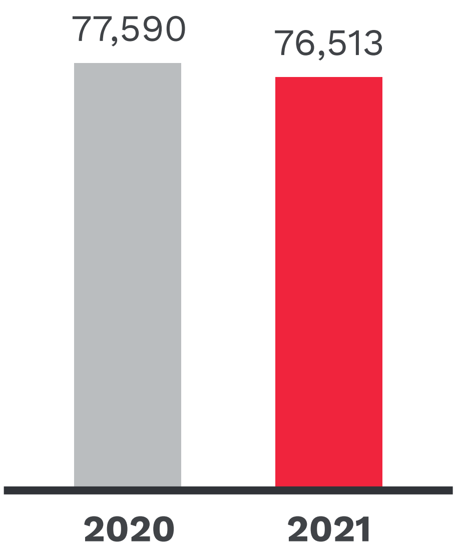
% of Sales from E-commerce



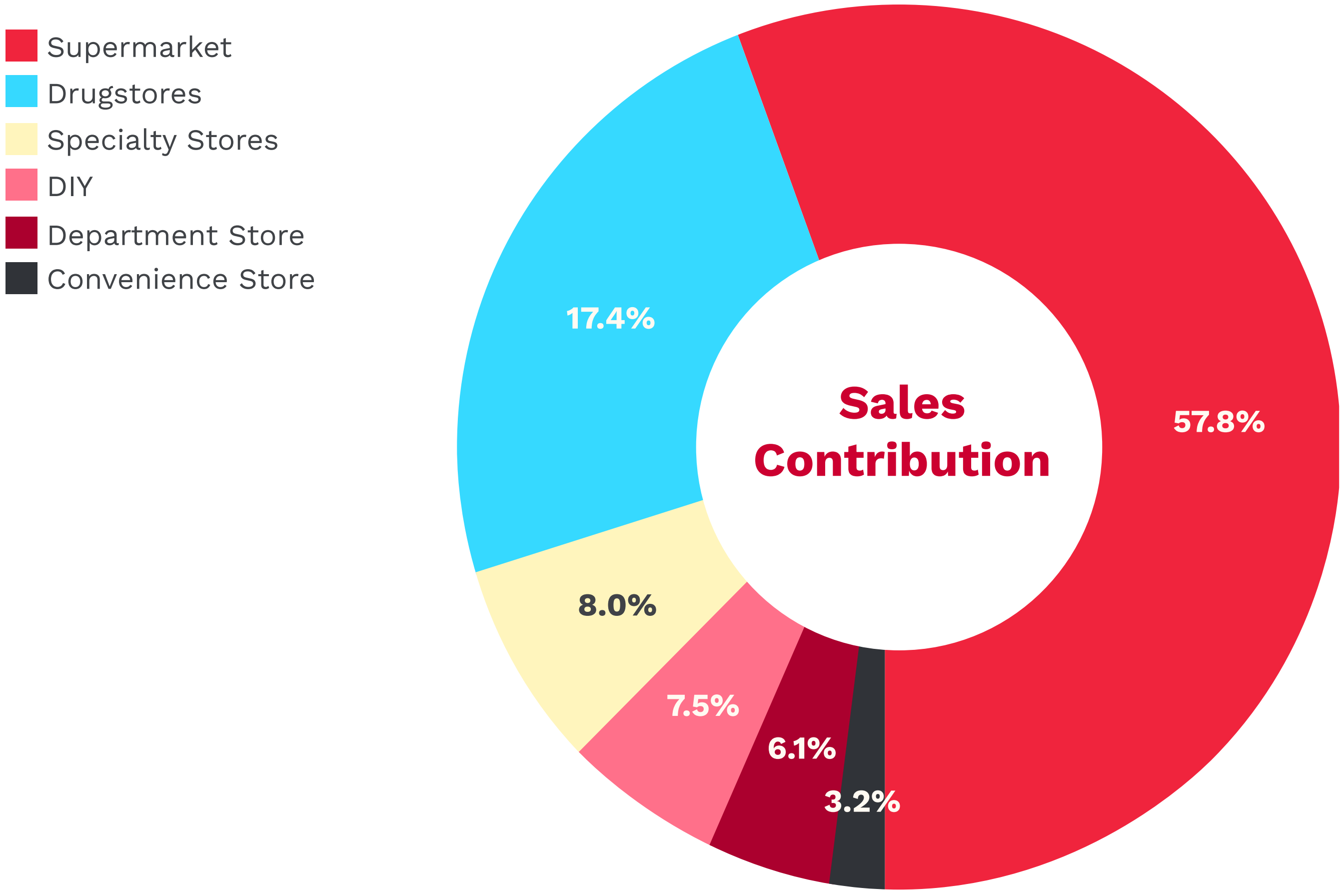
Total Assets

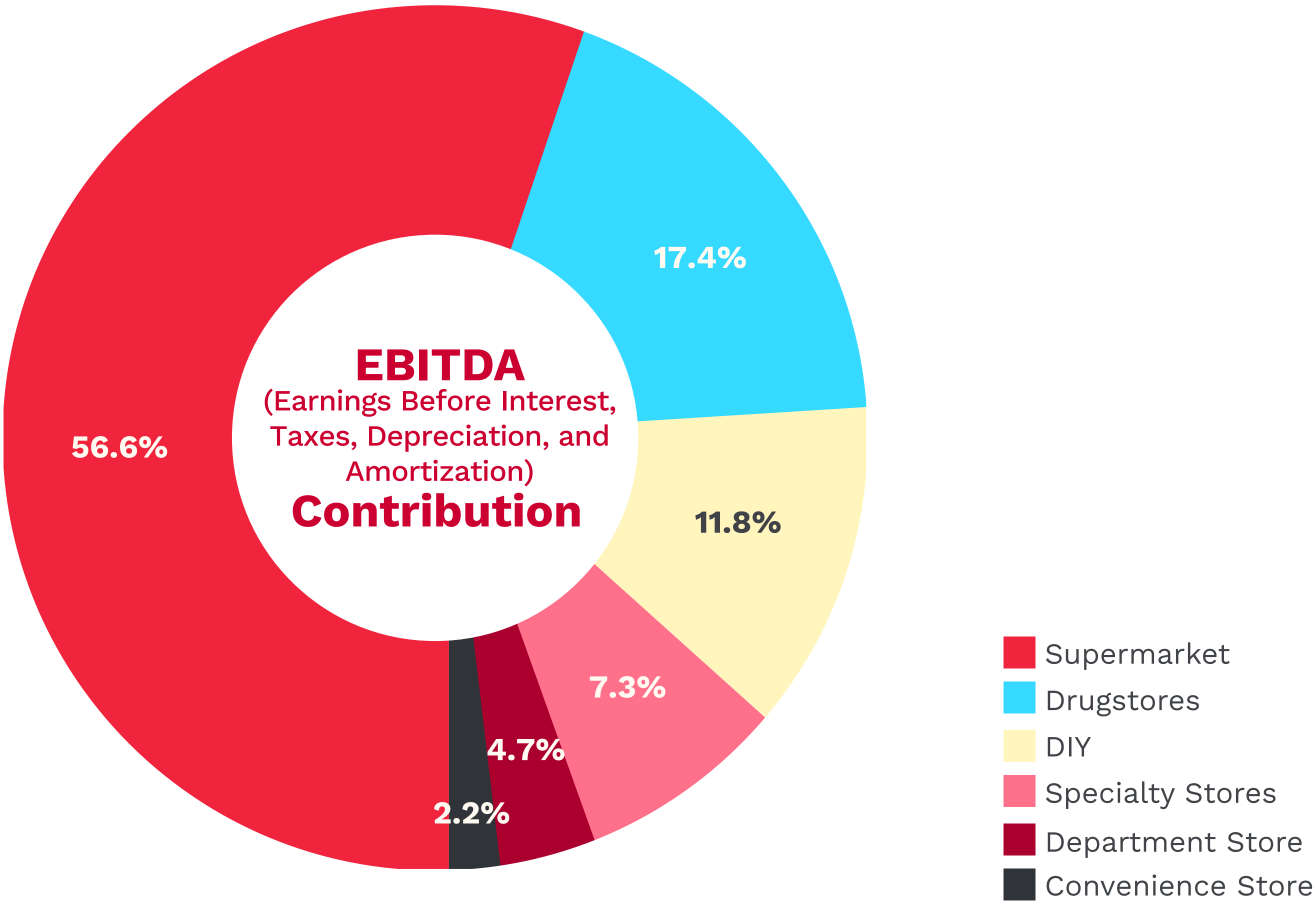


Total Liabilities



Total Equity


Supermarket
Drugstores
Specialty Stores
DIY
Department Store
Convenience Store
Sales Contribution
57.8%
17.4%
8.0%
7.5%
6.1%
3.2%


EBITDA
(Earnings Before Interest, Taxes, Depreciation, and Amortization)
Contribution
56.6%
17.4%
11.8%
7.3%
4.7%
2.2%
Supermarket
Drugstores
DIY
Specialty Stores
Department Store
Convenience Store

Store Network

286
Supermarket Segments

145
Robinsons Supermarket

34
The Marketplace

80
Robinsons Easymart

16
Shopwise

11
No Brand

52
Robinsons Department Store

227
DIY Segments

180
Handyman Do-It-Best

16
Robinsons Builder and De Oro Pacific Home Plus

31
True Value

456
Ministop

899
Drugstores Segments

582
Southstar Drug

317
Rose Pharmacy

2,030
TGP branches franchised

288
Specialty Store Segments

86
Robinsons Appliances

35
Savers Appliances

94
Daiso

14
Super 50

41
Toys”R”Us

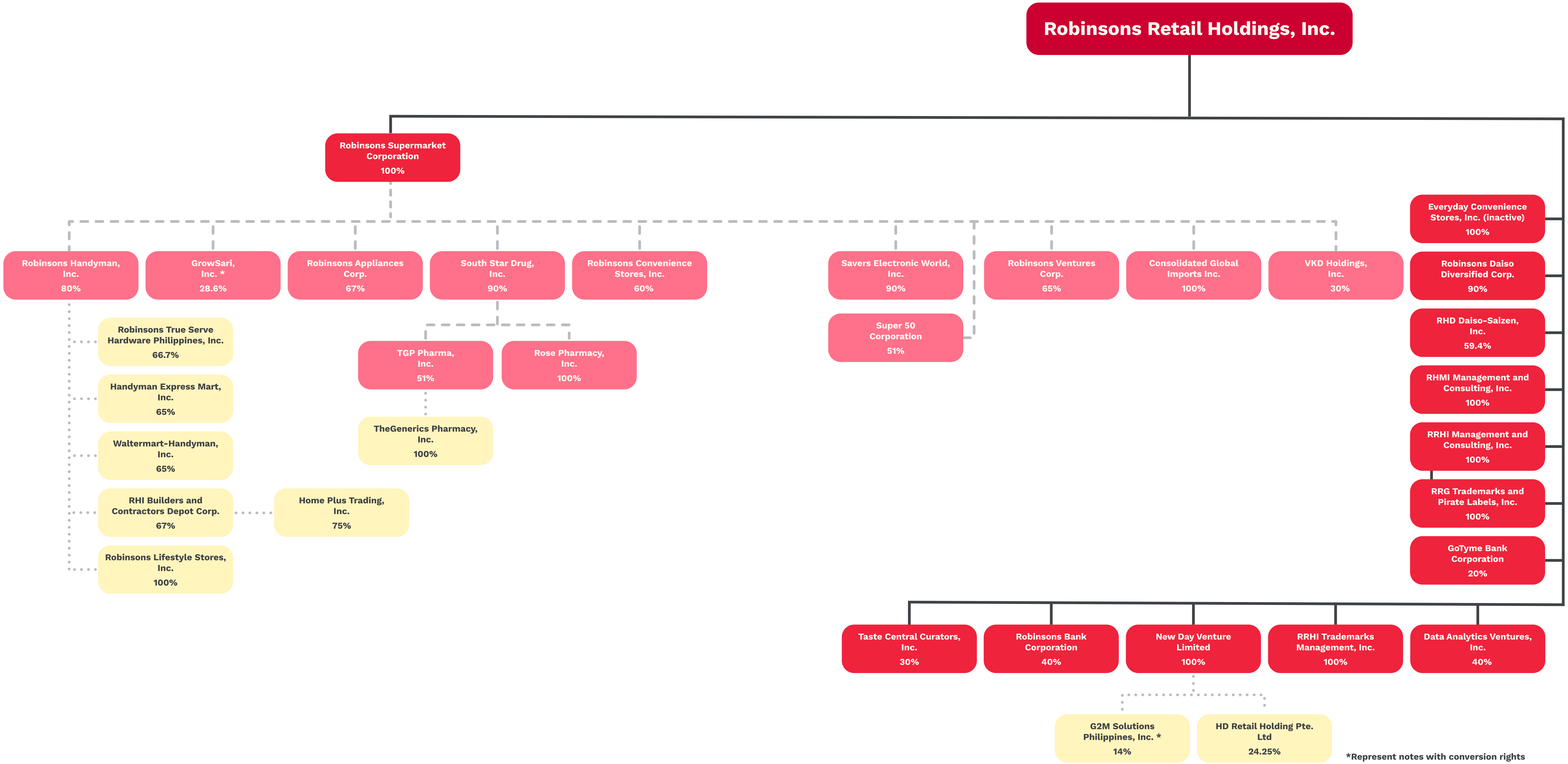
4
Pet Lovers Centre

9
Shiseido

4
Benefit

1
Elizabeth Arden

RRHI & Subsidiaries



*Represent notes with conversion rights

Brand Portfolio & Acquisitions

1980
Robinsons Department Store

We opened the first Robinsons Department Store in Robinsons Place Manila.

1985
Robinsons Supermarket

Our entry into food retail was marked by the 1st Robinsons Supermarket in Robinsons Place Cebu.

1994
HANDYMAN

The first Handyman store opened in Robinsons Galleria, our first Do-It-Yourself format.

2000
Robinsons Appliances

We entered electronics and appliances retailing with Robinsons Appliances.

MINISTOP

We brought Japan's convenience store, Ministop, to the Philippines.

2006
We became a sub-licensee of Toys 'R' Us Asia.

2007
We Our first major acquisition, we acquired 66.7% of True Value from Amon Trading Corporation.

2009
DAISO JAPAN

We brought Daiso Japan to the Philippines as the exclusive franchise license holder of the brand.

2012
southstar drug

We acquired 90% stake in Southstar Drug, the oldest and one of the country's biggest drugstore chains. Founded by the Dy family, it began to serve the market in the Bicol region in 1937.

2013
Robinsons REWARDS

We launched our Loyalty Card Program to engage our customers better.

PSE

We were listed in the Philippine Stock Exchange on Nov 11, 2013.

2014
Robinsons Easymart

We launched Robinsons Easymart, a minimart format catering to urban residential areas.

SHISEIDO
benefit SAN FRANCISCO

We entered the cosmetics landscape with the acquisition of Beauty Skinnovations Retail, Inc., licensed resellers of int'l cosmetics brands Benefit and Shiseido.

JAYNITH'S SUPERMART
ROBINSONS BUILDERS

2015
SAVERS APPLIANCES

We acquired 90% of Savers Appliances, an appliance chain whose operations are concentrated in Central Luzon and Cagayan Valley.

2016
TGP THE GENERICS PHARMACY

We acquired 51% of TGP, which has the highest store network of its kind in the Philippines at more than 2,000 community drugstores.

2017
BeautyMnl.

We invested in a minority stake in the country's leading beauty e-commerce site, BeautyMNL.

2018
THE MARKETPLACE
SHOPWISE INTERNATIONAL GROCERY SHOPPING

Our biggest acquisition to date, which was structured as a share swap with Dairy Farm Intl. Ltd., valued at around ₱18B.

Pet Lovers Centre

We were appointed exclusive franchisee of Pet Lovers Centre Singapore, the biggest pet chain in Singapore.

growsari

We invested in a convertible note issued by B2B platform Growsari Inc, equivalent to 28.6% of the company upon conversion.

2019
No Brand
브랜드가 아니다. 소비자다
SCENTENCE

We were appointed an exclusive franchisee for No Brand and Scentence of E-Mart in South Korea.

Super 50

We opened our first Super50 store.

2020
GO Robinsons

We launched our own e-commerce platforms:

gorobinsons.ph
southstardrug.com.ph
robinsonsappliances.com.ph

RosePharmacy

We acquired 100% of Cebu-based Rose Pharmacy from Dairy Farm Intl. Ltd, which operates mostly in the Visayas and Mindanao.

2021
edamama

We invested 13.3% in edamama, an e-commerce site selling baby products.

Our Digital Transformation

Robinsons Retail's

Digital Footprint

The last few years have shown a significant uptake in digital ways of shopping and we have long recognized the inevitable rise of the omnichannel shopper, especially in the Philippines which has the fastest growing e-commerce market in Southeast Asia.

Our initial steps into online retail began through our partnerships with established third-party marketplaces, which eventually manifested in the launch of our very own e-commerce sites. While the primary impetus was the emergence of the COVID-19 pandemic, we believe that e-commerce and digital engagement will continue to increase in relevance for retail, and we are taking progressive steps to take advantage of opportunities to further deepen our presence online and strengthen our infrastructure in technology, such as shifts to secure cloud storage and analytics.

To support our thrust for data-driven decision making, Robinsons Retail is invested in Data Analytics Ventures, Inc. (DAVI), where we own 40% stake. DAVI is a subsidiary of our affiliate JG Summit Holdings, Inc., which provides data solutions to implement precision marketing and gain insights from customer behavior. It currently manages GoRewards, our loyalty program with over 5.3 million members, which was conceived by combining Robinsons Rewards and GetGo, the loyalty program of RRHI affiliate airline company Cebu Pacific. GoRewards points are earned and spent through transactions with our banners and Cebu Pacific, providing greater value to our loyal customers.

DAVI

go rewards

GoRobinsons

Our Customers' Lifestyle Partner

GoRobinsons (GoR) is our shoppers' one-stop online shop and lifestyle partner. It was launched in June 2020, when the new dynamic of social distancing and quarantine restrictions made the role of e-commerce all the more crucial to keep serving customers. The e-commerce site is envisioned to eventually serve as a virtual marketplace for all of the group's retail formats.

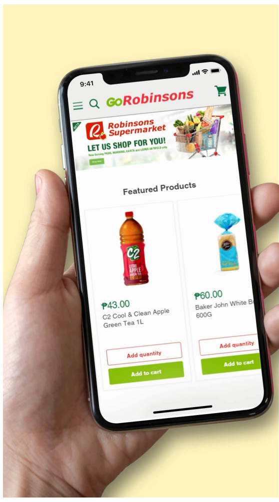
In 2021, GoR recorded a 7x growth in gross merchandise value (GMV), with sales primarily coming from food retail. The year ended with 11 banners on GoR, including all our supermarket banners Robinsons Supermarket, The Marketplace, Shopwise, Robinsons Easymart, and No Brand; Robinsons Department Store; Handyman Do It Best; True Value; Toys 'R' Us; Shiseido; and Southstar Drug. In the first quarter of 2022, we also launched Robinsons Appliances, Pet Lovers' Centre, and Daiso Japan on the platform.

