ROBINSONS RETAIL
HOLDINGS, INC.

Your Cart's Content

Annual and Sustainability Report 2022

About the Cover

Since our founding over 40 years ago, we have worked hard to bring innovative solutions to help improve people's lives through the products and services we offer at our stores.

Our 2022 Annual and Sustainability Report entitled "Your Cart's Content" highlights the shared successes we achieved this year by holding fast to our commitment of creating rewarding experiences and bringing joy to the Filipino consumer, enabling each one to shop at our stores to their heart's – and cart's – content.

And as we continue traversing through a post-pandemic world, we look back with gratitude and look to the future with optimism. Our hearts are truly full.

About the Report

Reporting Scope and Boundary

This report provides information on the environmental, social, and governance performance of Robinsons Retail Holdings, Inc. and its business units operating in the Philippines covering the period January 1, 2022 to December 31, 2022. For the full list of subsidiaries covered, please refer to the Sustainability Reporting Annex in our 2022 Annual Report (SEC Form 17-A) disclosure.

Economic Performance Boundary

The economic performance data provided in this report is from the consolidated financial statements covering the period January 1, 2022 to December 31, 2022 of Robinsons Retail Holdings, Inc. and its business units. For more information, please refer to our 2022 Annual Report (SEC Form 17-A) disclosure.

Reporting Standards

This report has been prepared in reference to the Global Reporting Initiative (GRI) standards and the Task Force on Climate-related Financial Disclosures (TCFD). The accompanying Audited Financial Statements have been prepared in accordance with the Philippine Financial Reporting Standards.

Approach to External Assurance

The Board's Audit and Risk Oversight Committee (AROC) is mandated to review and approve the external assurance of the Company's financial statements. SGV & Co., a member firm of EY, was the external auditor for the Company's financial statements. The full text of the assurance statement is available at the end of this report.

Disclaimer on Forward-looking Statements

This report contains statements that may be considered as forward-looking. These statements are based on the objectives, projections, and plans of Robinsons Retail Holdings, Inc., not predictions of likely future events and outcomes. Actual results may vary from what is expressed or implied by such statements as these are subject to risks and uncertainties beyond the Company's control. These statements apply only at the publication date of this report and the Company is not responsible for having these statements revised or updated after publication.

Contents

RRHI at a Glance

FY22 highlights

Our Reach

+7M
Go Rewards members
Robinsons Retail's loyalty program

21
market-leading banners

21,495
number of employees

+6.4M
customers served
on average per week

31
distribution centers

2,310
total stores
+2,151 franchised TGP stores

Sustainability

+2k
MSMEs engaged

20%
reduction in Scope 1 GHG emissions

₱13.1M
direct community contribution

+1.5k
smallholder farmers engaged

+11.5k
plastic bottles collected for plastic neutrality campaign

184
scholars since 2017

Financials

Net Income
₱5.8B attributable to parent

↑ 29% from FY21

EBITDA
₱15.9B

↑ 21% from FY21

Same Store Sales Growth
11.8% blended SSSG

↑ 11.8% from FY21

EBIT
₱8.7B

↑ 44% from FY21

Consolidated Sales
₱178.8B

↑ 17% from FY21

Dividend
₱2.00 per share

How We Create Value

Corporate Information

Robinsons Retail Holdings, Inc. is one of the Philippines' largest multiformat retailers in the Philippines, founded by the late entrepreneur John L. Gokongwei, Jr. with the opening of the first Robinsons Department Store in 1980.

After over four decades of continued operations, we have developed a broad and diverse portfolio that serves the Filipino consumer which include supermarkets, drugstores, department stores, do-it-yourself stores, convenience stores, appliances, toys, mass merchandise, beauty, and pet retail.

With a store network of over 2,310 stores and more than 2,100 franchised community drugstores under TGP, we continue to expand and bring modern retail to untapped markets and underserved areas with a holistic business approach that prioritizes sustainability in an everchanging economic landscape and relies on our culture of customer-centricity to engage and delight shoppers with responsive and relevant products and services.

Our pivot towards omnichannel retail allows us to leverage on our strong ties with leading mall developers in the country, serving as anchor tenants for Robinsons Malls, to expand our physical footprint while our presence in the e-commerce space accelerates the transition.

At Robinsons Retail, we strive to foster meaningful relationships with our people, our stakeholders, and the communities we serve—a reflection of our commitment to creating shared successes and contributing to the growth of local economies.

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 of choice that provides delightful shopping experiences to every Filipino.

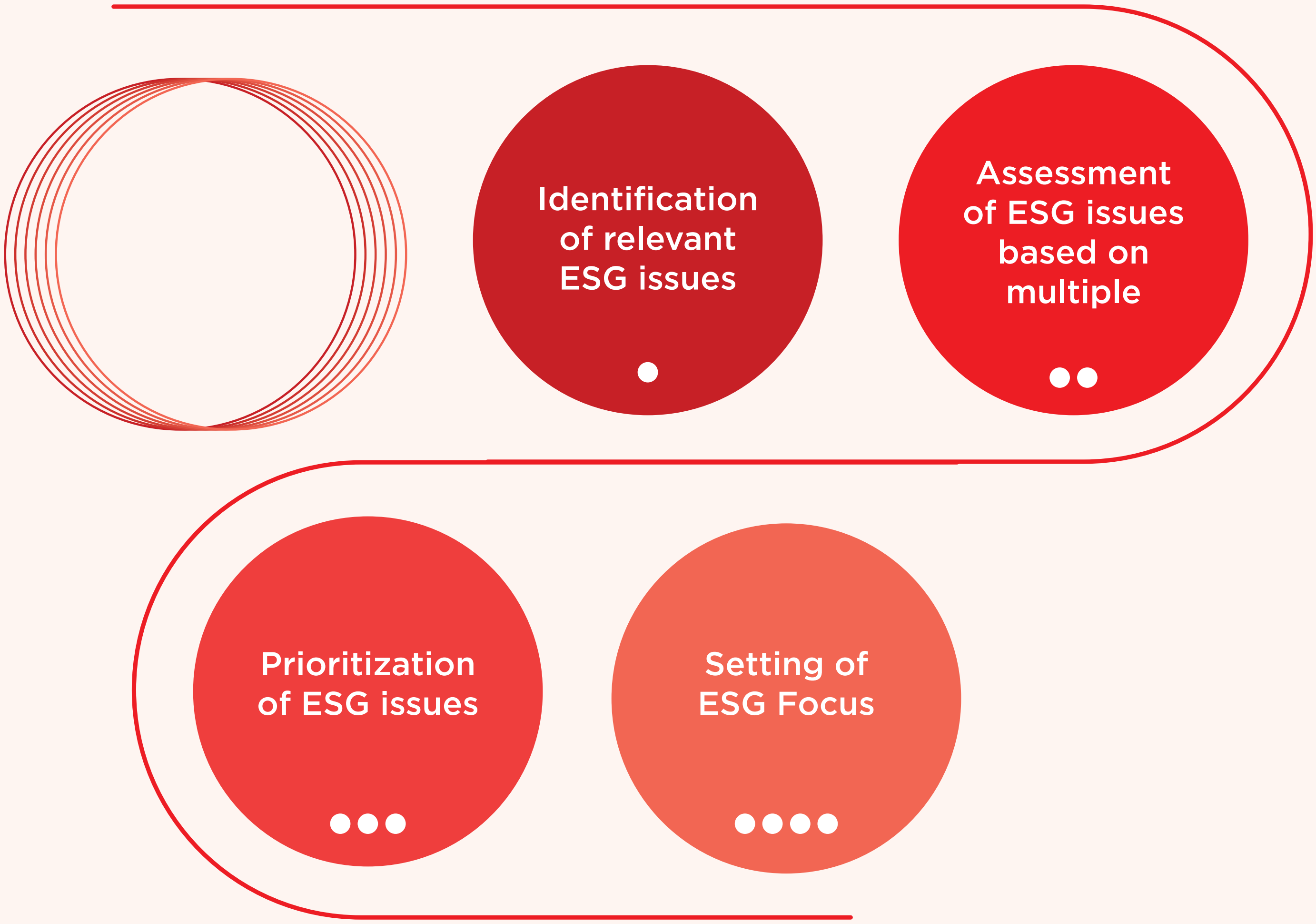
Creating Sustainable Value

As we navigate our business towards a post-pandemic economy, Robinsons Retail remains committed to integrating sustainability principles and practices in our value creation story.

This year, as we continue to appreciate the advantages of integrating sustainability to the way we create value and being cognizant of the evolving environmental and social trends, we fine tuned our sustainability framework across four environmental, social, and governance (ESG) focus areas: 1) responsible sourcing, 2) product and service excellence, 3) employee development, diversity, and inclusion, and 4) environmental action.

These focus areas were developed from a series of workshops we conducted with all our business units to look at global and local ESG issues and assess their impact to the business including but not limited to alignment of an issue to overall business strategy; capability and influence of the business to address an issue given its business model; contribution of the business to the aggravation of an issue; and the risk an issue poses to business objectives.