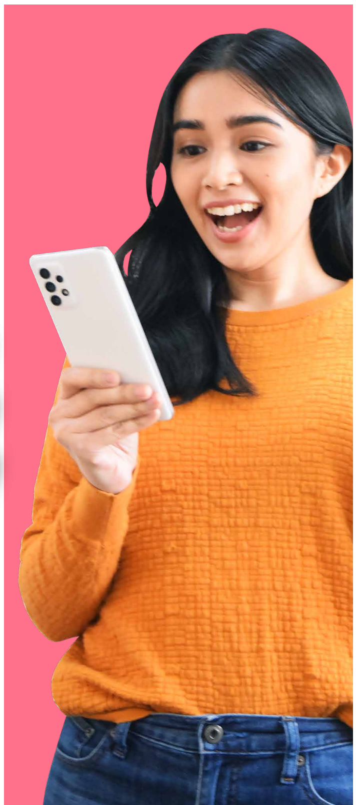
GoR has a mobile app, which can be downloaded from the Apple App Store and the Google Play Store, as well as the website GoRobinsons.ph.

It currently serves customers in Metro Manila and 17 provinces in Luzon and Visayas, with plans to further expand the service coverage to other cities nationwide. Our goal is to bring our customers closer to products and services through leveraging technology that provides a seamless omni-channel experience. The platform is also integrated with the GoRewards Loyalty Program, whose members can earn rewards points if they purchase products through GoR.

Customer Satisfaction in GoRobinsons

In 2021, GoR received an overall customer satisfaction (CSAT) score of 73.02% and an average rating of 3.42 with just over a year of operations. Customer satisfaction is a driver for loyalty and a key performance indicator that measures feedback on our customers' experience during purchase, delivery, and contact with our support team. GoR aims to continuously and significantly improve service levels in 2022. In the first quarter of 2022, GoR's CSAT score has inched up to 76.69% while the average rating hit 4.08.





Growsari

Empowering Sari-Sari Store Owners

Growsari is the Philippines' first tech start-up which provides B2B grocery delivery services to sari-sari store owners through a mobile app, with merchandise sourced from Robinsons Supermarket branches.

In 2021, Growsari principal G2M conducted their Series B fundraising and raised US$30+ million in total funding from global marquee investors like Tencent, Pavilion Capital and IFC among others. In March 2022, Growsari also announced that in its Series C, it also raised US$77.5mn in funding, with KKR leading the round with a US$45mn investment. This brings the company's total raise to about US$110 million.

RRHI led the online platform's Series A funding round in 2018, along with JG Digital Equity Ventures, and Wavemaker Partners LLC. We continue to support them by participating in fundraising rounds to maintain our equity in the business.

Through this joint partnership, Growsari promotes inclusive businesses that put micro and small enterprises at the heart of their business model, with merchandise sourced from Robinsons Supermarket branches.

Growsari's tech infrastructure is all developed in-house, from call center operations to warehouse management, delivery fleet management, customer relationship management, to data analytics. Users simply need to go online to order the items they need, which will then be delivered to their stores the next day.

BeautyMnl

From Online to Offline

Philippines' leading beauty e-commerce player BeautyMnl launched its first "Shop-in-Shop" concepts at The Marketplace in Shangri-La Plaza and Robinsons Department Store in Robinsons Place Ermita last May, onboarding a lineup of almost 300 SKUs and over a hundred brands, including COSRX, Milani, Puritan's Pride, and Cetaphil Baby. BeautyMNL is our first digital investment in e-commerce where we currently have 30% stake.

The launch deepens our strategic partnership with BeautyMnL, which began in 2017. The move towards BeautyMnl's Shop-in-Shop concepts further bolsters our commitment to omnichannel retailing. The new in-store concept in turn widens BeautyMnl's market reach and enables our shoppers to stock up on self-care staples while discovering exciting new finds from BeautyMnl.

"RRHI's large and diverse customer base gives us the perfect opportunity to introduce ourselves and the products we carry to more people," says Jay Liwanag, BeautyMnl Founder and President. "We're excited to serve RRHI's customers by giving them access to our best-selling items and top brands."

BeautyMnl.

Edamama

A Nurturing Platform for Mothers and Babies

In 2021, we added a new investment in our digital portfolio through Edamama, with a 13.3% equity ownership upon conversation. Edamama is a B2C e-commerce platform for childcare products and services, and we envision potential collaborations with our banners Robinsons Department Store and Toys 'R' Us, which also serve the same demographic of mothers and children.

Edamama's website serves as a platform to help mothers make the best choices for their children by curating high quality products and services across all stages of child development, with options for subscription and a gift registry. Supporting the adage that it takes a village to raise a child, the site is also an avenue with dedicated content and stories from fellow parents, with informative blog posts on a wide array of topics and tips to make parenthood easier. Through its "Explore" tab, it also offers online classes and educational materials for both children and parents, adding value and a sense of community among its shoppers.

The business was launched in May 2020 with founders Bela Gupta D'Souza and Nishant D'Souza, who raised US$5 million in pre-series A money. In 2021, they ended the year with USD 4.8 mn GMV. According to D'Souza, the aim of the platform is to gain and build the trust of more mothers in the country, which presents a promising online market as the sector registers one of the highest growth rates in Philippine e-commerce.

Launchbox

Building Digital Talent

Launchbox is an accelerator program for the Gokongwei Group that utilizes technology to improve business operations. In collaboration with the JG Summit Digital Transformation Office (DTO), we maximized this program to zoom in on digital fluency and competency in our business units. From here, we offered pathways for business units to recognize how data can drive results through experimentation and pivot towards digital projects and initiatives.

The program is an exploratory avenue for ideas to improve performance in the digital space, offering hands-on training and coaching from DTO's team of experts, designed with elements of healthy competition, growth-hacking, and a solutions-oriented mindset. It is conducted in the form of three or six-month long seasons that take a close look at the specific business context of the participating banners.

For RRHI, the end goal is to create actionable real-life solutions, which are rolled out in actual day-to-day operations that add value and gain results in key performance areas. Examples of these solutions involve designing e-commerce platforms, digital marketing campaigns, targeted promotions, and having a clear understanding of the target consumer.

Launchbox empowers our employees by equipping them with skills to better navigate the future of omnichannel retail, which is founded on data to support the overall business strategy. From November 2019 to November 2021, we have conducted three Launchbox Seasons, awarding winners from each Season based on the success of each team's digital projects. Over 60 graduates from Robinsons Retail have since participated in Launchbox, and we are proud to note that our banners Southstar Drug and GoRobinsons won top marks for innovative solutions in their online platforms for the first two seasons, while The Marketplace won in the all-retail Season.

Our Products & Business Units

Supermarket

Robinsons Retail's chain of supermarkets is the largest segment in its portfolio with 286 stores nationwide. It currently houses leading banner brands present in a broad range of markets.

Collectively, the supermarkets target a broad consumer base through diverse formats and inclusive options - from budget items to premium products.

The Supermarket segment stays attuned to growing consumer needs and trends to best serve communities.

With its expansive reach, the segment contributes to several social involvement and engagement initiatives, working closely with partner vendors, charities, government, and non-government organizations.

STORE COUNT

Robinsons Supermarket	145
Robinsons Easymart	80
The Marketplace	34
Shopwise International Grocery Shopping	16
No Brand 브랜드가 아니다. 소비자다	11

Robinsons Supermarket

Robinsons Supermarket is the Philippines' first mainstream supermarket anchored on health and wellness that prioritizes locally sourced produce and nutrition-oriented campaigns.

Most of its offerings follow the Food and Nutrition Research Institute's color-coded certification system for healthy products. It empowers customers with health selections at affordable price points and accessible locations.

In June 2020, Robinsons Supermarket also debuted in digital retail under GoRobinsons.PH - RRHI's very own group-wide e-commerce platform.

Robinsons Easymart

Robinsons Easymart is a standalone mini-mart store that brings quality products closer to homes. It covers all the essentials as a quick-stop shopping option for customers.

Smaller than the typical supermarket, it is conveniently located near residential areas and offers both basic food and non-food items.

THE MARKETPLACE

With an expanse of imported and gourmet selections, The Marketplace is the company's premium grocery retail format that offers premium products as its key differentiation.

The Marketplace primarily caters to an upscale market, located in several central business districts and high-end developments.

After becoming a part of the Robinsons Retail portfolio in 2018, it is now part of the holding company's largest acquisition to date. It was part of the acquisition of Rustan's Supercenters, Inc. - the fourth largest grocery food retailer in the Philippines.

SHOPWISE

INTERNATIONAL

GROCERY SHOPPING

Serving Filipinos since 1998, Shopwise is recognized as one of the pioneers of the hypermarket format in the Philippines.

Focusing on the daily needs of the Filipino homemaker, our hypermarkets conveniently offer a variety of fresh produce, grocery items, home appliances, and apparel. A key differentiator is its supersized and bundled offerings, pegged at reasonable price points for families.

The Shopwise banner was part of the acquisition of Rustan Supercenters, Inc. in 2018.

No Brand

브랜드가 아니다. 소비자다

No Brand is a grocery line that caters to Korean food and lifestyle enthusiasts, providing straightforward yet stylish solutions for modern-day minimalists.

Launched in 2015 by E-mart Incorporated, South Korea's leading multi-format retailer, No Brand expanded to the Philippines and opened its first store outside Korea in Robinsons Galleria.

One of No Brand's notable features is its private label products with a simplified approach to marketing and packaging. The grocery offers a vibrant mix of affordable buys and specialty products including authentic Korean food and snacks, beauty products, cleaning materials, and more.

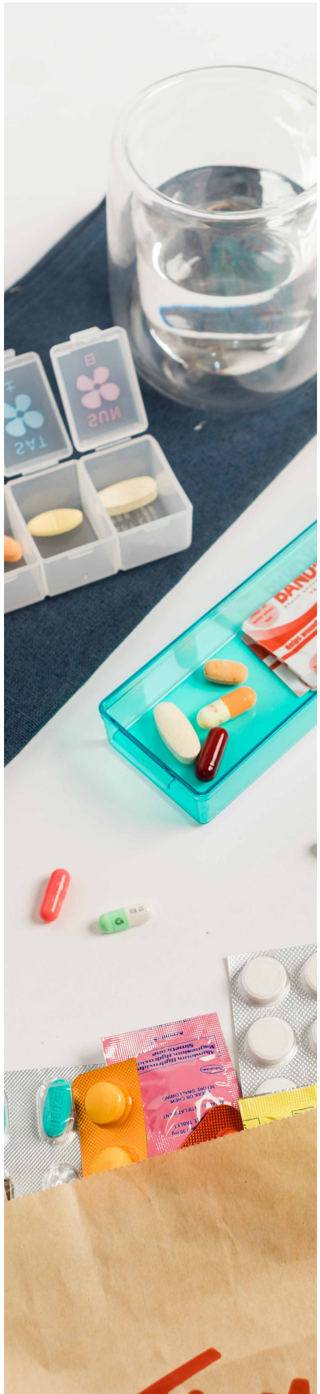
Drugstore

Robinsons Retail's Drugstore Segment believes that quality pharma products should be accessible to all.

Through the years, the company's diverse portfolio of trusted drugstores has expanded to meet the healthcare needs of every Filipino in a way that's both convenient and cost-efficient.

STORE COUNT

southstar drug	TGP THE GENERICS PHARMACY	Rose Pharmacy
582	2,030	317



southstar drug

Founded by the Dy family more than 75 years ago, Southstar Drug started as a humble mom-and-pop business in the city of Naga.

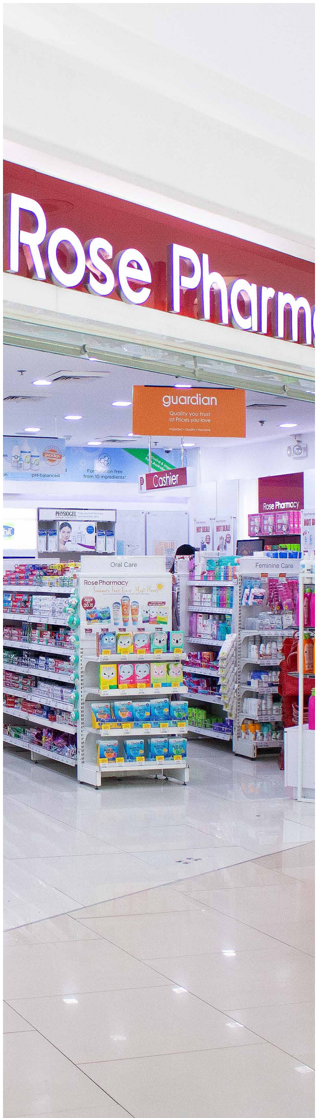
Today, it stands as one of the largest drugstore chains in the Philippines, with more than 500 stores nationwide. Moreover, it is currently also listed as one of the country's Top 500 Corporations.

Southstar Drug is renowned for offering a wide selection of products: prescription and over-the-counter pharmaceutical medicine, food, and personal care and wellness items.

TGP
THE GENERICS PHARMACY

The secret of the country's largest drugstore chain is simple: quality products, competitive prices, and convenient locations.

With over 2,000 franchised branches nationwide, TGP is committed to making healthcare affordable and accessible for every Juan, making it your friendly neighborhood pharmacy outlet. This was the vision of its founder Benjamin Liuson, one of the pioneers in establishing the franchise model for pharma retail in the country.



Rose Pharmacy

On October 30, 2020, Southstar Drug acquired Rose Pharmacy, Inc. from Dairy Farm International Holdings, Ltd.

It is currently the leading drugstore chain in Visayas and Mindanao, with a reliable network of over 300 stores, opening opportunities for synergies and growth in our drugstore business.

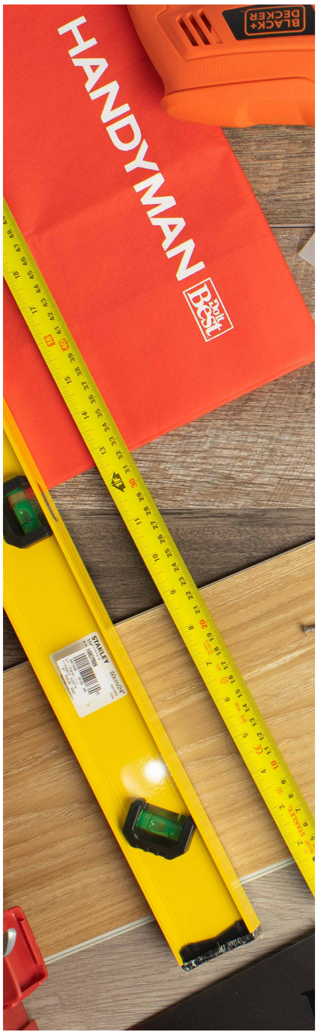
DIY & Big Box Hardware

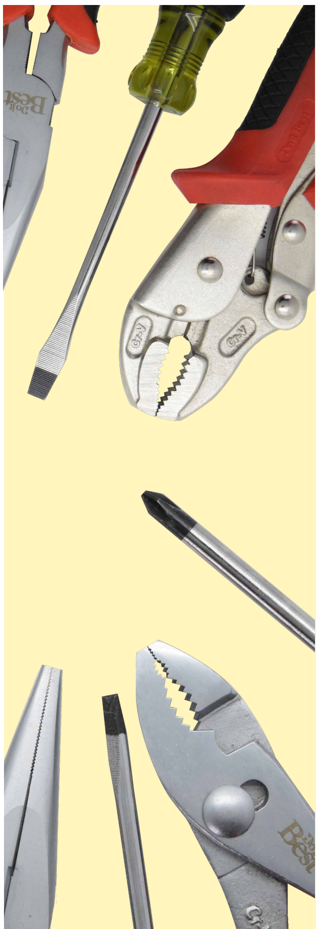
For over 25 years, Robinsons' DIY and Big Box Hardware segment has been making its mark in the local hardware supplies and home lifestyle improvement sector.

With brands like Handyman Do It Best, True Value, Robinsons Builders, and De Oro Pacific Home Plus satisfying customers from Luzon to Mindanao, it's easy to see how expansive our DIY and Big Box Hardware segment has become. We continue to bring quality products, innovative hardware solutions, and excellent service across our 227 outlets.

STORE COUNT

Handyman Do it Best	True Value	Robinsons Builders
180	31	16





HANDYMAN Do it Best

From its first store opening at Robinsons Galleria in 1994, Handyman Do it Best has continuously grown and made its mark among do-it-yourselfers, with branches in Robinsons Malls and other major malls across the country. Its selection for value-for-money hardware, electrical and lighting, power tools, and plumbing products has expanded to the thousands over the years.

In 2001, Handyman became a member of Do It Best Corporation, one of the largest hardware and home improvement cooperatives in the USA.

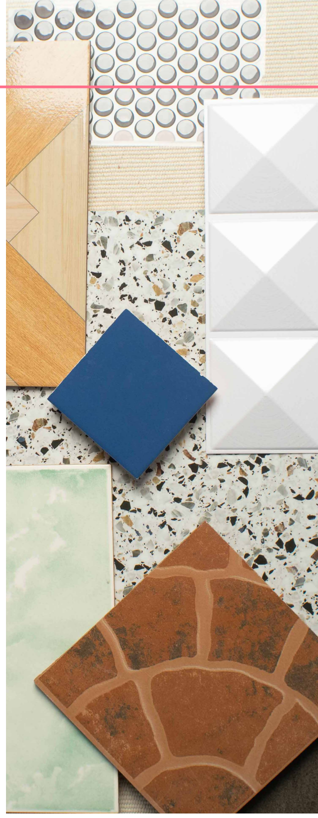
With the Filipino consumer in mind, Handyman has molded itself into one of the most trusted hardware stores in the country.

True Value

True Value's retail concept of a lifestyle home center goes beyond the conventional do-it-yourself store. Acquired by Robinsons Retail in 2007, True Value has evolved into becoming a destination store for unique home and office finds.

True Home is a household furnishings concept store launched by True Value last April 2015 that prioritizes comfort, function, and style. The interior retail branch offers a well-chosen selection of imported, high-quality brands of home décor, bed and bath necessities, kitchen and dining wares, and storage solutions.

True Value and the True Home concept have become haven to home improvement enthusiasts, offering both classic and contemporary pieces and tasteful design ideas for their living spaces.



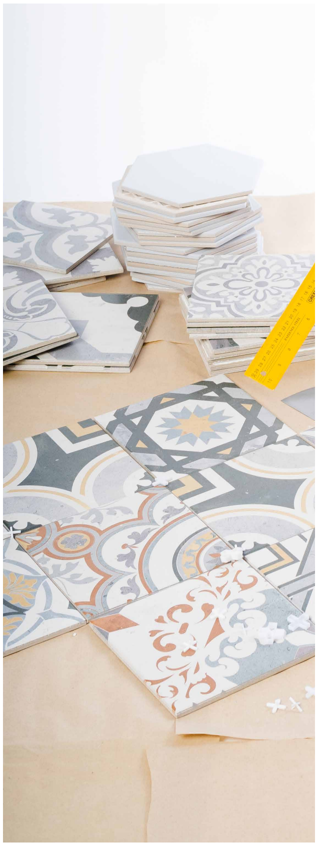
ROBINSONS BUILDERS

In 2014, Robinsons Retail Holdings, Inc. acquired A.M. Builders' Depot, the second largest big box hardware chain in Visayas and Mindoro. Since then, the stores have been rebranded as Robinsons Builders, featuring an improved layout for a better customer experience.

Robinsons Builders puts a premium on building relationships with local and international suppliers to give customers quality merchandise at competitive prices and responsive, custom services for every project.

Our stores house a vast assortment of construction products including floor tiles and accessories, water closet and lavatory fixtures, hardware and paints, lumber materials, electrical supplies, and more.

Under Robinsons Builders is De Oro Pacific Home Plus, the brand's big box hardware counterpart. Primarily based in Northern Mindanao, the two brands' combined geographic scope has widened its services to more consumers, farther south of the Philippines.