Materiality Assessment



The results of this materiality exercise developed a set of new ESG material topics, which were mapped further with our ongoing and upcoming ESG programs and the common ESG focus areas of the retail sector based on various global frameworks and retail-related articles in order to create our focus areas.

Responsible Sourcing

- Supply Chain Sustainability
- Local Sourcing

Product and Service Excellence

- Product and Service Innovation
- Product Quality and Safety
- Customer Service
- Data Security

Employee Development, Diversity, and Inclusion

- Talent Development
- Diversity, Equity, and Inclusion
- Compensation and Benefits
- Health and Well-being

Environmental Action

- Climate Mitigation and Adaptation
- Solid Waste Management

The pillars of stakeholder collaboration and good governance serve as crucial drivers for the success of our sustainability agenda since our continued success relies on meaningful partnerships with our stakeholders and every decision we make as a business is grounded on equitable governance practices.

Stakeholder Engagement

We recognize the importance of engaging with our stakeholders in developing a sustainable and growth-oriented strategy. By promoting dialogue with our key stakeholder groups, which we have identified as our customers, employees, suppliers and franchisees, and investors, we are able to gain valuable insights from their concerns and needs, which in turn help inform our decision-making to remain agile and responsive to changing needs and expectations.

Stakeholder group and why they are important 102-40, 102-42	**How they are engaged and frequency of engagement** 102-43	**Concerns raised** 102-44	**Company response** 102-44
Customers			
• Customer-centricity is a key aspect of the way we do business. We exist for our customers and their concerns, needs, and wants are integral to our operations and evolving business strategy.	• Regular feedback through social media • Engagement with our front-line employees during store hours	• Quality of products	• We follow strict measures to ensure that all our products pass safety and quality regulations.
		• Price of products	• We price reasonably to reach a wider economic spectrum.
		• Accessibility of stores	• Through our disciplined expansion strategy, we carefully look into new locations and assess the viability of others in different areas across the country.
Employees			
• Our employees are our most valuable capital. They drive our operations and growth and represent the company in engaging customers.	• Various engagement activities • Employee engagement survey	• Wages and benefits	• We benchmark our wages and benefits against the best in the industry.
		• Leadership	• We maintain a work culture that is grounded on our corporate values. We also value leadership that drives growth without compromising employee concerns.
		• Career development	• We value our employees and ensure that we provide avenues for them to develop their skills. As much as we can, we fill higher-level positions with internal candidates.

Suppliers and Franchisees			
• Our suppliers and franchisees are our partners in delivering value to our customers through the products that they (suppliers) produce or consolidate and the stores that they (franchisees) manage.	• Engagement through the operations managers and the buyers	• Procurement terms • Payment schedule • Availability of stocks for fast moving SKUs	• We value collaboration and ensure that we both leave the negotiating table as winners. • We are fair and reasonable in our terms, and we make it a point to engage the Treasury for prompt payment of products. • We are committed to improving our engagement with our supply chain for warehousing, distribution, and stocking to ease business transactions for all our partners.
Investors			
• As shareholders, our investors have a role in setting our direction based on their financial and non-financial expectations from our performance.	• Ad hoc, monthly, and/or quarterly conference calls and in-person meetings with our investor relations team and senior management	• Communication on plans, actions, and impacts on environmental, social, and governance (ESG) topics and how these affect brand and reputation	• We publish annual and sustainability reports that detail our financial and non-financial performance and other related developments. This year, we have revised our sustainability framework as a starting step to better align our ESG targets and our value creation strategy.locations and assess the viability of others in different areas across the country.

Managing Our Risks, Creating Shared Value

Enterprise Risk Management (ERM) Framework

At Robinsons Retail, we take a proactive and comprehensive approach to managing our risks. We have adopted the Committee of Sponsoring Organizations (COSO) 2017 ERM Framework to enable us to manage our risks consistently across all aspects of our operations.

COSO 2017 ERM Framework

Governance and Culture

1. Exercise 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 Alterna-tive Strategies
9. Formulates Business Objectives

Performace

10. Identifies Risk
11. Assess Serverity of Risk
12. Prioritizes Risk
13. Implements Risk Responses
14. Develops Portfolio View

Review and Revision

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

Information, Communication and Reporting

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

Risk Classifications

Identifying and defining risks is a critical component for effective ERM. We have identified and defined seven (7) primary risks that have the greatest potential to impact Robinsons Retail. By understanding these risks, we are able to shape our decision-making and strategies to minimize potential impact.

01 Strategic Risk

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

02 Financial Risk

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

03 Operational Risk

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.

04 Reputational Risk

Risks that affect stakeholder perspective on Robinsons Retail and its subsidiaries.

05 People Risk

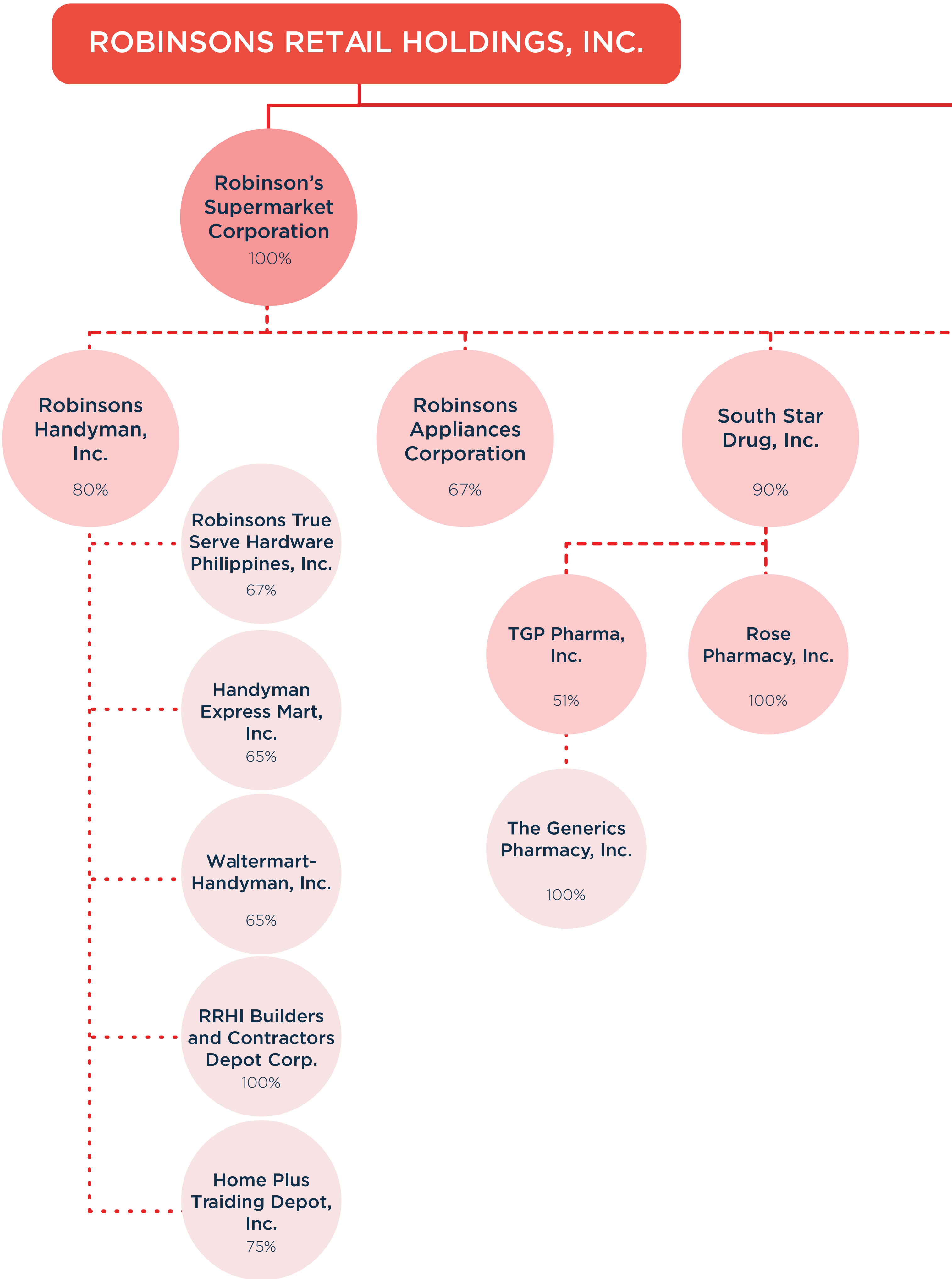
Risks associated with labor management and employee satisfaction.