Department Store, Beauty, and Toys

Department Store

We're always on the lookout for products that improve people's quality of living in exciting ways through our Department Store segment which is fully equipped with its own business center, personal shopper delivery service, and online shopping platform via GoRobinsons.

From the trendiest fashion pieces to the most coveted home and lifestyle necessities, our department stores provide an enjoyable shopping experience of leisure, beyond the ordinary grab and go.

STORE COUNT

Brand	Store count
Robinsons Department Store	52
Shiseido Ginza Tokyo	9
Benefit San Francisco	4
Toys"R"Us	41
Elizabeth Arden New York	1

Robinsons Department Store

At Robinsons Department Store, one of the Philippines' premier shopping destinations, consumers can expect to find an exceptional selection of merchandise from top international and local brands.

Each Robinsons Mall in the country is home to its own Robinsons Department Store, which serves as an anchor tenant for the chain of shopping centers.

The store itself is a one-stop lifestyle hub, designed to accommodate the needs of Filipino families of all ages. Among its key offerings are global and local apparel, beauty and personal care essentials, toys, home appliances, furniture, and living decor. Each store also has the Robinsons Business Center, which offers customers a multitude of financial products and services.

Aside from its core line-up of offerings, Robinsons Department Store also features products from Philippine SMEs. Its Tindahan and Go Lokal section introduce homegrown craftsmanship, delicacies, and innovations by connecting locally to the mainstream market.

Beauty

From premium to affordable cosmetics, Robinsons Retail's Beauty Segment is dedicated to empowering women from all walks of life.

Our portfolio aims to provide women across different professions beauty and cosmetics products at reasonable price points. Through an agreement with Luxasia, Robinsons Retail is a licensed operator of Shiseido, Benefit, and Elizabeth Arden. Each has its own set of standalone stores located in premier malls in the country.

Likewise, the Robinsons Department Store Beauty Section offers a plethora of options from global and local cosmetics and skincare brands, such as the Estée Lauder Companies names and, most recently, Scentence from Korea.

benefit SAN FRANCISCO

Benefit Cosmetics instantly became a successful global beauty brand by providing quick fixes for every girl's beauty dilemmas.

The brand proves that a double dose of wackiness mixed with beauty care know-how is the perfect combination to put a smile on women's faces. Today, it continues to deliver the message to Benebabes worldwide: laughter is the best cosmetic.

SHISEIDO
GINZA TOKYO

With over 140 years of service, Shiseido continues its mission to source superior ingredients paired with innovation to deliver the best that beauty has to offer.

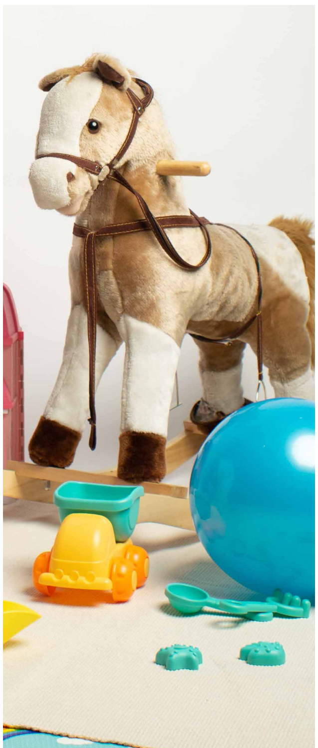
The brand is dedicated to developing products of value, ranging from cosmetics, skincare, fragrance, and suncare. Together, its variety of products are the main drivers for Shiseido's success, adding a touch of care to the lives of customers, across diverse cultures.

Toys

Toys "R" Us

A go-to store for toy lovers of all ages, Toys "R" Us offers an unparalleled selection of toys, video games, learning aids, electronics, and outdoor playsets. It is also proud to have its own line of private label brands and exclusive merchandise for kids and hobbyists alike.

Toys "R" Us operates stand-alone stores and the toys section of all Robinsons Department Store branches nationwide.



Convenience Store

Robinsons Retail expanded upon its goal to provide people easy access to food and beverage selections with the establishment of its Convenience Store segment.

Ministop, the company's convenience store chain, is present in close to 500 locations across business districts and highly urbanized areas nationwide. It is normally open 24 hours, particularly in high traffic areas.

The Convenience Store format remains to be an agile business, as it shifted its merchandise categories towards grocery items for customers amidst the transport challenges of the COVID-19 pandemic.

STORE COUNT

MINISTOP

456

MINISTOP

In 2000, Robinsons Retail Holdings, Inc. partnered with Japan's Ministop Co. Ltd and Mitsubishi Corporation to establish its counterpart in the Philippines. Today, Ministop has become a staple convenience store among urban communities in Metro Manila and areas in Luzon and Visayas.

Each Ministop store is designed to cater to on-the-go consumers in need of budget-savvy essentials: food and beverage, personal care, and general supplies.

Best known for its ready-to-eat section, it also offers affordable, high quality meals freshly prepared within its in-house kitchen facility, served hot.

With favorites such as Uncle John's Fried Chicken, Toppers, Kariman, MySundae, and Chillz, the ready-to-eat category is distinctly developed for the Filipino palate.

Appliances & Electronics

STORE COUNT

Robinsons Appliances	Savers Appliances
86	35

As technology continuously evolves, so do the many ways we take on our everyday tasks.

From cooking to cleaning, to business and selling - we believe that appliances and electronics make life simpler, easier, and more enjoyable for the everyday Filipino.

With this, Robinsons Retail continues to expand its Appliance and Consumer Electronics segment operations nationwide in the hopes of providing the latest high-quality and cost-efficient products and services to home and business owners alike.

Robinsons Appliances

Robinsons Appliances stands as one of the leading electronics providers of the country, offering the latest in technology through a wide selection of quality, upscale appliances: smart kitchen solutions, HD and LED screens of all sizes, and the hottest smartphones in the market. The company partners with various local and global brands to provide top class entertainment systems and gadgets - becoming the go-to destination for techies, home, and business owners around the country.

Established in 2000, it now operates a network of more than 80 stores nationwide — all strategically positioned to give customers convenient access to its innovative products and help them address their appliance and entertainment needs.

With its commitment to excellence, it strives to constantly improve its services to satisfy the evolving needs of customers.

Savers Appliances (formerly Saver's Appliance Depot) started as a small shop trading home appliances in Plaridel, Angeles City back in 1986. It has since evolved into a multi-million appliance retailer, known for its lasting yet affordable selection - made for homes and businesses of the same humble beginnings.

Savers Appliances has become not only a household name in the appliance industry but also a respected and reliable partner to various industries. The depot offers building, air-conditioning, ventilating equipment, and integration solutions nationwide.

The aim behind every store is to serve the needs of the customers by providing only the best quality products and services at affordable prices.

Apart from retail, Savers is also an official distributor for selected international and local brands in the Philippines, housing specialty and experience stores, and cementing itself as one of the top players in the country. Savers also has its own service and maintenance business, which further adds value to customers.

Mass Merchandise & Pets

Mass Merchandise

Robinsons' Mass Merchandise segment houses a variety of budget-friendly lifestyle brands, providing customers with a wide array of fun and handy items for home and everyday use.

Spearheaded by Daiso Japan and Super 50 with over 100 branches nationwide, our Mass Merchandise segment offers an extensive selection of affordable food containers, storage solutions, kitchen essentials, cleaning tools, beauty products, pet toys, toiletries, and much more.

STORE COUNT

DAISO JAPAN	Super 50	Pet Lovers Centre
94	14	4

DAISO JAPAN

Since 2014, Daiso Japan Philippines has been the authorized retailer of Daiso Industries Co. Limited, Japan's No. 1 supplier of living ware goods.

Just like Daiso Japan, popularly known for its 100 yen and up stores, Daiso Japan Philippines delivers the same variety of products and budget steals for a wholly fun shopping experience.

Daiso Japan Philippines offers customers an array of fun and funky stationery products, toys, lifestyle products, beauty and fashion apparel, home decors, Japanese interiors and ceramics, practical and functional household items, kitchenware and supplies, home improvement, gardening tools, pet food and accessories, official Sanrio items, and more kawaii finds starting at ₱88.

Super 50

Super50 is a one-stop-shop with a fine selection of products priced at only Php50 each. Its commodities range from home and kitchen essentials, cleaning products, and accessories to office supplies and much more.

The Super 50 brand is a joint venture between Robinsons Retail and Peso Tree aiming to provide accessible products to a broad market and with a very affordable price point.

Pets

Robinsons' Pets segment caters to pet lovers and their animal companions, providing an avenue for quality pet care, superior pet products, and dedicated pet services.

Solely composed of Pet Lovers' Centre with 4 branches nationwide, our stores offer an extensive selection of fresh and dry food, toys, beds, shampoos, as well as a section featuring tropical fish, ornamental shrimp, aquatic plants, small pet mammals and more.

Pet Lovers Centre™
Pet Care Since 1973
All Passion, All Pets™

Through a franchise license agreement, Robinsons Retail Holdings, Inc. brought Singapore-based pet retail and service chain Pet Lovers Centre (PLC) to the Philippines in 2018.

PLC was conceived as an avenue for pet owners to have access to products which specifically catered to their pets' needs. In the Philippine retail landscape, it is committed to delivering the same value and pushing its philosophy of "All passion, all pets," encouraging responsible ownership and fostering a wider appreciation for pet care.

With everything from fresh and dry pet food options with proper nutritional requirements to pet accessories such as toys, beds, and flea shampoos, our Pet Lovers' Center houses an expansive selection - of both products and pets like tropical fish, ornamental shrimp, aquatic plants, and small pet mammals.

PLC is also part of the World Pet Association, formerly the World Wide Pet Industry Association, which is the oldest non-profit trade organization in the pet industry.

Sustainability Across Our Business

The Greater Goods

Our Products and Partners

At Robinsons Retail, we aim to deliver the best products and services to our customers. We are able to do this through our diverse banners and by working closely with a vast network of suppliers and distributors. Across our complex ecosystem of partners in our supply chain, we focus on the quality of the merchandise we put on the shelves, employing strict quality control measures at every step of our operations.

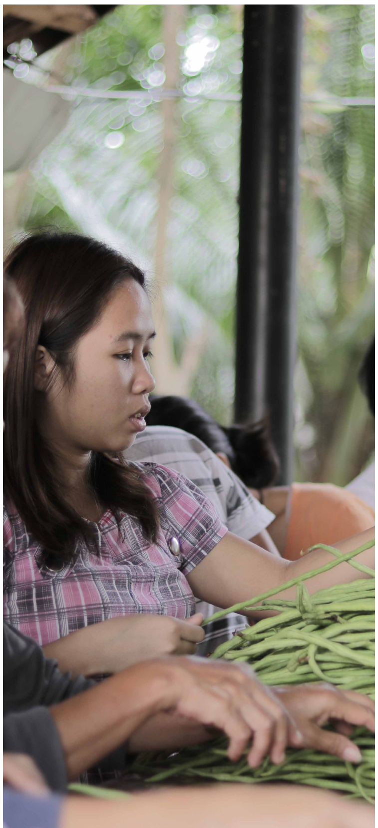
In all aspects of business where products are handled, from our distribution centers to our stores, we see to it that our inventory maintains conditions ideal for merchandise. This is especially important with the fresh produce and packaged food items in our supermarkets, where we have strict monitoring and quality control for perishable items. As part of the healthcare sector, our drugstores also observe strict compliance to pertinent regulations in the procurement, storage and sale of medicines.

All our merchandise undergoes proper accreditation to be fit for consumption and usage. Depending on the product, our banners comply with requirements to ensure product safety and quality with the end consumer in mind. Toys ‘R’ Us, for example, is strict with all the components used in the manufacturing of toys, ensuring that they are non-toxic and non-flammable, so children are free to learn and explore with safety. Our Appliances and Do-it-Yourself stores likewise prioritize safety and performance for electrical and electronic devices, as it works with reputable brands and manufacturers to provide durable and effective products to customers.

Food Safety at Our Supermarkets

Our Quality Assurance Department in our Supermarket Segment conducts periodic audits in stores and distribution centers to ensure that our establishments are following our standard procedures for Food Safety. Our Food Safety Audit monitors the following parameters:

- Hygiene
- Cleaning & Sanitation
- Waste Management
- Sanitary Facilities
- Temperature Control
- Food Storage & Display
- Product Control
- Pest Management
- Food Preparation Areas
- Receiving
- Management Control



Shared Success: Our Supermarkets' Farm to Table Program

As of end 2021, Robinsons Supermarket's Farm to Table Project (FTT) engaged over 700 small-hold farmers from all over the country. The project empowers and encourages farmers to adopt sustainable farming practices that preserve soil health, use less water, and have less dependence on artificial pesticides.

The project started in 2018 and empowers farmers primarily through farm-gate rates and fair-market deals, which we establish through close collaboration and discourse. With farmers initially relying solely on wet markets and various middlemen, where prices and orders often fluctuate, FTT also gives much needed security to the partners through stable order quantities of produce.

Through FTT and offering stable demand for fresh produce at fair market prices, we brought quality produce from provinces in the Philippines, empowering both local producers and our consumers. At present, most fresh fruits and vegetables are sourced from farms in Luzon, namely Abra, Batangas, Benguet, Bulacan, Cavite, Laguna, Quezon, Rizal, and Zambales. Some farms are also located in Metro Manila and Visayas (Cebu and Bacolod) and Mindanao (Davao).

Customers also benefit from the project because measures are undertaken to guarantee freshness, safety, and quality. Information displayed on where and how the goods were farmed and sourced. The visibility of organic and GAP (Good Agricultural Practices) certified farms also inform consumers about the kind of work that goes into the products. Information is key to transparency, and as it lends authenticity to the project and bridges farmers to customers.

From a sustainability standpoint, the FTT addresses a need to support the agricultural sector and recognizes the irreplaceable role it plays in society in its provision of food - the most basic of necessities. Given that food is a major part of the supermarket business, it is directly tied to our operations and our supermarkets' health and wellness value proposition to customers.

TGP: Accessible Medicine and Entrepreneurship

TGP was founded by Benjamin Liuson with a deep awareness of the need to provide Filipinos with effective and affordable medicine. Prior to the significant push for generics in the 1990's with the passing of the Cheaper Medicine Act, drugstore shelves were dominated by branded pharmaceutical products, which were largely inaccessible to low income communities.

TGP, which had its apt introduction as The Generics Pharmacy, was therefore driven both by entrepreneurial ideals and advocacy, proving that it was possible for businesses to be profitable while fulfilling a mission of inclusivity, where everyone should be able to have quality medicine when they need it. Indeed, TGP is proud to call itself "TGPagpapaling ng Pilipinas", drawing from its aspirations to serve all Filipinos, regardless of economic background.

At present, TGP has over 2,000 branches across all regions of the Philippines, and has undergone a series of reinventions as it continues to evolve to adapt to present market needs. The Company traces its beginnings to 1949 with the founding of Pacific Pharmaceutical Generics Inc., a German importer and wholesaler of medicine. Ten years later, the company was bought by the Liuson family.

Under the helm of Ben Liuson, there came the realization of the opportunity to serve the market through retail, and he opened his first store under the banner DLI Pharmacy, maintaining only one branch in Quezon City. Six years later, in 2007, DLI rebranded itself to The Generics Pharmacy and adopted the franchise business model, a significant pillar in its development which jump-started the growth of its branches. The franchise model allowed the Company to expand with its services to an ever-growing captive market, succeeding through a collaborative strategy with franchisees who were part of the very communities they were serving.

TGP paved a path for shared success through genuine inclusivity. Hand in hand with the franchisees, many of whom are small business owners and who had their start in entrepreneurship through TGP, the Company was not only able to give medical access to lower income households, it became a vehicle for social mobility as well.

At present, TGP has close to 500 active franchisees, operating its vast network of pharmacies across the archipelago.

In 2016, Robinsons Retail Holdings, Inc. through its subsidiary South Star Drug, Inc., acquired 51% of TGP. The partnership has brought about exciting and progressive synergies, which bolstered the banner's expansion plans to underserved areas. TGP complements Robinsons Retail's mainstream drugstore formats, Southstar Drug and Rose Pharmacy, with the whole drugstore portfolio serving a diverse array of customers from different income segments.

Bringing Filipino Consumers A Wider Array of Options

When we acquired Rustan Supercenters, Inc. from DFI Group in 2018, we solidified our presence as one of the leading food retailers for premium imported products. One of the most significant manifestations of synergies with DFI was the expansion of our portfolio of foreign brands which we now bring to the Filipino market. These include curated food items under the Meadows label, and gourmet Italian oils and sauces under the BASSO and Sacla brand, as well as high quality pet food under VitaPet.

Through our Supermarket Segment, we are also in partnership with the Casino Group of France, which is one of the largest food retailers in the world, as well as Waitrose & Partners of the United Kingdom, which offers consumers ethically and sustainably sourced merchandise. At the core of our collaborations is the goal to give Filipino consumers more choices and experiences with each product that we sell in our stores.

Taste True Australia with Woolworths

Leading Australian food retailer Woolworths partnered with Robinsons Supermarket, The Marketplace and Shopwise to bring the Woolworths brand to the Philippines in June 2021. Established in 1924, Woolworths is Australia's most valuable brand with over 1,000 supermarkets on the continent.

With the tagline "Taste True Australia", the partnership launched over 150 products across various grocery categories. Woolworths has also embraced the trend towards healthier eating and is committed to innovation, ensuring products are produced with no artificial flavors and colors, reduced salts, sugar and fats, and more whole grains and fibers.

"Australia is globally recognized as a reliable supplier of superior quality products so it is with confidence that we bring in world-class products from Woolworths to the Philippines. We want to share with our customers these household favorites from Australia. It has always been our thrust to continue offering new products that will excite our shoppers every time they visit our stores. Woolworths' values are also consistent with the Robinsons Supermarket Group's focus on health and wellness." said Jody Gadia, former Managing Director of Robinsons Supermarket, Shopwise and The Marketplace.

Andrew Goudie, Woolworths International General Manager said:

> We are thrilled to partner with the Robinsons Retail's supermarket group and launch the Woolworths brand throughout the Philippines. Woolworths products reflect changing needs across many popular grocery categories where consumers are looking for not only trusted Australian quality, but healthier options. We are confident the range will be a great addition to Robinsons Supermarket, The Marketplace, and Shopwise stores and we look forward to partnering with Robinsons Retail to deliver Woolworths product innovations into the Philippines.

Supporting Local at Robinsons Department Store

Robinsons Department Store sources locally produced items and celebrates Filipino creativity through the Go Lokal! program and the Tindahan section in Robinsons Department Store Galleria. The sections feature items produced by medium scale enterprises, many of which are carefully handmade crafts, health and beauty products and local delicacies. The department stores provide mainstream access to these items, as well as marketing assistance to participating small enterprises in the form of assisted visual displays, planograms, and social media exposure.

"The Galleria Store" also reinvented its Home Section, re-envisioned as a 1,500 square-meter space that features a wide selection of trusted brands of home décor, furnishings, domestic appliances, storage units, and houseware. It also highlights a 160 square-meter flagship store of Curated Home, Robinsons Department Store's exclusive brand. Curated Home provides a treasure trove of décor and accent pieces that are personally hand-picked by the brand's Creative Director, renowned furniture designer and visual storyteller Ito Kish. Over the years, Robinsons Department Store has built a close relationship with Ito Kish, whose insight and sensibilities play a huge role in curating items in the Home and Lifestyle Section of our stores.