06 Legal and Governance Risk

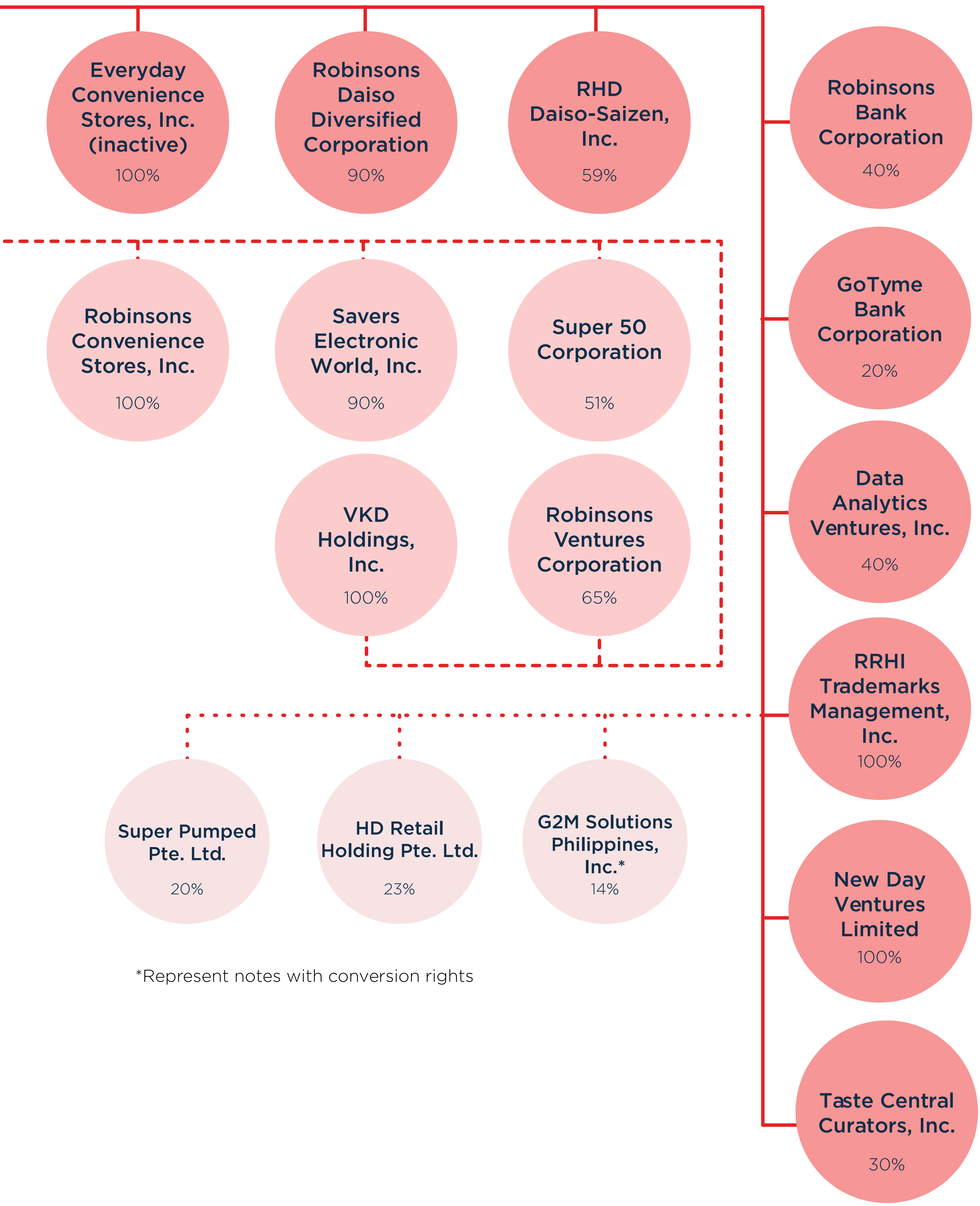
Risks associated with compliance to pertinent laws and regulations, policy requirements, and relations with government.

07 Digital Risk

Risks within Robinsons Retail's thrusts of incorporating relevant technologies in various aspects of business operations.


ROBINSONS RETAIL HOLDINGS, INC.
Robinson's Supermarket Corporation
100%
Robinsons Handyman, Inc.
80%
Robinsons Appliances Corporation
67%
South Star Drug, Inc.
90%
Robinsons True Serve Hardware Philippines, Inc.
67%
TGP Pharma, Inc.
51%
Rose Pharmacy, Inc.
100%
Handyman Express Mart, Inc.
65%
The Generics Pharmacy, Inc.
100%
Waltermart-Handyman, Inc.
65%
RRHI Builders and Contractors Depot Corp.
100%
Home Plus Traiding Depot, Inc.
75%

Conglomerate Map



*Represent notes with conversion rights

Brand Portfolio and Acquisitions

1980

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

1985

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

1994

The first **Handyman** store opened in Robinsons Galleria, our first DIY format.

2000

We entered electronics & appliances retailing with **Robinsons Appliances.**

We brought Japan's **Ministop** to the Philippines.

2006

We became the exclusive licensee of **Toys "R" Us** Asia.

2007

We acquired 66.7% of **True Value**, our first major acquisition, from Amon Trading Corporation. This was our second DIY format.