Our Partnerships for Sustainable Products

In line with our goals for sustainability and supplier collaboration, our Supermarket Fresh Division piloted the Fish Right Program with Fishta Seafood, which is spearheaded by USAID and Sustainable Fisheries Partnership. The aim of the program is to promote sustainable fishing, with the objective of preventing overfishing, marine degradation, and supply chain transparency. The initiative was formalized by a 17-month initial partnership to adopt responsible seafood sourcing (RSS) which was signed on April 16, 2021.

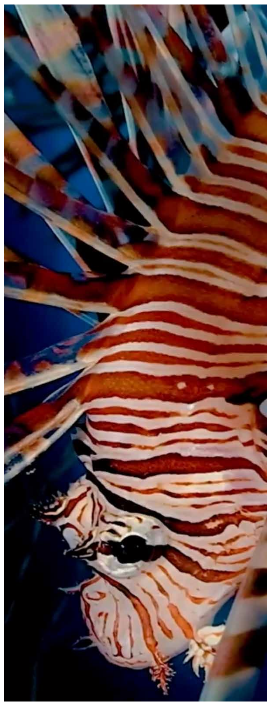
The partnership involves activities such as buyer and consumer education, supply chain mapping, supplier engagement and development of the company's RSS policy. The RSS policy supports anti-illegal, unreported, and unregulated fishing measures, the exclusion of endangered, threatened, and protected species, right-sizing and adherence to local and national fisheries regulations.

Also in line with marine protection, Toys 'R' Us also became the first toy retailer in the Philippines to carry the Barbie Loves the Ocean collection. It is primarily made of 90% recycled ocean-bound plastic parts. It is also accompanied with the Beach Shack playset and accessories, made from over 90% recycled plastic.

"We are proud to launch Barbie Loves the Ocean in the Philippines. One of our goals is to encourage children to be more environmentally conscious and learn about sustainability at an early age. Through this partnership, I believe we are a step closer to achieving this goal," said Celina Chua, Group General Manager of Toy 'R' Us and Robinsons Department Store.

Lastly, in partnership with Save Philippine Seas to protect the thresher shark population in Malapascua Island in Cebu, The Marketplace launched a promotional campaign to donate to Save Philippines Seas. The overall goal of the advocacy was to "narrow the gap between scientists and the general public, the old and young, and the passionate and indifferent by mobilizing SEAtizen-led initiatives that are empowering Filipinos towards collective action and behavior change."

Under the program, we sold over 4,000 ecobags to encourage the use of reusable bags while shopping, and donated Php200,000 to our partner organization.



Our Relationship with Suppliers

The procurement of goods and services from diverse suppliers is crucial to sustaining our core operations while we support the livelihood of various businesses and provide access to goods for end consumers. At present, our supplier base is largely local as over 90% of our vendors are Philippine-based manufacturers and distributors, including those that source products abroad and serve as the official distributors of foreign brands.

We value collaboration to achieve mutually-beneficial terms with our suppliers, especially as we work with small and medium enterprises. Moving forward, we see business potential in the greater involvement with small and medium enterprises and introducing the market to high-quality locally sourced products.

Our business units directly engage suppliers through its Merchandising and Operations Departments, and through the Marketing Departments for joint programs and promotions. Through our stakeholder engagement and internal assessments, we identified procurement terms, payment schedule, and availability of stocks for fast moving items as material in the daily conduct of business.

One of our goals is to continue improving forecasting demand, as more accuracy aids in maintaining our just-in time inventory delivery system. This increases supply efficiency as goods arrive only when they are needed, reducing shrinkage or wastage in the process. Our distribution centers also follow a cross-docking system, where goods from suppliers are consolidated and sent to our stores in a strict, time-bound manner. This enables the faster delivery of products and reduces the unnecessary maintenance of stocks.

Our Supplier Accreditation Policy

Robinsons Retail 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.

Goods and stores are also monitored by quality assurance officers and each business unit also has standard store procedures on the proper disposal of waste and expired items. To guarantee that our suppliers meet our standards, we employ a comprehensive supplier accreditation system. The process starts with an assessment of the product quality and marketability of merchandise from prospective partners. Suppliers that pass the assessment then submit the required government documents and undergo interviews to confirm their commitment to working with us. Through the years, we have forged long-term partnerships with some trusted suppliers with whom we have grown our business. We make sure that all suppliers, big or small, are given opportunities to grow their business.

Our supplier selection process is a critical aspect of our business. Only accredited suppliers can provide the goods and service requirements of the company and only those products or services that received accreditation shall be supplied by an accredited supplier. Inclusion of additional commodities from an existing supplier shall require accreditation.

Inspection, evaluation and accreditation of potential suppliers shall be carried out by our Supplier Accreditation Teams, who are composed of individuals who have the qualifications and capabilities to evaluate the eligibility of the suppliers to be accredited.

We also benchmark 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.

Supplier Sustainability Survey

In June 2021, we piloted a Supplier Sustainability Survey among the Supermarket Segment's top vendors, which is composed of major global and local FMCG manufacturers and conglomerates. The objectives of the survey were to further engage our suppliers, have greater visibility on ESG in our value chain, and seek opportunities for sustainable collaborations. These vendors, which contribute around 51% to sales of the Supermarket Segment, were surveyed on five key areas, namely the presence of an Environmental or Waste Management Policy, Energy Consumption Reduction, Reduction of Landfilled Waste, Policies on Child Labor and Human Rights, and Sustainability Reporting.

A total of 14 vendors responded, with the majority of whom are already implementing Sustainability initiatives across these key areas, while others have on-going plans to integrate initiatives in the next 1-2 years.

Supplier Survey Tally

Sustainable Initiatives	**Implemented**	**On-going** (1-2 years)	**Not part** of 2-year plan
Environment/Waste Policy	11	3	
Energy Consumption/ Reduction Plans & Targets	12	2	
Landfilled Waste Reduction Plans & Targets	11	1	2
Child Rights and Labor Policy	9	5	
Sustainability Report	9	2	3

Serving Our Communities

Through various initiatives spearheaded by our business units, we are able to actively engage the communities we serve in significant ways. From responsive corporate social responsibility (CSR) projects to continuously improving our products and services towards inclusivity, we believe that Robinsons Retail operates with positive impacts towards people within and beyond our day to day operations.

Empowering Our Partners in Healthcare

Since 2017, Southstar Drug and the Gokongwei Brothers Foundation have supported 125 pharmacy students by aiding them in their studies and career prospects. To better secure employment after graduation and passing the licensure examination for pharmacists, the scholars are hired and deployed to our different branches across the country. At present, 43 graduates have joined Southstar Drug as pharmacists.

Along with fostering professional opportunities for scholars, Southstar Drug also opened its doors to persons with disabilities to be part of its pool of employments. Through Project Inclusion, a joint initiative with Unilab Foundation, the banner has employed persons with disabilities in its stores and celebrated differently-abled individuals through CSR activities, founded on the principle that everyone should have access to economic empowerment.

Furthermore, our drugstore banners also conduct annual summits for pharmacists and, for TGP, its franchisees. TGP likewise launched its virtual educational platform, TGP Academy, in 2020, to aid in the career development of its employees. In 2021, Southstar Drug and Rose Pharmacy held a joint Pharmacists Summit, where they honored 15 Exemplary Pharmacists for showing exceptional performance over the past year during their Annual Pharmacists Summit held last September 25 and 26. With the theme “Rise to the Challenge: Agile Pharmacists in a Changing Healthcare Environment”, the summit was conducted in conjunction with World Pharmacists Day, which is held every 25th of September.

The Southstar Drug and Rose Pharmacy Summit was attended by over 1,000 pharmacists, with plenary talks led by notable industry leaders such as Hon. Anthony Aldrin Santiago, RPh; Jaime Acosta-Gomez, and Marilyn Young Tiu, RPh. The insightful dialogue aimed to equip the participants with new knowledge to adapt with the current challenges and opportunities in the drugstore sector, as well as drive further engagement with pharmaceutical brands.

TGP also held its annual summit on August 25 and 26, 2021, with the first day dedicated to its pharmacists. With the themes “Ang TGPagpagaling ng Pilipinas: Tamang Gabay at Kalinga Para sa Kalusugan ng Bayan” and “Reaffirming TGP’s Commitment to Primary Health Care and Responsible Self Care”, the event was composed of plenary talks on the role of drugstores and pharmacists in serving communities.

With an audience composed of over 600 TGP pharmacists, the talks were delivered by industry experts who covered topics ranging from pharmacists being the interface between consumers and informed self-care, to updated information on prevalent medical conditions such as neuropathy and anemia, to the necessary adaptations drugstores must make in a pandemic and post-pandemic reality.

On Day 2 of the TGP Summit, close to 500 franchisees. TGP sees its franchisees as crucial business partners, as they play a vital role in the community and the drugstore’s mission of bringing accessible healthcare to all Filipinos.

Department of Trade and Industry Secretary Ramon Lopez said in his keynote speech, “By selling budget-friendly medicines, you are helping our people who need affordable medication especially now that jobs and employment have been affected by the pandemic, and taking care of one’s health has become doubly important. [...] As a local franchise, you save jobs and livelihoods by continuing to operate.”

During the event, TGP also gave out its annual Founder’s Cup and Trade Partners Awards, which recognizes exceptional performance in the past year among its franchisees and vendors, respectively.

Inclusive Prices for Customers

Robinsons Supermarket also supported the Department of Trade and Industry's Presyong Risonable Dapat (PRD) – Frozen Meat Edition, rolling our lower-priced imported frozen pork and chicken cuts in branches in NCR in July 2021. The program is one of DTI's measures to make basic commodities more affordable to the market. Robinsons Supermarket shared the same mission to put consumers' interest top priority and this includes fair pricing on goods.

Photo courtesy of www.dti.gov.ph

Prioritizing Consumer Protection

We approach customer protection and addressing product or service issues by putting in place quality control and assurance policies and avenues where customers may communicate any form of feedback at our stores, which include the contact information available on our website and the subsidiary websites, as well as in social media. Stores also have Customer Service kiosks to communicate their concerns with management.

The Supermarket Segment collected customer complaints received via store or phone, and ended 2021 with 84.3% complaints addressed within the segment's internal policies and the segment likewise aims to improve these figures in 2022. Pursuant to the BSP Circular 857 Regulation on Financial Consumer Protection, we crafted a comprehensive Consumer Protection Manual initially implemented across our stores.

Recognition of Service through DTI's Bagwis Awards

The Department of Trade and Industry (DTI) recognized pro-consumer efforts in our stores as we ended 2021 with 131 Gold Bagwis Awardees across our banners Robinsons Supermarket, Robinsons Easymart, The Marketplace, Shopwise, Handyman Do It Best, Robinsons Appliances, and Savers Appliances.

The DTI-Bagwis Program gives due recognition to establishments in the Philippines that uphold the rights of consumers, with the following factors taken into account:

- Compliance to Fair Trade Laws
- Customer Relations
- Store Management Operations
- Social Commitment & Responsible Business Sector
- Compliance to ISO 9001 Quality Management System Standards

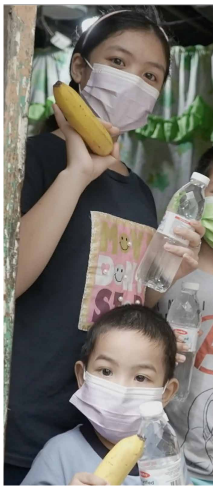
Reducing Food Waste and Advocating for Nutrition

Working closely with our vendors, we aim to reduce food waste by continuously improving our just-in-time deliveries to stores and adjusting to consumer demand. We are likewise in partnership with civil society organizations, such as the Ateneo Center for Development of the Ateneo De Manila University and World Vision, to support vulnerable groups such as mothers and children living in poverty by diverting excess food products to support food banks and feeding programs for vulnerable sectors. The donated items, which are fit for consumption but not fit for sale due to standardized retail requirements, are turned into healthy meals to aid in the nutritional requirements of communities, particularly school-age children.

Since 2018, we have been working with relief organization Feeding Metro Manila in our efforts to reduce food waste from our supermarkets. In line with our Supermarket Group's values of promoting health, wellness, and sustainability, excess produce and stocks from our stores are prepared and cooked into healthy meals for beneficiaries in communities with the ABS CBN Foundation providing logistical support. This collaborative effort aims to help provide greater access to nutrition in impoverished areas, especially for children.

In celebration of World Food Day, The Marketplace also partnered up with Thrive Foundation and Woolworths Group to deliver 400 healthy packed meals for schoolchildren from City Gates Academy in Antipolo City, Rizal, on October 16, 2021.

We value collaborations for health and nutrition as these are very much aligned with our supermarkets' values. Thrive Foundation is an international NGO with the goal of fighting the hunger in developing nations through joint initiatives with various brands, corporations, and individuals. We are also pleased to work with Australia's leading food retailer Woolworths for this project.

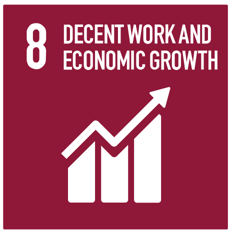


Contributions to SDGs

Our contributions to

Sustainable Development Goals

Robinsons Retail actively takes into account the United Nations' Sustainable Development Goals as a framework in its operations and targetive initiatives on Sustainability.



Inclusive Workforce

- Over 21,500 Employees

Women Empowerment

- Workforce Composed of 70% Female Employees

TGP Community Drugstores

- 1,057 SKUs of Generic Medicines

- Empowering 573 Franchisees of TGP and Ministop

Robinsons Supermarket's Program

- 100 Mothers under the Wellness Moms Program
- 121 World Vision Beneficiaries
- 700 Farmers in the Farm to Table Program
- 9,158 SKUs sourced from SMEs
- 1,177 Products with Biodegradable Packaging
- 19.2% Reduction in Energy Consumption with the Water Loop Airconditioning System in Robinsons Supermarket Capitol Hills

Investment in Growsari

- Serving over 50,000 Sari-Sari Store Owners

Our Sustainability Framework and Enterprise Risk Management

Our Sustainability Framework

As one of the largest multi-format retailers in the country, we recognize our key role in promoting sustainable development. This especially rings true for our impacts on supplier practices, employee welfare, and consumer health and well-being.

Being at the forefront, it's our proud responsibility to consciously strive for a future that benefits all.

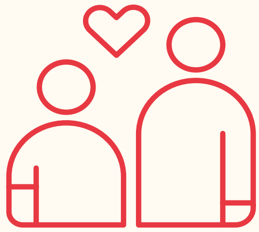
Enablers

Business Integrity

- Direct economic value distribution to government
- Compliance to regulations
- Risk management

Resource Management

- Materials used
- Energy consumption
- Emissions
- Water consumption
- Effluents and waste generation



Community Programs

- Direct economic value distribution to communities
- Community Engagement

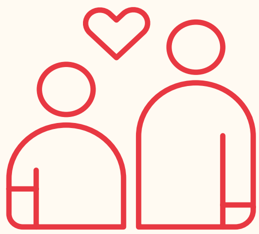
Value Creation for Stakeholders

Product diversity for customers

- Access to key consumer goods
- Savings on key consumer goods

Economic opportunities for suppliers and entrepreneurs

- Direct economic value distribution to suppliers
- Job supported in the supply chain
- Local sourcing
- Impact to local business growth



Employment opportunities

- Direct economic value distribution to employees
- Total jobs supported directly in stores
- Diversity and equal opportunity
- Career development
- Health and safety

Enterprise Risk Management in the New Normal

With the emergence of COVID-19 and deepening discussions on relevant global risks such as Climate Change and sustainable supply chains, we continue to enhance the structures for Enterprise Risk Management (ERM). With its implications on the long-term existence of the Company, Sustainability is embedded in its strategic goals, and we are in the process of linking our risks associated with our material ESG topics within our ERM universe.

In 2021, we expanded ERM training for key officers of the company. We are also currently in the process of crafting a comprehensive ERM Policy to augment our ERM Framework, taking into account material risks that were identified during the training sessions and internal assessments. The policy aims to provide an accessible structure in defining and managing risks across the Company, encouraging the adoption of a standard risk evaluation process across all aspects of our operations.

Our Approach to Mitigation

The ERM Process		
1	**2**	**3**
Assess *Baselines and Readiness* **Objective:** • To understand the current ERM process of RRHI • To identify points of enhancement and approach towards sustainability integration	**Identify** *Risks, Impacts, Opportunities and Controls* **Objective:** • To determine risks material to the company	**Prioritize** *Risks, Impacts and Opportunities*
4	**5**	**6**
Formulate *Response and Mitigation Plans*	**Calibrate** *Strategy and Targets*	**Assess Effectiveness** *Monitoring, Review and Revision, Response and Follow-Up*

Our perspective on risk management primarily takes into account our strategic objectives, and the need to properly identify, analyze, and mitigate material risks. This responsibility is shared across the organization, namely those directly responsible for the strategic and financial activities of the Company, with oversight functions delegated to the Board of Directors, review functions to the ERM Committee, and internal controls to Senior Management.

On a more granular level, we also look at our Financial, Operational, Reputational, People, Legal and Governance and Digital Risks in our risk rating scale, which categorizes risks based on potential impacts to the business. Prioritization is done with risks identified as "Low", "Medium", and "High" depending on a range of material criteria for each risk classification.

In terms of risk prioritization and analyzing severity, we take into account short, medium, and long-term timeframes, which likewise strongly inform mitigation measures. Our risk mitigation approach involves establishing systems that allow our business to be resilient to disruptions and calamity as well as nurturing a culture of agility, where constant adaptation is seen as a necessity in the dynamic environment of retail against the larger operating environment for industry.

2021 was marked as a year with significant indicators of recovery, and as such, it was necessary for us to review our main strategic drivers within the context of risk and opportunity post-COVID-19: E-commerce & Data Analytics, Organic and Inorganic Expansion, and Sustainability.

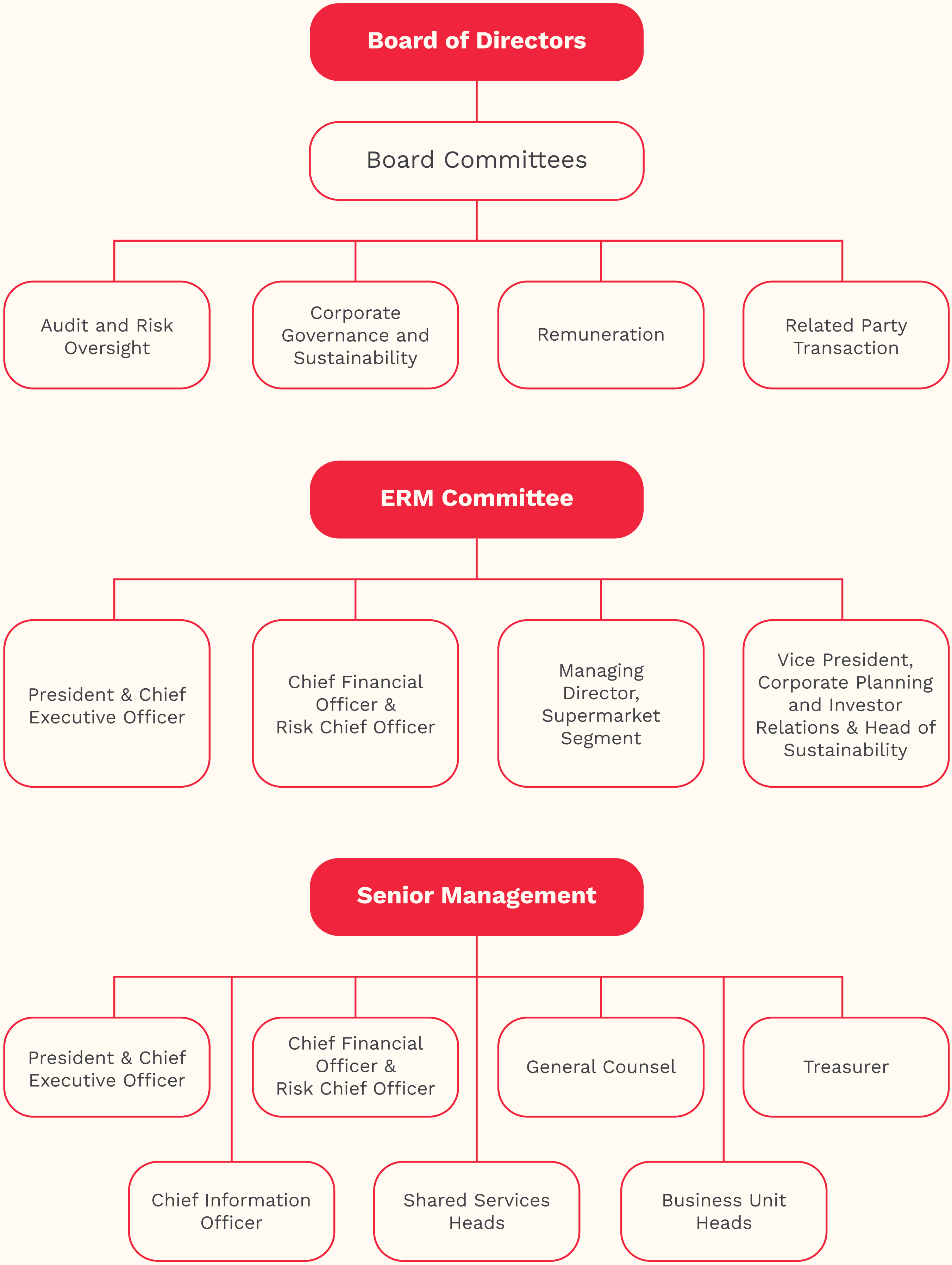
With our accelerated growth in digitalization, we identified risks to data security, customer satisfaction, and margin dilution as some of the most strategically significant in our omnichannel journey. This entailed more robust foundations in data, such as the transition to secure cloud storage partnerships and a dedicated security infrastructure to protect internal and external data.

Taking advantage of the speed in gathering feedback online, we are able to make improvements in our user interface and user experience across our e-commerce platforms to offer better service. We likewise engage our partners across our business ecosystem and negotiate effectively so all parties mutually benefit while we reduce costs and improve performance across all our banners.

While the online space may command a lot of attention in the space of innovative retail, the physical expansion of our network and inorganic growth through mergers & acquisitions remains a significant growth opportunity for Robinsons Retail. In the context of modern retail penetration, we believe there is much room to grow, and that our offline growth complements our online endeavors.

Traditional risks associated with competition and the challenges in business development are therefore still seen as significant, given that these ultimately redound to the financial sustainability of our stores. As we evolve, so do our peers and competitors, and our mitigation measures involve adapting cost-effective means for operational efficiency, making sure that we reach our targets at the store-level. In practice, we rely on our management reviews, monitoring, and strict financial controls to give us adequate visibility in enterprise risk management across all major functions of our business units.

Our ERM Structure



Responsibilities

ERM Board Oversight

The Board of Directors and its various committees provide oversight and guidance on material risks and mitigation strategies, with ERM specifically guided by the Audit & Risk Committee through bi-annual meetings. The BOD receives regular updates from the ERM Committee, Senior Management and key risk functions.

ERM Committee

The ERM Committee, led by the Chief Risk Officer (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.

Alongside the CRO, its current structure is composed of the President & CEO, ensuring that risks and opportunities have high visibility at the top level in operations. The Managing Director of the Supermarket Segment is likewise part of the committee, given its scale of operations and revenue contribution, where any associated risks to the segment would have material impacts to the whole Company.

Lastly, the Vice President for Corporate Planning, Investor Relations, and Head of Sustainability is likewise part of the ERM Committee, with its mandate in strategy development, stakeholder management, and ESG informing the structure of ERM and its related disclosures.

Senior Management

Members of the Senior Management include the members of the ERM Committee, the Shared Services Heads and other Business Unit Heads. The main responsibility of Senior Management is to establish internal controls and execute 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 on an operational level are likewise tasked to analyze risks and how to mitigate them. This allows for measures, if necessary, to be implemented in a timely and comprehensive manner when risk events occur.

The Chief Risk Officer

Robinsons Retail's Chief Financial Officer concurrently acts as the Chief Risk Officer or CRO, who serves as the direct point person for managing the Company's material risks. They ensure that all risk management strategies are implemented and monitored at the business unit and enterprise level. Working closely with the Board of Directors Committee on Audit and Risk and members of Senior Management, the CRO relies on the detailed identification and assessment of risks by the key risk owners to effectively implement mitigation measures.

Our ERM Framework

Robinsons Retail 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.

COSO 2017 ERM Framework

Governance and Culture

1. Exercises Board Risk Oversight
2. Establishes Operating Structures
3. Defines Desired Culture
4. Demonstrates Commitment to Core Values
5. Attracts, Develops and Retains Capable Individuals

Strategy and Objective Setting

6. Analyzes Business Context
7. Defines Risk Appetite
8. Evaluates Alternative Strategies
9. Formulates Business Objectives

Performance

10 Identifies Risk

11. Assesses Severity of Risk
12. Prioritizes Risk
13. Implements Risk Responses
14. Develops Portfolio View

Review and Revision

15. Assesses Substantial Change
16. Reviews Risk and Performance
17. Pursues Improvement in Enterprise Risk Management

Information, Communication and Reporting

18. Leverages Information and Technology
19. Communicates Risk Information
20. Reports on Risk, Culture and Performance

Source: www.coso.org

**Scope 1 emissions are derived from fuel use of Company-owned vehicles, generator sets and refrigerant usage of supermarkets. Scope 2 emissions are derived from electricity consumption of the Head Office and Business Units, excluding convenience stores and franchised stores of TGP.*

A quarterly review and reporting of identified issues and equivalent resolution is conducted by the Company's Internal Audit and Financial Systems and Controls. This guarantees that all concerns are addressed, monitored, and communicated to all concerned parties in a timely manner.

Risk Classifications

The Risk Rating Scale was established to serve as the basis in measuring the potential impacts of risks, thereby informing different levels of Management on what risks should be prioritized in its risk universe. Divided between Low, Medium, and High, the scale is based on our considerations for materiality and severity across different Risk Classifications.

Strategic

Risks that potentially impact the Company's short, medium, and long-term goals; business models and adaptive pivots in response to emerging trends in the retail industry.

Financial

Risks that are associated with RRHI's performance across its key financial metrics, with emphasis on the net income.

Operational

Risks that are present in the daily conduct of business, such as physical risks to stores and distribution centers, as well as disruptions in the supply chain.

Reputational

Risks that affect stakeholder perspective on the principal company and its subsidiaries.

People

Risks associated with labor management and employee satisfaction.

Legal and Governance

Risks associated with compliance to pertinent laws and regulations, policy requirements, and relations with government.

Digital

Risks within the Company's thrusts of incorporating relevant technologies in various aspects of business operations.

Strategic Risks in Climate Change and Opportunities in Sustainability

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, we are reinforcing our data-collection efforts to serve as a baseline for target-setting, and conducting further studies internally for opportunities for absolute reduction that are aligned with the Paris Agreement.

As guidance, we use the Task Force on Climate-Related Financial Disclosures (TFCD) Framework to further improve our disclosures over time, where we take into consideration the key areas of Governance, Strategy, Risk Management, and Targets and Metrics to guide management in our approach to Climate Action. In 2021, we acknowledged that Sustainability is indeed a material aspect of governance, and RRHI's Board Committee on Corporate Governance was changed to Corporate Governance & Sustainability. This oversees material ESG issues and how they affect the business in the long-term.

RRHI commits to a target of reducing greenhouse gas (GHG) intensity by 20% by 2030, measured as GHG emissions relative financial performance in terms of revenue. In compliance with requirements of the Department of Energy, the Company closely monitors its facilities that cross the electricity consumption threshold and seeks ways to reduce GHG emissions, with an annual target of 5-10% in absolute reduction in consumption for these facilities. Under our Supermarket Segment, we 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 small-hold farmers at fair-trade prices.

While still in the process of establishing methodologies to quantify ESG risks and opportunities in financial terms, the Company recognizes the relevance of climate-related risks and opportunities in its conduct of business. As part of its risk management exercises, our 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, our business units mitigate 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 we also support 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.

As part of our mitigation activities, we have 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.

TFCD Recommended Disclosures

Governance	
Board Oversight	**Management**
Climate Change is within the scope of the BOD Committees on Corporate Governance & Sustainability and the Audit and Risk	The department on Corporate Planning & Sustainability serves as the primary driver for analyzing and raising awareness on climate risks and opportunities, encouraging adaptation of responsive initiatives at the business unit level, and crafting climate-related disclosures

Strategy	
Identified Risks	**Potential Impacts**
Physical damages to facilities and personnel due to extreme weather conditions (Short to Long Term)	Increased CAPEX spending for repair, reconstruction, and employee services
Unstable Supply Chains for climate-sensitive goods (Medium to Long Term)	Reduction of sales and margins due to unavailability of merchandise
Identified Opportunities	**Potential Impacts**
Initiatives for disaster response and resilience for communities (Short term)	Enhanced relationship and reputation with communities being served
Shift to lower-impact lighting and refrigeration (Short to Medium term)	Long-term cost savings in operations and lower GHG footprint
Shifts to support renewable energy sources (Medium to Long term)	
Resilience and Scenario Analysis	
Climate-related risks and opportunities have impacts on the long-term operations of the Company and its strategic direction, as it adapts ways to have greater involvement in climate action. It is currently conducting internal studies using the Science Based Targets Initiative (SBTi) methodologies as guidance for absolute reduction and intensity targets for GHG emissions. Within the next one to two years, RRHI plans to build capacity in the quantification of ESG risks and opportunities in financial terms to serve as guidance in its strategic planning and risk analysis.	

Risk Management	
Climate Risk Identification Process, Management, and Integration in ERM	Climate risks are identified based on the Company's overall methodology for risk identification embedded in its enterprise risk management manual, which takes into account its strategic and operational goals. Short term climate risks, such as physical damages to stores and distribution centers during typhoons, are managed through business continuity plans and budgeting for disaster-response. On the other hand, medium to long term risks are managed with guidance from the Board and Senior Management. The Company also takes into consideration megatrends in corporate sustainability that are applicable or linked to its identified risks, such as the increased focus on climate action in the private and public sector, GHG visibility in the supply chain, and sustainable communities.

Metrics & Targets	
Climate Metrics	Energy consumption and intensity through electricity and fuel
	Scope 1 and 2 Emissions; Scope 3 Emissions from third-party truckers
Emissions	Total Scope 1 Emissions for 2021: 782.36 tonnes CO2 from fuel consumption of company-owned vehicles
	Total Scope 2 Emissions for 2021: 198,776.33 tonnes CO2 from gridline electricity
Targets	Absolute reduction of 5-10% for electricity consumption of facilities with Annual Energy Consumption of more than 4,000,000 kWh per the Department of Energy's thresholds
	Absolute reduction of GHG emissions by 22.5% by 2030, using 2021 Scope 1 and 2 Emissions* as a baseline
	Reduction of GHG intensity by 20% by 2030
	RRHI plans to further study its Scope 3 emissions within its supply chain, aiming to set collaborative targets within two to three years.

Source: www.coso.org

**Scope 1 emissions are derived from fuel use of Company-owned vehicles, generators sets and refrigerant usage of supermarkets. Scope 2 emissions are derived from electricity consumption of the Head Office and Business Units, excluding convenience stores and franchised stores of TGP.*

Air Emmissions

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

2021 Total GHG Emissions

	Tons of CO_2	Classification
Energy Consumption	198,776.33	Scope 2
Refrigerant Consumption	168,702.20	Scope 1
Generator Set Usage	903.14	
Vehicle Usage	782.36	
Total	**369,164.03**	

Resource Management

Energy Consumption Within the Organization

We rely on energy and fuel for our daily operations and across our supply chain. Energy is sourced primarily from the local electrical grid that services areas where the Company's stores operate, and over the past three years, electricity consumption has increased over time due to our continued increase in scale of operations.

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

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

On fuel consumption, RRHI consumes gasoline for the majority of its company-owned vehicles for management and key officers, while it consumes diesel for its own fleet of delivery trucks for services not outsourced to third party truckers. Robinsons Retail also owns generator sets for back-up electricity for select stores.

2021 Fuel Consumption for Generator Sets in Supermarket Stores

89,663.34
Gallons

Our format that has the largest consumption of electricity is the 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 comprehensive review of consumption for more reliable data collection.

We have identified potential emissions with increased scale for stores and distribution centers that have not yet converted to energy efficient technologies, so we are developing action plans to reduce the dependence on high-intensity equipment across our operations. Our Engineering Department spearheads initiatives on the conversion to equipment which uses less energy and makes use of refrigerants with a lower carbon footprint, once old equipment reaches its end-of-life usage.

Water Consumption Within the Organization

As a retailing company, our core operations are not as water intensive as other businesses, and we source water through local third-party lines. We primarily consume water through employee lavatories and the maintenance of cleanliness at work areas and stores. Water consumption is monitored and daily maintenance and monitoring of office pipes is conducted to address leakage. We are also exploring the possible implementation of water-saving facilities across our stores, distribution centers, and headquarters.

	2019	2020	2021
Water Consumption (in Cubic Meters)	688,514.40*	1,072,384.63	1,088,704.47

**2019 data exclude consumption from Shopwise and The Marketplace*

Materials Used by the Organization

Robinsons Retail's business operations rely on paper and plastic as primary materials for packing goods at the point of sale, which consumers will then bring to their homes. The scope of this disclosure includes estimates of weighted plastics and paper (renewable) and plastic (non-renewable) bags centrally procured. Further studies are also being undertaken to estimate the materials footprint of the company across its other subsidiaries and sites of operation.

Materials Used (in Metric Tonnes)	**2019**	**2020**	**2021**
Renewable	3,040	2,227	3,319
Non-Renewable	1,424	891	907

We consider packaging of goods, which we procure from third party suppliers, in our material usage since it does not overlap with the manufacturing of goods as a primary business of retail. We approach material efficiency from the perspectives of both compliance and customer engagement, and mitigate potential risks through strict adherence with the pertinent regulations on using plastic and paper in stores from local governments.

We likewise inform and encourage our 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. We also have contracts with recyclers, and are constantly in talks for alternative packaging and customer engagement opportunities, as well as crafting a comprehensive waste/material tracking system to manage our solid waste footprint.

Digitalization also plays a key-role in resource management for RRHI. Our 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 collateral in favor of Digital Marketing.

Solid Waste Management

Our operations generate solid wastes, primarily through our stores and distribution centers. With this, we have policies in place in all stores and distribution centers for waste segregation, and continue to streamline our data collection systems to cover a wider scope and provide accurate data in our disclosures. At present, we are concentrating on building monitoring systems for our supermarkets, whose solid waste management is especially material due to its diverse waste profile. In coordination with our vendors, we also strictly comply with requirements on proper disposal of identified “bad” or expired products and make sure that sub-par items do not reach the market.

Solid Waste Generated in 2021 (in kg)	
Biodegradable	7,902,928
Recyclable	5,882,013
Reusable	289,113
Composted	280,542
Incinerated	17,199
Residual / Landfilled	452,801
Renewable	181,215
Total	**15,005,812**

Food Waste Generated	**Recycled/Diverted Waste**
4,811,828 kg	1,895,356 kg

Our Economic and Social Contributions

Direct Economic Value Generated and Distributed

Direct economic value generated

₱155,013.2
Million

Direct economic value distributed

₱139,283.0 million
a. Operating costs and payments to suppliers

₱9,802.3 million
b. Employee wages and benefits

₱3,306.0 million
c. Dividends given to stockholders and interest payment to loan providers

₱1,743.7 million
d. Taxes given to government

₱37.6 million
e. Investments to community (e.g. donations, CSR)

The economic value generated from Robinsons Retail's activities primarily affect the economic conditions of the areas where we operate. Our operations and supply chain allow us to directly and indirectly support employment and foster a sophisticated system of partners and suppliers from across various entrepreneurial backgrounds — from big manufacturers, to small and medium enterprises for both the trade and non-trade needs of our business units.

As we conduct our day-to-day processes, we believe that we positively contribute to economic growth and social mobility among our stakeholders, from our employees, our customers, to our suppliers. We operate as a multi-format stakeholder with a diverse portfolio offering the market both staple and discretionary goods and services. We aim to maintain our strong financial foundations to continue operations and remain resilient, develop business continuity plans to protect our assets, and have a dedicated Enterprise Risk Management Team overseen by the Board of Directors.

Our aim is to maintain our position as one the largest multi-format retailers in the Philippines catering to the broad middle-income market. We plan to expand its store network across our retail formats with focus on regions outside of Metro Manila where modern retail penetration is still low. Aside from organic expansion, part of our strategy is to participate in the market's consolidation by entering into mergers and acquisitions in existing and complementary retail formats.

We target consistent sales growth while improving margins to ensure sustainability of operations, and have identified the following opportunities to generate and distribute greater economic value to our stakeholders:

- 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

Throughout 2020 and 2021, we implemented our Share Buy Back Program totaling Php 4.0 billion to protect and sustain shareholder value. The Company increased the annual cash dividend payout ratio to 89.4 percent in 2021 from 40.2 percent in 2020 of its audited consolidated net income for the preceding fiscal year. With our stakeholders in mind, we craft long-term objectives and goals, which include strengthening our business development for store expansion and identification of key areas for efficiency within our business, such as looking towards data-driven decision making especially in bolstering its loyalty programs, efficiency in supply chains and operations, and collaborative initiatives with partners for sustainability.

Robinsons Retail: A Space for Gender Equality

The roots of gender equality in Robinsons Retail began with our very founder, Mr. John L. Gokongwei, Jr. Mr. John's earliest venture into business was with his mother when he was a young boy, and throughout his career as an entrepreneur, he held onto the belief that women can contribute as much as men can in any business. This egalitarian sensibility persists to this day in the companies he established. At Robinsons Retail, we see this largely in the composition of its workforce, its leaders, and its value proposition across its banners.

We constantly strive to foster inclusive spaces where anyone can prosper regardless of gender. At present, Robinsons Retail's employee base is 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 of 11 of our Business Unit Heads.

In 2021, we were recognized by the Corporate Women Directors International (CWDI) as one of the top corporations led by women across the globe. 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.

	2019	2020	2021
Total Employees	20,447	18,555	20,535
No. of Female Employees	14,372	13,149	14,629
No. of Male Employees	6,075	5,406	5,906
Voluntary Attrition Rate	24%	14%	9%

Inclusion in the Bloomberg Gender Equality Index

Robinsons Retail Holdings, Inc. marked its inclusion in the Bloomberg LP Gender Equality Index (GEI) 2022 on January 26, 2022. 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.

This year, 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. These companies meet the criteria set by GEI and have a score above a global threshold established by the firm to reflect a high level of disclosure and overall performance across five dimensions: female leadership & talent pipeline; equal pay and gender pay parity; inclusive culture; anti-sexual harassment policies; and pro-women brand.