2009

We brought **Daiso Japan** to the Philippines as the exclusive franchisee of the brand.

2012

We acquired 90% of **Southstar Drug**, one of the country's biggest drugstore chains, which was founded in 1937 by the Dy family in Bicol.

2013

We launched **Robinsons Rewards** (relaunched as Go Rewards in 2021) to engage our customers better.

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

2014

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

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

2015

We acquired 90% of **Savers Appliances**, an appliance chain concentrated in Central Luzon and Cagayan Valley. This was our second appliances format.

2016

We acquired 51% of **TGP**, the largest generics drugstore chain in the country, with close to 2000 franchised stores.

2017

We invested in **BeautyMnl**, the biggest purely Filipino e-commerce site in the PH.

2018

Our biggest acquisition to date was **Rustan Supercenters**, Inc., which was structured as a share swap with Dairy Farm Intl. Ltd.

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

We invested in a convertible note issued by B2B platform **Growsari Inc.** where we currently have a 14% stake.

2019

We were appointed exclusive franchisee of **No Brand** of Emart Korea.

We opened our first **Super50** store.

2020

We launched our own e-commerce platforms: GoRobinsons.ph (renamed **GoCart.ph** in 2022), **southstardrug.com.ph**, and **robinsonsappliances.com.ph**

We acquired **Rose Pharmacy** from Dairy Farm Int'l Ltd.

2021

We invested in **edamama**, an e-commerce site selling baby products. We currently have a 12% stake.

We acquired a 20% interest in **GoTyme**, one of only six digital banks given licenses by the BSP.

2022

We opened the first flagship store of **Clé de Peau Beauté**, a luxury beauty brand under Shiseido.

We acquired the 40% share of Ministop Japan, effectively making us the 100% owner of Ministop Philippines, which we have subsequently rebranded to **Uncle John's.**

Joint Message from the Chairman and President/CEO

Chairman's and President's Messsage

Lance Y. Gokongwei
Chairman

Robina Y. Gokongwei-Pe
President and CEO

Dear Stakeholders,

2022 was a year of transformation and transition. We saw the continued reopening of the global economy and sustained recovery across industries.

The Philippine economy performed well and finally exceeded pre-pandemic levels. The country's gross domestic product (GDP) grew by 7.6% year-on-year, accelerating from the 5.7% growth in 2021. Economic activity remained resilient despite a backdrop of rising inflation, which averaged 5.8% in 2022 (up from 3.9% in 2021) due to elevated food and energy costs.

With pent-up demand as the main catalyst for economic growth as consumption, which has historically accounted for roughly 70% of GDP, rising to 8.3% in 2022 from 4.2% in 2021, consumer confidence strengthened following the country's gradual return to normalcy – including back to face-to-face classes in schools, return-to-office mandates, increased travel and tourism, and the first normal holiday season in two years. In addition to better mobility, consumer spending was also supported by resilient overseas remittance inflows which were augmented by a depreciating peso, and a strong job market which saw the unemployment rate revert to pre-pandemic levels. Investment spending was also a key contributor to economic growth, expanding by 16.8% year-on-year.

The improving macro outlook encouraged businesses to invest in additional capacity, penetrate new industries and geographies, and simply enhance their existing operations.

The rosy macro conditions in 2022 translated to a banner year for Robinsons Retail resulting in an all-time high consolidated net sale of Php178.8 billion, 16.6% higher year-on-year and breaching pre-pandemic levels. Net income attributable to parent also grew to Php5.8 billion, an all time high and 29.1% higher year-on-year, and our blended same-store sales growth (SSSG) reached a record high at 11.8%. Gross profit accelerated by 20% year-on-year to reach P42.3 billion, while our Earnings before interest and taxes (EBIT) expanded 43.6% year-on-year to another record Php8.7 billion.

While inflation and supply chain risks remain, we were nimble enough to implement changes to our merchandise mix enabling us to continue offering the most relevant products and services for our customers who have increasingly prioritized value-for-money purchases amidst the inflationary environment. We were able to increase shareholder value through share buybacks and higher cash dividends. All these, among others, are intended to future-proof our business over the long-term.

Omnichannel Transition

Three years ago, we launched our own e-commerce platforms to respond to the disruption caused by COVID-19. Interestingly, it also allowed us to put into play and accelerate our long-term strategy towards omnichannel retailing.

A few years prior, we already had a clear understanding of the significance of the e-commerce space and recognized that it would be a crucial element of our future success. As early as 2015, we already participated in third-party marketplaces. We eventually made strategic investments in digital platforms like GrowSari, which ultimately strengthened our position and allowed us to expand our reach to a wider audience.