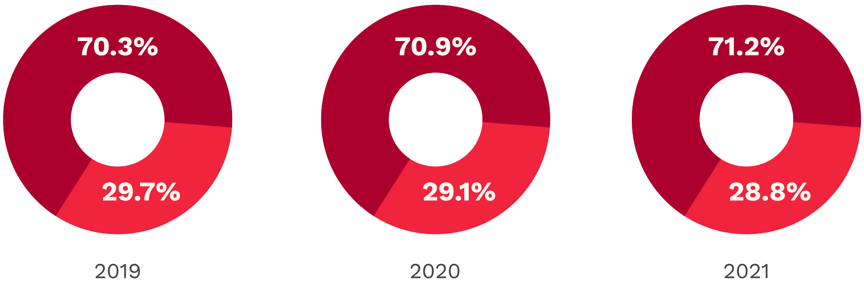
At present, Robinsons Retail's female employees fulfill leadership roles across all levels of management, including CFO Mylene Kasiban, Corporate Secretary Lynn Rivera, and Head of Investor Relations Gina Dipaling.

> Robinsons Retail values gender diversity within its work culture. We recognize and celebrate the vast contributions made by women within our company, as women comprise the majority of our employee and management base. We are pleased with our inclusion in the Bloomberg Gender Equality Index, as it is not only an avenue for transparency to our stakeholders, but it is also a tool to further look into our organization and how we create spaces that are genuinely inclusive for all genders.
>
> **- Robina Gokongwei Pe,**
>
> Robinsons Retail President & CEO

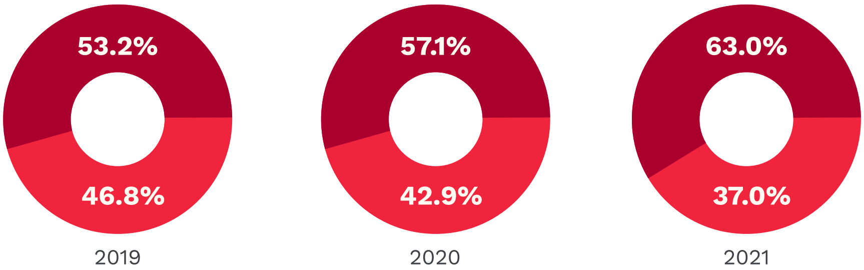
Diversity and Equal Opportunity

Female
Male
PWD Employees in SSD

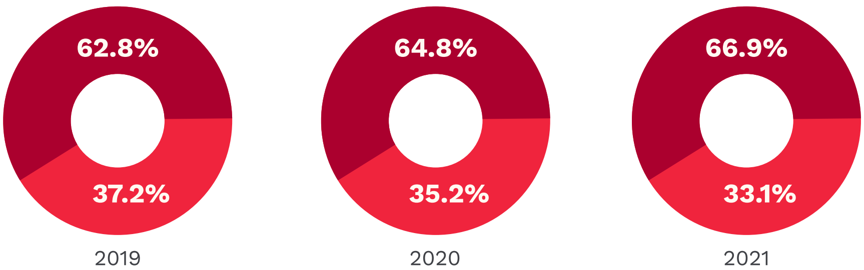
Workers in the Workforce



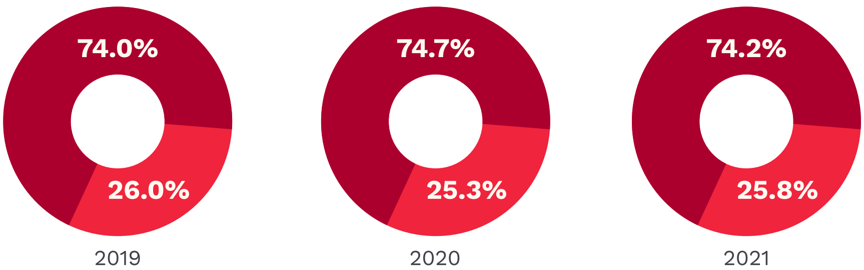
Workers in Executive Level Positions



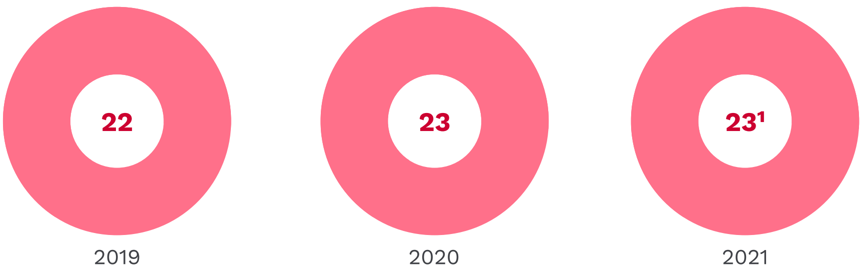
Workers in Managerial & Supervisory Roles



Workers in Managerial & Supervisory Roles



Employees from Indigenous Communities and/or Vulnerable Sectors



** Vulnerable sectors include: 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).*

[1] PWD employees from Southstar Drug's Project Inclusion Partnership with Unilab Foundation

Employees under 30 years old

Female **6,819**

Male **2,117**

Total **8,936**

Employees under 50 years old

Female **7,502**

Male **3,646**

Total **11,148**

Employees over 50 years old

Female **308**

Male **143**

Total **451**

Employees Promoted in 2021

Female **742**

Male **494**

Total **1,236**

Our hiring process, career advancement, 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 and promotions are also merit and qualification-based, and benchmarked with industry rates. We also provide benefits beyond what is mandated by the government, including transport services, assistance and allowance packages, loans, and various other incentives.

Benefits and compensation are key factors in determining employee satisfaction and talent retention for the Company to maintain its operations. We acknowledge that attrition and employee poaching are risks we constantly face, and we believe that adequate compensation and above-average benefits are effective strategies for talent acquisition and retention.

Taking Care of Our People

91%

Employees Vaccinated for COVID-19

As of end 2021, we are proud to share that 91% of our employees and third-party personnel were inoculated with vaccines for COVID-19, with vaccination drives continuing into 2022. In partnership with local government units through the Gokongwei Group Vaccination Program, COVID Protect, shots of AstraZeneca, Moderna, and Sinovac were administered to our employees and their chosen dependents. We believe that through these efforts and in support of government-led booster shot drives, we are on the road to moving forward beyond COVID-19.

As part of our normal conduct of business, occupational Health and Safety is relevant to us because it impacts the welfare of our employees and their capacity to work for the company. We abide by safety, health, and welfare standards and policies set by the Department of Labor and Employment, as well as statutory benefits that our employees are entitled to. We recognize and accept 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.

Likewise, we have Security and Safety Manuals that are implemented and regularly reviewed to ensure the security, safety, health, and welfare of the employees in the workplace. To ensure the safety of our 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.

	2020	2021
Safe Man-Hours	42,034,368	51,419,640
No. of work-related injuries	10	0
No. of work-related fatalities	0	0
No. of work related ill-health	0	0

Employee Benefits

	Female Employees who availed for the year	**Male Employees** who availed for the year
SSS	100%	100%
PhilHealth	100%	100%
Pag-Ibig	100%	100%
Parental Leaves	0.24%	0.86%
Vacation Leaves	83%	26%
Sick Leaves	67%	21%
Medical Benefits	63%	26%
Retirement Fund (aside from SSS)	0.09%	0.06%

We are 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 as creating an inclusive and flexible work environment that allows employees to create their own work routines and methods for productivity. We see 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.

Employee Training and Development

Total Training Provided to Employees in Hours			
	2019	2020	2021
	6,819	95,021	83,770
	54,776	28,884	40,537

Average Training Provided to Employees in Hours/Employe			
	2019	2020	2021
	17.4	9.7	5.5
	14.6	11.7	6.4

We have 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 skill 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 year-round access to different programs, from basic courses offered to all employees, to highly specialized curricula offered to a targeted group.

Our training and development programs have led to substantial career growth among its employees, with internal promotions influencing performance from training programs. We believe 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 2020 and 2021 in training hours was due to community lockdowns and prohibitions in conducting face-to-face training programs. However, we 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. We also believe that as face-to-face gatherings become more feasible, and as we collectively recover from the pandemic in the coming year, we can once again expand our training programs for our employees.

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.

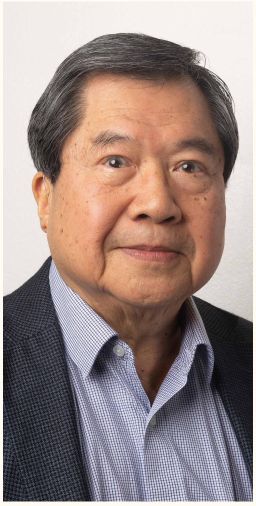
Every year, we conduct a Training Needs Assessment, the results of which serve as the basis of RRHI Human Resources and Robinsons Retail Academy, the training arm of RRHI, to design and develop new learning and further development opportunities.

Leadership & Governance

Board of Directors

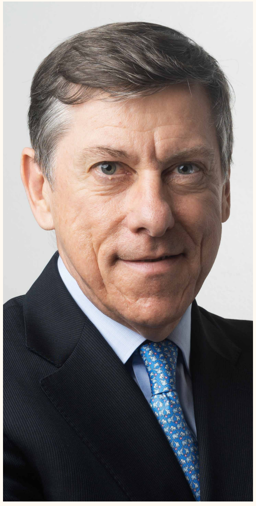
Lance Y. Gokongwei
Chairman

James L. Go
Vice Chairman



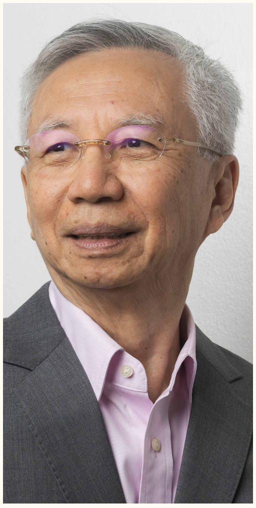
Robina Gokongwei Pe
Director, President, and CEO

Ian McLeod
Director



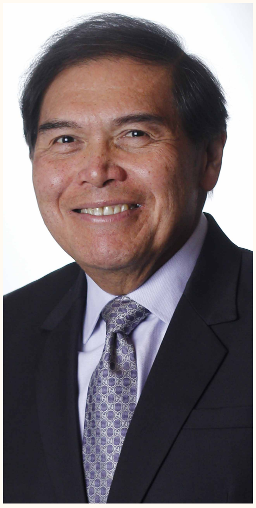
Choo Peng Chee
Director

Antonio L. Go
Independent Director



Rodolfo P. Ang
Independent Director

Cirilo P. Noel
Independent Director



Roberto R. Romulo (†)
Independent Director

**Roberto R. Romulo passed away on January 23, 2022*

Business Unit Heads

Stanley C. Co

Managing Director - Robinsons Supermarket, The Marketplace, Shopwise, and Robinsons Easymart

Celina N. Chua

Group General Manager - Robinsons Department Store and Toys 'R' Us

Christine O. Tueres

General Manager - Southstar Drug, Rose Pharmacy, and TGP

Jovito U. Santos

Group General Manager - Robinsons Appliances and Savers Appliances

Maria Carmina Pia G. Quizon

General Manager - Robinsons Department Store & Beauty

Suresh Ramalinggam

General Manager - Ministop

Theodore A. Sogono

Group General Manager - Handyman Do It Best, True Value, Robinsons Builders, Home Plus, and Pet Lovers Centre

Jose Paulo R. Lazaro

General Manager - Robinsons Builders and Home Plus

Katherine Michelle Q. Yu

General Manager - Daiso Japan and Super 50

Paz Regina A. Salgado

General Manager - Robinsons Department Store Business Center and Financial Products

Edna T. Belleza

General Manager - GoRobinsons

Senior Management

Robina Gokongwei Pe	Director, President and Chief Executive Officer
Mylene A. Kasiban	Chief Financial Officer
Atty. Rosalinda F. Rivera	Corporate Secretary
Atty. Gilbert S. Millado, Jr.	General Counsel, Compliance Officer, and Data Privacy Officer
Graciela A. Banatao	Treasurer
Stanley C. Co	Managing Director - Robinsons Supermarket, The Marketplace, Shopwise, Robinsons Easymart, and No Brand
Celina N. Chua	Group General Manager - Robinsons Department Store and Toys ‘R’ Us
Maria Carmina Pia G. Quizon	Chairman - Handyman Do it Best, True Value, Robinsons Builders, Home Plus, and Daiso Japan
Paz Regina A. Salgado	Chairman - Handyman Do it Best, True Value, Robinsons Builders, Home Plus, and Daiso Japan
Christine O. Tueres	Group General Manager — Southstar Drug, Rose Pharmacy, and TGP
Michael G. So	Deputy General Manager - Rose Pharmacy
Benjamin I. Liuson	Vice Chairman — TGP
Wilfred T. Co	Chairman — Handyman Do it Best, True Value, Robinsons Builders, Home Plus, and Daiso Japan
Theodore A. Sogono	General Manager — Handyman Do It Best, True Value, Robinsons Builders, Home Plus, and Pet Lovers Centre
Jose Paulo R. Lazaro	General Manager — Robinsons Builders and Home Plus
Suresh Ramalinggam	General Manager — Ministop
Jovito U. Santos	Group General Manager — Robinsons Appliances and Savers Appliances
Jansen Ivan K. Uy	Deputy General Manager — Savers Appliances
Katherine Michelle Q. Yu	General Manager — Daiso Japan and Super 50
Edna T. Belleza	General Manager — GoRobinsons
Mark O. Tansiongkun	Vice President, Procurement and Administration
Stephen M. Yap	Vice President, Chief Information Officer
Gabriel D. Tagala III	Vice President, Human Resources
Gina Roa-Dipaling	Vice President, Corporate Planning and Investor Relations Officer; Head of Sustainability

Corporate Governance

Corporate governance is the framework of rules, systems, and processes of Robinsons Retail that governs the performance of the Board of Directors and Management of their respective duties and responsibilities to the stakeholders. The Revised Corporate Governance Manual was adopted to institutionalize corporate governance principles as a guide for the daily conduct of business.

We continuously strive to strengthen and improve its corporate governance practices by adopting best practices, which includes building a competent board, aligning strategies with goals, managing risk effectively, adhering to high standards of ethics and integrity, and promoting accountability by defining roles and responsibilities.

As we continue our journey in Sustainability, we are also further strengthening and articulating our policies on Climate Action and Human Rights, to fully realize alignment on a policy level in the recognition of relevant issues in ESG, such environmental protection, climate risk, sustainable consumption, gender equality, and children's rights. We are working closely with the Board and Management across the different Business Units, and have continued to integrate ESG into our policy and operational frameworks.

To download Robinsons Retail's Corporate Governance Manual, follow this link: https://bit.ly/3LuiHrc

The Board of Directors

The Board of Directors ("The Board") is primarily responsible for the governance of the Company and provides an independent check on management. It has the duty to foster the long-term success of the Company and to ensure that the Company's competitiveness and profitability will be sustained in a manner consistent with its corporate objectives for the best interest of the company and its stakeholders.

The Board formulates the Company's vision, mission, strategic objectives, policies and procedures that guide its activities, including the means to effectively monitor Management's performance. It provides direction and approval in relation to matters concerning the Company's business strategies, policies and plans, while the day-to-day business operations are delegated to the Executive Committee.

The Board exercises care, skill and judgment and observes good faith and loyalty in the conduct and management of the business and affairs of the Company. It ensures that all its actions are within the scope of power and authority as prescribed in the Articles of Incorporation, By-Laws, and existing laws, rules and regulations. To uphold high standards for the Company, its Shareholders and other Stakeholders, the Board conducts itself with honesty and integrity in the performance of its duties and responsibilities.

Board Duties and Responsibilities

The Company's Corporate Governance Manual specifies the roles, duties and responsibilities of the Board of Directors in compliance with relevant laws, rules and regulations. In adherence to the principles of corporate governance, the Board is tasked to perform the following:

General Responsibilities

It is the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and in the best interest of the Corporation, its Shareholders and Stakeholders, as a whole.

Duties and Functions

To ensure high standard for the Corporation, its Shareholders and other Stakeholders, the Board shall conduct itself with honesty and integrity in the performance of, among others, the following duties and responsibilities:

- Act on a fully informed basis, in good faith, with due diligence and care, and in the best interest of the Company and all Stakeholders;
- Oversee the development of and approve the Company's business objectives and strategy, and monitor their implementation, in order to sustain the Company's long-term viability and strength. The Board shall review and guide corporate strategy, major plans of action, risk management policies and procedures, annual budgets and business plans; set performance objectives; monitor implementation and corporate performance; and oversee major capital expenditures, acquisitions and divestitures;
- Oversee the adoption of an effective succession planning program and remuneration policies;
- Adopt policies on board nomination and election that will ensure diversity in board composition in terms of knowledge, expertise and experience;
- Oversee the implementation of a policy and system on RPTs which shall include the review and approval of material or significant RPTs and ensure fairness and transparency of the transactions;
- Oversee the adoption of policies on the selection of Management and Key Officers and the assessment of their performance;
- Oversee the establishment of an internal control system to monitor and manage potential conflicts of interest and an ERM framework to identify, monitor, assess and manage key business risks;
- Annually review, together with Management, the Company's vision and mission;
- Ensure the Corporation's faithful compliance with all applicable laws and regulations, and best business practices;
- Establish and maintain an Investor Relations Program that will keep the Shareholders informed of important developments in the Corporation. The Corporation's CEO shall exercise oversight responsibility over this program;
- Identify the Corporation's Stakeholders in the community in which it operates or are directly affected by its operations and formulate a clear policy of accurate, timely, and effective communication with them;
- Adopt a system of check and balance within the Board. A regular review of the effectiveness of such system should be conducted to ensure the integrity of the decision-making and reporting processes at all times;
- Ensure that the Corporation has an independent audit mechanism for the proper audit and review of the Corporation's financial statements by independent auditors;
- Ensure that the Corporation establishes appropriate Corporate Governance policies and procedures pursuant to this Manual and the Governance Code, including but not limited to, policies on conflict of interest, and oversee the effective implementation thereof; and
- Consider the implementation of an alternative dispute resolution system for the amicable settlement of conflicts or differences between the Corporation and its Shareholders, if applicable.

Board Independence

The Board has four independent directors that possess all the necessary qualifications and none of the disqualifications to hold the position, with two independent directors added in 2020. The Company reinforces proper mechanisms for disclosure, protection of the rights of shareholders, equitable treatment of shareholders, and the accountability of the Board and Management are in place. In cases of conflicts of interest, Directors with a material interest in any transaction with the Company abstain from participating in the deliberation of the same.

Board Training and Orientation

The Company ensures that directors are able to perform their functions effectively in this rapidly changing environment to cope with heightened regulatory policies, foreign and local demands, and the growing complexity of the business. Orientation programs are conducted for first-time directors to ensure that new members are appropriately apprised of their duties and responsibilities. This includes overview of the Company's operations, Code of Conduct, Corporate Governance framework and other relevant topics essential in the performance of their functions. As a matter of continuous professional education, the Company facilitates the training opportunities provided for the Directors and Key Officers.

Board Meetings

The Board schedules meetings at the beginning of the year, holds regular meetings in accordance with its By-Laws and convenes special meetings when required by business exigencies. The notice and agenda of the meeting and other relevant meeting materials are furnished to the Directors at least five (5) business days prior to each meeting. Meetings are duly minuted. The Independent Directors shall always attend Board meetings. Unless otherwise provided in the By-Laws, their absence shall not affect the quorum requirement. However, the Board may, to promote transparency, require the presence of at least one (1) Independent Director in all its meetings.

To monitor the Directors' compliance with the attendance requirements, the Company submits to the Commission an advisement letter on the Directors' record of attendance in Board meetings.

Board Committees

Audit and Risk Oversight Commitee

This Audit and Risk Oversight Committee Charter (this "Charter") establishes the purpose, qualifications and membership, structure and operations, duties and responsibilities of the Audit and Risk Oversight Committee (the "Committee") of Robinsons Retail Holdings, Inc. (the "Company"), and the procedures which guide the conduct of its functions.

The purpose of the Audit and Risk Oversight Committee are as follows:

a. to provide oversight over the Company's financial reporting, Internal Control System, and Internal and External Audit processes. It shall ensure that systems and processes are in place to provide assurance activities, ensure accurate financial reporting, monitor compliance with laws, regulations and internal policies, determine the efficiency and effectiveness of business operations, and provide the proper safeguarding and use of the Company's resources and assets; and

b. to oversee the establishment of an ERM framework to identify, monitor, assess and manage key business risks. The ERM framework shall guide the Company in identifying units/business lines and enterprise-level risk exposures, as well as the effectiveness of risk management strategies. It shall be responsible for defining the Company's level of risk tolerance and providing oversight over its risk management policies and procedures to anticipate, minimize, control or manage risks or possible threats to its operations and performance

Audit and Risk Oversight Committee Members

1. Antonio L. Go (ID) – Chairman
2. Cirilo P. Noel (ID) – Vice Chairman
3. Roberto R. Romulo † (ID) – Member
4. Choo Peng Chee – Member
5. Rodolfo P. Ang (ID) – Member

Audit and Risk Oversight Advisory Members

1. James L. Go
2. Robina Gokongwei Pe

To download Robinsons Retail's Audit and Risk Oversight Committee Charter, follow this link:

https://bit.ly/3rVLzAQ

Corporate Governance and Sustainability Committee

This Corporate Governance and Sustainability Committee Charter (this "Charter") establishes the purpose, qualifications and membership, structure and operations, duties and responsibilities of the Corporate Governance and Sustainability Committee (the "Committee") of Robinsons Retail Holdings, Inc. (the "Company"), and the procedures which guide the conduct of its functions.

The purpose of the Corporate Governance and Sustainability Committee is to oversee the development and implementation of Corporate Governance principles and policies and perform oversight functions on the Economic, Environment, Social and Governance aspects of sustainability. The Corporate Governance and Sustainability Committee shall recommend a formal framework on the nomination, and evaluation of the performance of the Directors Officers and Senior Management to ensure that this framework is consistent with the Company's culture, strategies and the business environment.

Corporate Governance and Sustainability Committee Members

1. Rodolfo P. Ang (ID) – Chairman
2. Roberto R. Romulo † (ID) – Member
3. Cirilo P. Noel (ID) – Member

To download Robinsons Retail's Corporate Governance and Sustainability Committee Charter, follow this link:

https://bit.ly/3kuD4Zf

Remuneration Committee

This Remuneration Committee Charter (this "Charter") establishes the purpose, qualifications and membership, structure and operations, duties and responsibilities of the Remuneration Committee(the "Committee") of Robinsons Retail Holdings, Inc. (the "Company"), and the procedures which guide the conduct of its functions.

The purpose of the Remuneration Committee is to formulate a remuneration policy that will enable the Company to attract, retain and motivate senior Management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of the Shareholders and other Stakeholders. The remuneration policy should have regard to the Company's long-term strategic goals. The Remuneration Committee shall implement the remuneration policy with the authority to enable it, in conjunction with internal and external advisers, to ensure the Board's objectives are met.

Remuneration Committee Members

1. Lance Y. Gokongwei (NED) – Chairman
2. Robina Gokongwei Pe - Member
3. James L. Go (NED) – Member
4. Antonio L. Go (ID) – Member
5. Ian Mcleod (NED) – Member

To download Robinsons Retail's Remuneration Committee Charter, follow this link:

https://bit.ly/3OKSp5Z

Related Party Transaction Committee

This Related Party Transaction Committee Charter (this "Charter") establishes the purpose, qualifications and membership, structure and operations, duties and responsibilities of the Related Party Transaction Committee (the "Committee") of Robinsons Retail Holdings, Inc. (the "Company"), and the procedures which guide the conduct of its functions.

The purpose of the Related Party Transaction (RPT) Committee is to ensure that there is group-wide policy and system governing Material Related Party Transactions (MRPTs), particularly those that breach the materiality threshold.

The policy shall include the appropriate review and approval of MRPTs, which guarantee fairness and transparency of the transactions.

Related Party Transaction Committee Members

1. Roberto R. Romulo † (ID) – Chairman
2. Rodolfo P. Ang (ID) – Member
3. Cirilo P. Noel (ID) – Member

To download Robinsons Retail's Related Party Transaction Committee Charter, follow this link:

https://bit.ly/3rZ9LCw

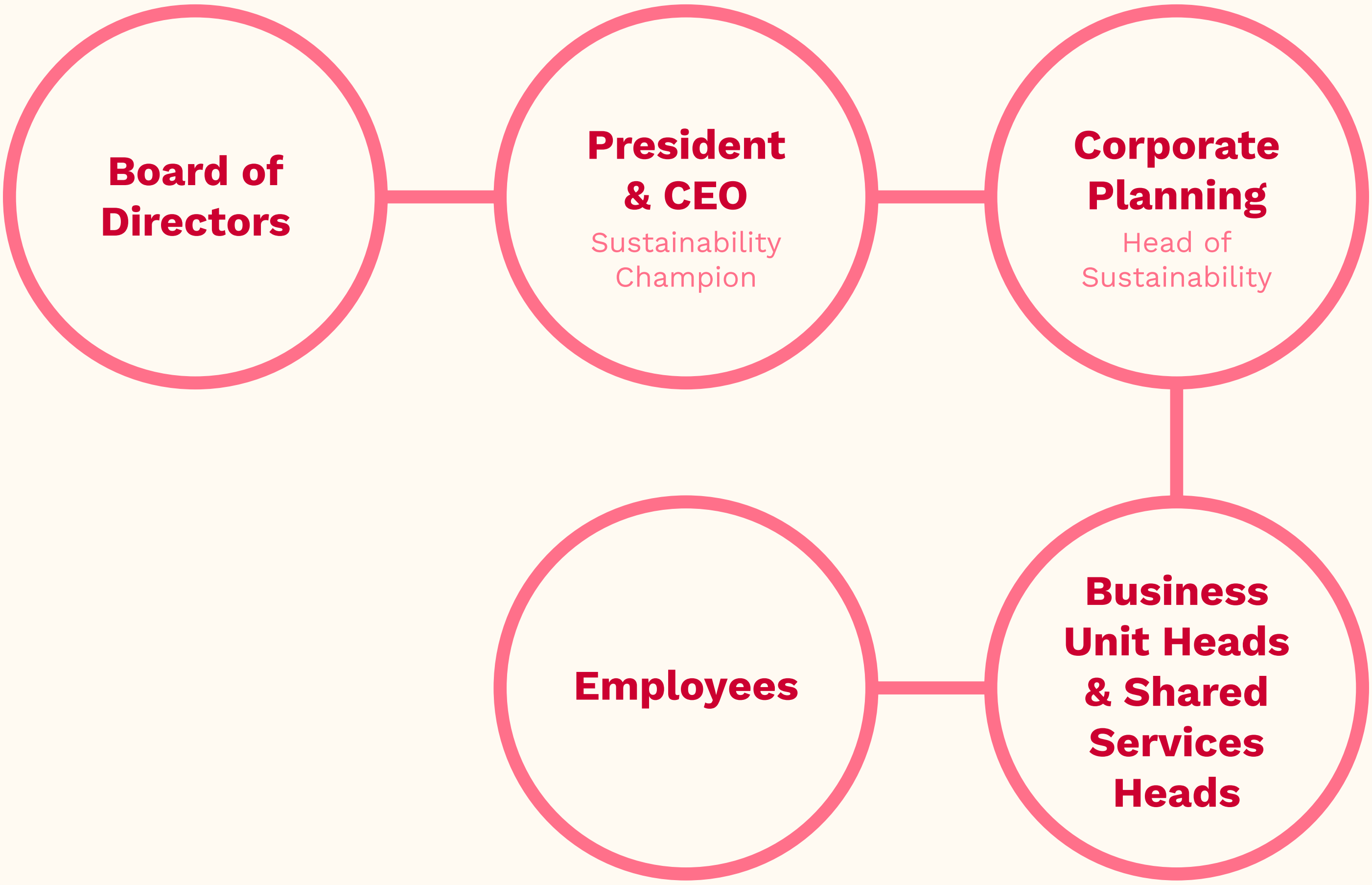
Attendance of Directors in Board Meetings

January 1, 2021 to December 31, 2021

Directors	No. of Meetings Attended/Held	Attendance Percentage
James L. Go	9/9	100%
Lance Y. Gokongwei	9/9	100%
Robina Y. Gokongwei-Pe	9/9	100%
Ian McLeod	9/9	100%
Choo Peng Chee*	3/9	33%
Antonio L. Go	9/9	100%
Roberto R. Romulo †	9/9	100%
Rodolfo P. Ang	9/9	100%
Cirilo P. Noel	9/9	100%

**Mr. Choo Peng Chee was elected as a Director of the Corporation on July 30, 2021.*

Delegating Authority for Sustainability



In RRHI, the President and CEO of the company, who directly reports to the Board of Directors, has been appointed with oversight over economic, social, and environmental topics. Any top-level directives and decisions are cascaded down to our Corporate Planning team, which in turn disseminates information and strategizes sustainability initiatives with the Business Unit and Shared Services Heads of the company, who then further cascade sustainability to their respective employees. The Corporate Planning Department will facilitate efforts among the Business Units and Shared Services Departments to further foster a culture of Sustainability within the RRHI, facilitate data-gathering and monitoring of ESG metrics, as well as serve as the liaison body between RRHI and the Gokongwei Group on topics and issues related to Sustainability.

Stakeholders Welfare, Transparency, and Anti-corruption

Robinsons Retail Holdings, Inc. ("The Company") acknowledges that good corporate governance is essential to build an environment of trust, transparency and accountability necessary for fostering long-term performance, financial stability, business integrity and sustainability of the company for the protection of the interests of shareholders and other stakeholders.

The Company believes that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of the company, its ability to attract investment and enhance shareholder value. This includes the Company's commitment to ensure fair and equitable treatment of all shareholders, including the minority, and the protection of their rights that include:

1. The right to vote on all matters that require their consent or approval
2. The right to inspect corporate books and records
3. The right to information
4. The right to dividends
5. Appraisal right

Internal Controls

With the leadership of the Company's Chief Financial Officer (CFO), internal control is embedded in the operations of the company and in each BU thus increasing their accountability and ownership in the execution of the BU's internal control framework. To accomplish the established goals and objectives, BUs implement robust and efficient process controls to ensure:

1. Compliance with policies, procedures, laws and regulations
2. Economic and efficient use of resources
3. Check and balance and proper segregation of duties
4. Identification and remediation control weaknesses
5. Reliability and integrity of information
6. Proper safeguarding of company resources and protection of company assets through early detection and prevention of fraud

Adequate and Timely Information

To enable the Directors to properly fulfill their duties and responsibilities, Management provides the Directors with complete, adequate, and timely information about the matters to be taken up in their meetings. Information may include the background or explanation on matters brought before the Board, disclosures, budgets, forecasts, and internal financial documents. If the information provided by Management is not sufficient, further inquiries may be made by a Director to enable him to properly perform his duties and responsibilities.

The Directors have independent access to Management and to the Corporate Secretary. The Directors, either individually or as a Board, and in the performance of their duties and responsibilities, may seek access to independent professional advice within the guidelines set by the Board.

Accountability and Audit

The Board ensures that its Shareholders are provided with a balanced and comprehensible assessment of the Company's performance, position and prospects on a quarterly basis. Interim and other reports that could adversely affect its business are also made available in the Company website including its submissions and disclosures to the SEC and PSE. Management formulates the rules and procedures on financial reporting and internal control for presentation to the Audit Committee in accordance with the following guidelines:

1. The extent of its responsibility in the preparation of the financial statements of the Company, with the corresponding delineation of the responsibilities that pertain to the External Auditor, should be clearly defined;

2. An effective system of internal control that will ensure the integrity of the financial reports and protection of the assets of the Company for the benefit of all Shareholders and other Stakeholders;

3. On the basis of the approved Internal Audit Plan, Internal Audit examinations should cover, at the minimum, the evaluation of the adequacy and effectiveness of controls that cover the Company's governance, operations and information systems, including the reliability and integrity of financial and operation information, effectiveness and efficiency of operations, protection of assets, and compliance with contracts, laws, rules, and regulations;

4. The Company consistently complies with the financial reporting requirements of the SEC;

5. The External Auditor shall be rotated or changed every five (5) years or earlier, or the signing partner of the External Auditing firm assigned to the Company, should be changed with the same frequency. The Corporate IA Head should submit to the Audit Committee and Management an annual report on the Internal Audit department's activities, responsibilities, and performance relative to the Internal Audit Plan as approved by the Audit and Risk Committee. The annual report should include significant risk exposures, control issues, and such other matters as may be needed or requested by the Board and Management. The Internal Audit Head should certify that he conducts his activities in accordance with the International Standards on the Professional Practice of Internal Auditing. If he does not, the Internal Audit Head shall disclose to the Board and Management the reasons why he has not fully complied with the said documents; and

6. The Board, after consultations with the Audit Committee, shall recommend to the Shareholders an External Auditor duly accredited by the SEC who shall undertake an independent audit of the Company, and shall provide an objective assurance on the matter by which the financial statements shall be prepared and presented to the Shareholders.

Internal Audit

The Corporate Internal Audit is focused on delivering its mandate of determining whether the governance, risk management and control processes, as designed and represented by management, are adequate and functioning in a manner that provides reasonable level of confidence that:

1. Employees' actions are compliant with policies, standards, procedures, and applicable laws and regulations;
2. Quality and continuous improvement are fostered in the control processes;
3. Programs, plans, and objectives are achieved;
4. Resources are acquired economically, used efficiently, and protected adequately;
5. Significant financial, managerial, and operating information is accurate, reliable, and timely;
6. Significant key risks are appropriately identified and managed; and
7. Significant legislative or regulatory issues impacting the Company are recognized and properly addressed.

Opportunities for improving management control, profitability and the Company's reputation may be identified during audits.

Notice of Annual and Special Shareholders' Meeting

The Company is transparent and fair in the conduct of the annual and special Shareholders' meetings. To foster active shareholder participation, the Board sends the with sufficient and relevant information at least fifteen (15) business days before the meeting, compliant with the Securities Regulation Code. The Shareholders are encouraged to personally attend such meetings and those who are unable to attend are apprised ahead of time of their right to appoint a proxy. Subject to the requirements of law, rules and regulations and the By-Laws, the exercise of that right shall not be unduly restricted and any doubt about the validity of a proxy shall be resolved in the favor of the shareholder.

Guided by the principles of fairness, accountability and transparency to the shareholding public, the Company ensures that the results of the votes taken during the most recent Annual or Special Shareholders' Meeting are made available the next working day. In addition, the Minutes of the Annual and Special Shareholders' Meeting may be accessed through the Company Website within five (5) business days from the end of the meeting.

Duty to Other Stakeholders

The Company recognizes and places importance on the interdependence between business and society, and promotes a mutually beneficial relationship that encourages the Company's sustainable growth, while contributing to the advancement of the society where it operates. The Company employs value chain processes that take into consideration Economic, Environmental and Social Governance (EESG) issues and concerns.

Customer's Welfare

The Company adopts customer relations policies and procedures to protect customer's welfare. This includes providing and making available the customer relations contact information who is empowered to address and attend to customer questions and concerns.

Supplier/Contractor Selection

The Company follows the Supplier Accreditation Policy to ensure that the Company's suppliers and contractors are qualified to meet its commitments. Apart from the accreditation process, suppliers and contractors also undergo orientation on Company policies and ethical practices.

Employees

The Board also establishes policies, programs and procedures that encourage employees to actively participate in the realization of the Company's goals and its governance including but not limited to:

- Health, safety and welfare;
- Training and development; and
- Reward and compensation.

1. Performance-enhancing mechanisms for employee participation

The Company abides by the standards and policies set by the Department of Labor and Employment. Likewise, the Company has Security and Safety Manuals that are implemented, reviewed and regularly updated to ensure the security, safety, health, and welfare of the employees in the workplace.

The Company continuously provides learning and development opportunities for its employees through the John Gokongwei Institute for Leadership and Enterprise Development (JG-ILED), the leadership platform for systematic and sustained development programs across the conglomerate. Its mission is to enable a high performing organization that will facilitate the learning process and develop the intellectual and personal growth of all employees through targeted and customized training and development programs.

2. Anti-corruption programs and procedures

The Company is committed to promoting transparency and fairness to all stakeholders. The Board sets the tone and makes a stand against corrupt practices by adopting anti-corruption policies and programs. Some of the Company's Anti-Corruption programs are embodied in the Code of Business Conduct and Ethics, Conflict of Interest, Offenses Subject to Disciplinary Action (OSDA), among others. The same are disseminated to all employees across the Company through training to embed them in the Company's culture. New employees are oriented regarding policies and procedures related to Business Conduct and Ethics and similar policies. All employees are given periodic reminders. Further, all concerned employees of the Conglomerate are required to comply with the Self-Disclosure Activity on Conflict of Interest and Declaration of Gifts Received on an annual basis.

The Company also has an established suitable framework for whistleblowing and ensures its enforcement to allow employees and other stakeholders to freely communicate their concerns about illegal or unethical practices without fear of retaliation, and to have direct access to an independent member of the Board or a unit created to handle whistleblowing concerns.

The anti-corruption programs and procedures of the Company are summarized below:

Business Conduct & Ethics	Policy Statement
Conflict of Interest	The Company's Code of Business Conduct and Conflict of Interest Policy require employees to make a conscious effort to avoid conflict of interest situations; that his judgment and discretion are not influenced by considerations of personal gain or benefit. A conflict of interest may also occur because of the actions, employment, or investments of an immediate family member of an employee.
Conduct of Business and Fair Dealings	The Company's employees who recommend, endorse, or approve the procurement or sale of goods and services should make a conscious effort to avoid any conflict of interest situation in transactions they are involved in.
Receipt of Gifts from Third Parties	The Company discourages the acceptance of gifts. However, gifts like advertising novelties may be given or accepted during the Christmas season. There is no restriction in the value of the gift that may be accepted. However, an accepted gift with estimated value over Php2,000.00 must be disclosed to the Conflicts of Interest Committee.
Compliance with Laws and Regulations	The Company ensures that all transactions comply with relevant laws and regulations. Any deficiencies are immediately rectified.
Respect for Trade Secrets/Use of Non-public Information	The Company has policies to ensure proper and authorized disclosure of confidential information. Disclosures to the public can only be done after the disclosure to SEC and PSE by the Company's authorized officers.
Use of Company Funds, Assets and Information	Employees are required to safeguard Company resources and assets with honesty and integrity. Employees must ensure that these assets are efficiently, effectively, and responsibly utilized.
Employment and Labor Laws and Policies	The Company ensures the observance, strict implementation, and compliance with employment and labor laws and policies with regards to recruitment, employment, retention and benefits of the employees.
Disciplinary Action	Violation of any provision of the Code of Business Conduct may result in disciplinary action, including dismissal and reimbursement for any loss to the Company that resulted from the employee's actions. If appropriate, a violation may result in legal action against the employee or referral to the appropriate government authorities.