This year, our transition to omnichannel retailing made significant progress. In June, we renamed our primary e-commerce platform to GoCart and onboarded three new banners, bringing the total count to 14. We opened 174 new physical stores as we accelerated our store rollout program. By prioritizing both physical and online channels, we truly believe we can generate added value and stay ahead of the curve in a competitive and dynamic business environment.

Growsari continues to be an agent of positive change and inclusive business as it helps sari-sari store owners access merchandise more easily and efficiently, enabling them to improve their businesses' profitability. Growsari now has an active store network of close to 75,000.

As it further expands to Visayas and Mindanao, Growsari raised USD110 million in total funding as it closed its Series C funding round this year raising its pre-money to 3.3x from its 2021 Series B funding. We continue to maintain a 14% stake in GrowSari. Edamama, a parent-focused e-commerce platform, also continues to demonstrate market leadership and robust growth. This year, it raised USD20 million in total funds as it closed its Series A funding round. We currently have a 12% stake in edamama.

edamama GOtyme bank

GoTyme, one of only six digital banks licensed to operate by the BSP, was also launched this year. GoTyme seeks to make banking more accessible to Filipinos through a "phygital" (physical + digital) experience. GoTyme users may use their GoTyme account to bank and shop while earning rewards in partnership with Go Rewards.

Across our stores, we offer a free cash-in/cash-out services where customers can top up or withdraw funds from their account. Users also get to earn 3x Go Rewards points if they use their GoTyme card at any of our stores.

As of end 2022, GoTyme now has over 130,000 users with over 80 kiosks deployed in our stores. We currently have a 20% stake in GoTyme.

Transition for Transformation

To further our thrust of creating delightful shopping experiences, we transformed our hypermarket banner Shopwise into an international grocery shopping destination giving customers an opportunity to experience international grocery shopping without the need for a membership.

Beginning with our Antipolo and Makati stores, we will continue to roll out the transformation to our Shopwise stores in the coming year. The new Shopwise features a curated selection of imported goods and exclusive international brands from appliances, home and kitchen essentials, bed and bath, and general merchandise, among others.

At the beginning of this year, we consolidated our stake in our convenience store business as our partner of over 20 years exited their overseas ventures to focus on their home market.

In April, we launched a contest and got the help of our customers in finding the new name of our convenience stores. After several months and with over 80,000 participants, the Uncle John's name gained the highest number of votes and was selected.

Uncle John's

Truly, the name Uncle John's is apt for not only is it everyone's favorite fried chicken and the banner's number one product, but it is also a celebration of the legacy of our founder Mr. John L. Gokongwei, Jr.

Even with this change, we have kept the same products our customers have loved all these years while adding exciting ready-to-eat offerings and new products.

This year, we also consolidated our stake in our DIY business and have rebranded our big box hardware stores to Handyman Do it Best. We believe that Handyman Do it Best would have a more significant recall among consumers.

We announced the planned merger of our associate Robinsons Bank Corporation, where we maintain a 40% stake, with the Bank of the Philippine Islands (BPI) and with the latter being the surviving entity.

With this, we hope to generate synergistic value for all our stakeholders through this transaction. Synergies include being able tap the extensive consumer customer base of BPI to cross sell our retail products and services, while our suppliers and service providers will be able to tap BPI's commercial loans to finance their working capital requirements as they expand their business with us translating to better service levels for us.

"we hope to generate synergistic value for all stakeholders"

Transition for Better Good

At Robinsons Retail, our commitment to sustainability remains robust as we continue to integrate sustainable practices into our operations.

This year, we finetuned and recalibrated our sustainability strategy based on relevant social and environmental trends that have the potential to affect our business and our stakeholders. These focus areas are responsible sourcing; product and service excellence; employee development, diversity, and inclusion; and environmental action.

On responsible sourcing, we will recalibrate our Supplier Accreditation policies in 2023 to make sure we source our products responsibly as we see the increasing value of supply chain sustainability. We will conduct pilot runs among the Supermarket and Drugstore segments' top vendors and plan to implement this in other segments later on.

We will continue to explore more micro, small, and medium enterprise (MSME) vendor partnerships across all the business segments, as we recognize our role in providing livelihood to more Filipinos through forging meaningful working partnerships with small-hold businesses. In 2022, we were able to partner with close to 2,000 MSMEs.

Our over 500 TGP franchisees also help in our collective efforts to contribute to nation-building, as we empower local entrepreneurs grow their business, provide employment, and make quality and affordable healthcare accessible to underserved communities throughout the country.