Business Conduct & Ethics	Policy Statement
Whistleblowing	The stakeholders may discuss or disclose in writing any concern on potential violation of the Code of Business Conduct with the Conflicts of Interest Committee. Reports or disclosures can be made in writing or by email using the following contact details: a. email address cicom@robinsonsretail.com.ph b. fax number 8395-3888 c. mailing address CICOM Robinsons Equitable Tower ADB Avenue cor P Poveda St., Ortigas Center, Pasig City Metro Manila, Philippines Must be sent in a sealed envelope clearly marked: "Strictly Private and Confidential-To Be Opened by Addressee Only" The complaint shall be filed using the Complaint/Disclosure Form (CDF) available on the company website. All information received in connection with the reports or disclosures shall be strictly confidential and shall not be disclosed to any person without prior consent from CICOM. The Company commits to protect those who report in good faith from retaliation, harassment and even informal pressures. It will take the necessary and appropriate action to do so in enforcing the policy.
Conflict Resolution	The Conflicts of Interest Committee submits recommendations on courses of action to be taken on conflicts of interest situations. The decision is done by the Executive Committee.

Company Policies

The complete list of company policies can be accessed publicly through the company's website:

https://www.robinsonsretailholdings.com.ph/corporate-governance/

Code of Business Conduct and Ethics

The Company's Code of Business Conduct and Conflicts of Interest Policy require employees to make a conscious effort to avoid conflict of interest situations; that his judgment and discretion is not influenced by considerations of personal gain or benefit. A conflict of interest may also occur because of the actions, employment, or investments of an immediate family member of an employee.

Conduct of Business and Fair Dealings
The Company's employees that recommend, endorse, or approve the procurement or / sale of goods and services should make a conscious effort to avoid any conflict of interest situation in transactions that they are involved in.

Receipt of Gifts from Third Parties
The Company allows the acceptance of gifts only during the Christmas Season. There is no restriction in the value of the gift accepted. However, an accepted gift with estimated value over Php2,000 must be disclosed to the Conflicts of Interest Committee.

Compliance with Laws & Regulations
The Company ensures that all transactions comply with relevant laws and regulations. Any deficiencies are immediately rectified.

Respect for Trade Secrets/Use of Non-public Information
The Company has policies that ensure proper and authorized disclosure of confidential information. Disclosures to the public can only be done after disclosure to the SEC and PSE by the Company's authorized officers.

Use of Company Funds, Assets and Information
Employees are required to safeguard Company resources and assets with honesty and integrity. Employees must ensure that these assets are efficiently, effectively, and responsibly utilized.

Employment and Labor Laws and Policies
The Company's Human Resources Unit ensures compliance with employment and labor laws and policies.

Disciplinary action
Violation of any provision of the Code of Business Conduct may result in disciplinary action, including dismissal and reimbursement for any loss to the Company that results from the employee's action. If appropriate, a violation may result in legal action against the employee or referral to the appropriate government authorities.

Conflict Resolution
The Conflicts of Interest Committee submits recommendations on courses of action to be taken on conflicts of interest situations. Decisions are made by the Executive Committee.

Conflict of Interest Policy

The Company's Code of Business Conduct and Conflicts of Interest Policy require employees to make a conscious effort to avoid conflict of interest situations; that his judgment and discretion is not influenced by considerations of personal gain or benefit. A conflict of interest may also occur because of the actions, employment, or investments of an immediate family member of an employee.

Whistle-Blowing Policy

The Company is committed to conduct business according to the highest ethical and legal standards. In line with this commitment, we encourage employees and business partners to raise concerns about any aspect of the business operation.

The objectives of this policy are the following:

1. To encourage employees, business partners and other stakeholders to report 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.
2. To provide clear procedures for reporting any actual or suspected violation of Company policies, misconduct, malpractice, irregularities or risks against the Company.
3. To protect the Whistleblower against any form of retaliation.

The policy shall apply 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.

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 Whistleblowing Policy (WBP) shall include, but is not limited to complaints, reports or disclosure of information for acts involving actual or suspected violations of Company code of conduct (i.e. Offenses Subject to Disciplinary Actions - OSDA), Company policies, criminal or unlawful acts or omissions, and instances when an act or omission endangers the health and safety of the employees.

This policy shall apply to serious concerns already brought to the attention of the immediate superior, but not acted upon in accordance with the Company's standard reporting procedures.

Any employee, business partner and other stakeholders may discuss or disclose in writing any concern on potential violation of the Code of Business Conduct with the Conflicts of Interest Committee (CICOM).

Reports can be made in writing or by email using the following contact details:

* Email: CICOM@jgsummit.com.ph
* Fax: +632 395 3888
* Mailing Address:

CICOM
Robinsons Equitable Tower
ADB Avenue cor P Poveda St.,
Ortigas Center, Pasig City
Metro Manila, Philippines

Reports must be sent in a sealed envelope clearly marked Strictly Private and Confidential:
"To Be Opened by Addressee Only"

Reports shall be filed using the Complaint Disclosure Form (CDF).

All information received in connection with the reports or disclosures shall be strictly confidential and shall not be disclosed to any person without prior consent of CICOM

Insider Trading Policy

The Company shall abide by the provisions of law set forth in the Securities Regulation Code and shall implement policies and procedures to prevent the unauthorized disclosure or misuse of material, non-public information in securities trading to preserve the reputation and integrity of the Company.

The objectives are the following:

1. To provide guidelines to promote compliance to the Securities Regulations Code provision relating to the prohibition of fraud, manipulation and insider trading.
2. To maintain the confidence and trust of stakeholders by preserving the reputation of integrity and ethical conduct of the Company as well as all the persons affiliated with it.
3. To identify the duties of employees and responsible departments in ensuring compliance to the provisions of law and this Policy.

To download Robinsons Retail's Insider Trading Policy, follow this link:

https://www.robinsonsretailholdings.com.ph/wp-content/uploads/2022/03/Insider-Trading-Policy.pdf

This Policy shall cover:

1. This Policy shall apply to Company, its subsidiaries and affiliates.
2. This policy shall apply to all transactions in the Company's securities as defined in item 7 under the Definition of Terms.
3. This policy shall cover everyone in the organization who receive, have access to or in possession of material, non-public information (as defined in item 5 under Definition of Terms) about the Company including all:

   3.1. Members of the Board of Directors;
   3.2. Officers;
   3.3. Employees;
   3.4. Advisors, Agents, Consultants, Contractors and other Stakeholders as defined in item 8 under the Definition of Terms;
   3.5. Related Person as defined item 6 under the Definition of Terms.

4. This policy also applies to material, non-public information relating to any other company with publicly-traded securities, including customers or suppliers obtained in the course of employment with, or the performance of services on behalf of the Company and for which there is a relationship of trust and confidence concerning the information.

Material Related Party Transactions Policy

The Company shall conduct all Material Related Party Transactions (MRPT) on an arm's length basis, on fair and reasonable terms and conditions no less favorable than any such terms available to unrelated third parties under the same or similar circumstances.

The purpose of this policy is to protect the Company from conflict of interest by instituting the proper review, approval and reporting of transactions which may be entered in to between or among the Company or any of its subsidiaries, associates, affiliates, joint venture, directors and officers.

This policy shall cover the review, approval and reporting of transactions which may be entered into between or among the Company or any of its subsidiaries, associates, affiliates, joint venture, directors and officers and the general guidelines to be observed in relation to MRPTs.

To download Robinsons Retail's Material Related Party Transactions Policy, follow this link:

https://www.robinsonsretailholdings.com.ph/wp-content/uploads/2022/02/Material-Related-Party-Transactions-Policy.pdf

Stakeholder's Health, Safety, and Welfare Policy

Stakeholders
The Company is committed to undertake all reasonable steps to ensure the health, safety and welfare for the best interest of our stakeholders and the communities where we live and work by complying with the provisions of law, industry rules and regulations, standards of independent accreditation bodies where the Company obtained accreditation, and contractual obligations.

This policy aims to:

1. Provide a guiding principle to ensure health, safety and welfare of the Company's stakeholder.
2. Identify responsibility and accountability of every personnel and department in the organization to ensure the health, safety and welfare of stakeholders.
3. Integrate health and safety practices in all activities to ensure efficiency and quality of products and services.

This policy shall define the guiding principles and responsibilities for managing health, safety and welfare of the stakeholders of Robinsons Retail Holdings, Inc. (RRHI), its subsidiaries and affiliates.

To download Robinsons Retail's Health, Safety, and Welfare Policy, follow this link:

https://www.robinsonsretailholdings.com.ph/wp-content/uploads/2022/02/Health-Safety-and-Welfare-Policy-6.pdf

Creditors
The Company is committed to undertake
The Company upholds creditors' right by honoring contracted obligations and providing information required under the Revised Disclosure Rules and the Securities Regulation Code, if applicable, audited financial statements prepared compliant with applicable financial reporting standards, and other periodic reports compliant with the provisions of law, loan covenants and other regulatory requirements.

This policy aims to:

1. Provide the guiding principles to ensure protection of creditors' rights.
2. To identify the duties of responsible departments in protecting the rights of creditors.

This policy shall cover the documentation, reporting and disclosure requirements to promote transparency for the protection of the rights of creditors of Robinsons Retail Holdings, Inc. (RRHI), its subsidiaries and affiliates.

To download Robinsons Retail's Protection of Creditors' Rights Policy, follow this link:

https://www.robinsonsretailholdings.com.ph/wp-content/uploads/2022/02/Policy-on-the-Protection-of-Creditors-Rights-RRHI.pdf

Board Diversity Policy

The Company recognizes the benefits of having a diverse Board and its value in maintaining sound corporate governance while achieving strategic objectives and sustainable growth.
The Board Diversity Policy ("the Policy") establishes the approach to realize diversity of Board membership on an on-going basis.

The Policy applies to the Board of Directors. It does not apply to diversity in relation to employees of Company, which is covered by the internal guidelines of the Company's Human Resources Department.

To download Robinsons Retail's Board Diversity Policy, follow this link:

https://www.robinsonsretailholdings.com.ph/wp-content/uploads/2022/02/Board_Diversity_Policy.pdf

Succession Planning and Remuneration Policy

The Company shall ensure its continued effective performance and sustained growth through leadership continuity for the benefit of all its stakeholders.

The objectives of the Succession Planning Programme are:

1. To identify and nominate suitable candidates for the Board's approval to fill the vacancies that arise from time to time.
2. To identify the competency requirements of critical and key positions, assess potential candidates and develop required competency through planned developments and learning initiatives.
3. To identify the key job incumbents in Senior Managerial positions and recommend whether the concerned individual may be granted an extension of term/service, or be replaced with an identified internal or external candidate or there is a need to recruit suitable candidate/s.
4. To ensure the systematic and long-term development of individuals in the senior management level as ready replacement when the need arises due to deaths, disabilities, retirements and other unexpected occurrence.

To download Robinsons Retail's Succession Planning and Remuneration Policy, follow this link:

https://www.robinsonsretailholdings.com.ph/wp-content/uploads/2022/02/Succession_Planning_and_Remuneration_Policy.pdf

Board Nomination and Election Policy

The Board recognizes the importance of having a qualified and competent Board to achieve Company objectives as well as to protect the interest of all its stakeholders and shall ensure that proper nomination and election process is in place to attain this.

The objective of this policy is to institute policy and process for the nomination and election of the Board of Directors. The Policy applies to the nomination and election of the Board of Directors.

To download Robinsons Retail's Board Nomination and Election Policy, follow this link:

https://www.robinsonsretailholdings.com.ph/download.php?file=media/files/2018/06/Board_Nomination_and_Election_Policy.pdf

Board Assessment

Members of the Board conduct collective and individual annual assessment of the Board performance through a Board Assessment Review initiated by the Corporate Governance Committee. Results of the Board and Committee Assessments are presented to the Board Corporate Governance Committee and circulated to the Board for their feedback and confirmation.

Company Website

The Company updates the public with operating and financial results through timely disclosures filed with SEC and PSE. These are available on the company's website:

https://www.robinsonsretailholdings.com.ph/

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 Transaction
March 9, 10, 11, 12, 15, 16, 17, 18 and 19, 2021	Share Buy-Back Transactions
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 Buy-Back Transactions

Date of Disclosure	Description
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

Date of Disclosure	Description
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, 22, 25, 26, 27, 28, and 29, 2021	Share Buy-Back Transactions
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

ESG Data Tables

Air Emissions			
	2019	**2020**	**2021**
Scope 1 GHG Emissions	719.10	724.57	782.36
Scope 2 GHG Emissions (electricity, in Tonnes CO_2e)	134,075.87	162,654.93	198,776.33
2021 Total GHG Emissions			
	Tons of CO2	**Classification**	
Energy Consumption	198,776.33	Scope 2	
Refrigerant Consumption	168,702.20	Scope 1	
Generator Set Usage	903.14		
Vehicle Usage	782.36		
Total	369,164.03		

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

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

Water Consumption within the Organization			
	2019	**2020**	**2021**
Water Consumption (in Cubic Meters)	688,514.40*	1,072,384.63	1,088,704.47

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

Materials Used by the Organization			
Materials Used (in Metric Tonnes)	**2019**	**2020**	**2021**
Renewable	3,040	2,227	3,319
Non-Renewable	1,424	891	907

Solid Waste Management	
Solid Waste Generated in 2021 (in kg)	
Biodegradable	7,902,928
Recyclable	5,882,013
Reusable	289,113
Composted	280,542
Incinerated	17,199
Residual / Landfilled	452,801
Renewable	181,215
Total:	**15,005,811**
Food Waste Generated	4,811,828 kg
Recycled / Diverted Waste	1,895,356 kg

Economic Performance		
Disclosure	**Amount (in millions)**	**Units**
Direct economic value generated (revenue)	155,013.20	PhP
Direct economic value distributed		
a. Operating costs and payments to suppliers	139,283.00	PhP
b. Employee wages and benefits	9,802.30	PhP
c. Dividends given to stockholders and interest payments to loan providers	3,306.00	PhP
d. Taxes given to government	1,743.70	PhP
e. Investments to community (e.g. donations, CSR)	37.60	PhP

**Dividends + interest payments*

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).*

Anti-corruption		
Training on Anti-corruption Policies and Procedures		
Disclosures	**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*

Robinsons Retail: A space for Gender Equality			
	2019	**2020**	**2021**
Total Employees	20,447	18,555	20,535
No. of Female Employees	14,372	13,149	14,629
No. of Male Employees	6,075	5,406	5,906
Voluntary Attrition Rate	24%	14%	9%

Taking Care of Our People		
	2019	**2020**
Safe Man-Hours	42,034,368	51,419,640
No. of work-related injuries	10	0
No. of work-related fatalities	0	0
No. of work-related ill-health	0	0

Employee Benefits		
	Female Employees who availed for the year	**Male Employees** who availed for the year
SSS	100%	100%
PhilHealth	100%	100%
Pag-Ibig	100%	100%
Parental Leaves	0.24%	0.86%
Vacation Leaves	83%	26%
Sick Leaves	67%	21%
Medical Benefits	63%	26%
Retirement Fund (aside from SSS)	0.09%	0.06%

Employee Training and Development				
Total Training Provided to Employee				
	2019	**2020**	**2021**	**Units**
Female	147,815	95,021	83,770	Hours
Male	54,776	28,884	40,537	Hours
Average Training Provided to Employees				
Female	17.4	9.7	5.5	Hours/Employee
Male	14.6	11.7	6.4	Hours/Employee

Financial Statements

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.

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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.

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.

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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
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 (Note 18)	
						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		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)

Investee Companies	Effective Percentages of Ownership					
	2021		2020		2019	
	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.

Financial Liabilities

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).

Offsetting of Financial Assets and Liabilities

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.

Cash and Cash Equivalents
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.

Merchandise Inventories
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.

Investment in Associates
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.

Impairment of Nonfinancial Assets
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**

Segments	For the year ended December 31, 2020 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

Segments	For the year ended December 31, 2019 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
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Total Equity Attributable to Equity Holders of the Parent Company								Non-controlling Interest in Consolidated Subsidiaries (Note 18)	
						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		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

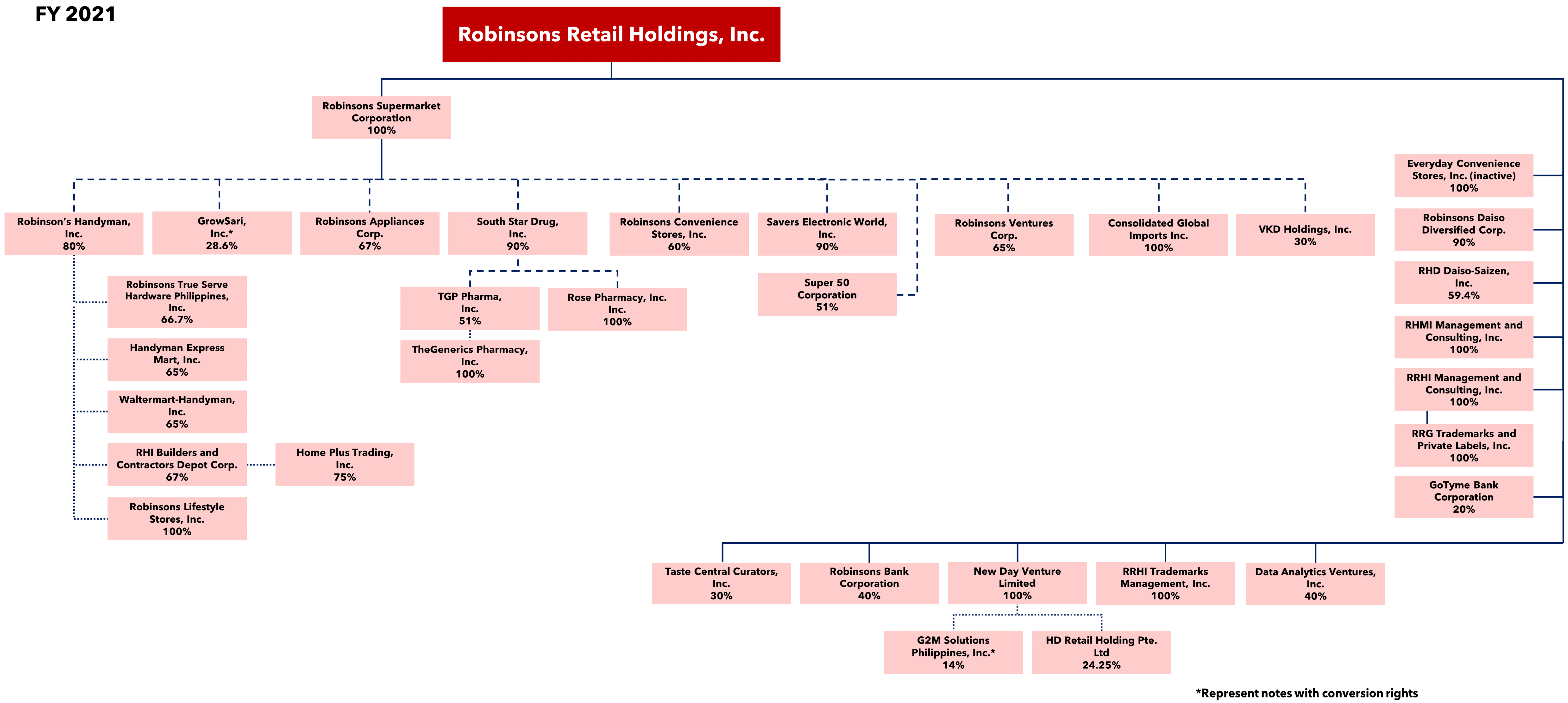
See accompanying Notes to Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

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.

Wenda Lynn M. Loyola
Partner
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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

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

ROBINSONS RETAIL
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