On product and service excellence, we will expand product offerings that are certified healthier and sustainably produced. We are also looking forward to leveling up overall customer service through our digitalization initiatives, conducting more customer satisfaction surveys, and increasing our overall customer complaints resolution rate.

We will also continue to expand our range of generic medicines within Southstar Drug and Rose Pharmacy, as well as continue to engage with our stakeholders through various community initiatives like the Run for Wellness and the Cancer Warriors Run.

On employee development, diversity, and inclusion, we will be expanding the scope of our Robinsons Retail Academy's training programs and using data-driven approaches to craft training programs suitable to the evolving competency needs of our employees.

We plan to conduct more education campaigns on key employee topics such as diversity, equity, and inclusion (DEI), anti-discrimination, and other sustainability topics.

We target to improve our performance management system as we establish connections between individual goals and department/company objectives. We know that employees feel engaged when they know their purpose within the organization and how they play a role to achieving the objectives of the total organization.

On environmental action, we will be scaling up our plastic collection and diversion initiatives across all business segments as we try to meet the 80% plastic neutrality target by 2028. This year, through our combined efforts, we were able to collect over 11,500 plastic bottles—which will be recycled and turned into plastic chairs for public schools.

We will also be deliberate in contributing to climate change mitigation and adaptation by conducting a climate risk assessment to identify the financial implications of climate risks across our major business hotspots and by finalizing our low-carbon transition roadmap in the coming two to three years.

This year, we were able to partner with volunteer groups and nonprofit organizations whose work in creating meaningful impact in society continue to inspire us to do better every day: Ateneo Center for Educational Development, Association of Mouth and

Foot Painting Artists Philippines, Cancer Warriors Foundation, Caritas Manila, Childhope Philippines Foundation, Communities Organized for Resource Allocation, Feeding Metro Manila, The Foundation Foundation, Friends of Hope, Leah Borbon Hope of Angels, Lions Club of Marikina Valley, Philippine Foundation for Breast Care, Right Start Community Development, Save Philippine Seas, Scholars of Sustenance, Tahanang Walang Hagdanan, Thrive Foundation, Virlanie Foundation, World Vision Development Foundation, and the UP Men's Basketball Team, among others.

In collaboration with the Gokongwei Brothers Foundation, ever since 2017, we were able to support 184 pharmacy students across the country to complete their college education. This year, we are very proud of our 21 scholars who passed the 2022 Pharmacy Licensure Examination and will continue to root for them as they continue their journey.

As we work to continuously nurture shareholder and stakeholder value, we are proud to have been recognized as one of Asia's outstanding companies in the consumer discretionary sector in Asiamoney's 2022 Outstanding Companies Poll. Over 958 fund managers, buy-side analysts, bankers, and research analysts responded to the Asiamoney poll and ranked listed companies across 12 Asian markets based on financial performance, management team excellence, investor relations, and CSR activities.

We were recognized this year by the Institute of Corporate Directors with a 1 Golden Arrow Award for our work in continuously improving our corporate governance standards and practices based on the assessment results of the ASEAN Corporate Governance Scorecard in 2021.

Policies and implementation of corporate governance standards and practices from over 260 publicly listed companies across five key categories such as rights of shareholders, equitable treatment of shareholders, role of stakeholders, disclosure and transparency, and board responsibility were assessed. We are one of only 85 listed companies recognized.

We were also recognized for our continuing efforts in doing good for our people. With our culture of merit, collaborative action, and gender equality and inclusivity, we continue to work hard towards being a top employer of choice by creating a workplace that nurtures and inspires talent.

We were recognized by the Philippine Daily Inquirer and Statista in their 2023 edition of "The Philippines' Best Employers". The list featured 300 of the country's most well-loved employers culled from over 100,000 evaluated recommendations from 11,000 employees.

For the second straight year, we're once again a part of the Bloomberg Gender Equality-Index (GEI). The index 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 key pillars—leadership and talent pipeline, equal pay and gender pay parity, inclusive culture, anti-sexual harassment policies, and external brand.

We are one of only four Philippine companies and one of 484 companies in the world, included in this year's GEI. We are also one of only 41 companies in the GEI to have a woman CEO.

Riding the Momentum in 2023

For 2023, we intend to capitalize on the sustained recovery of consumption in the Philippines as well as building upon the strong momentum that the organization has achieved this year.

Specifically, we are looking to accelerate our store rollout program across most of our formats. This should enable us to broaden our market coverage especially in underserved areas that appear ripe for modern trade penetration. Within our stores, we aim to further improve efficiency through changes in category mix, higher indent and private label penetration, and optimizing logistics costs. We are also working doubly hard to ramp up the rebranding initiatives for Shopwise, Uncle John's, and the big box format of Handyman Do it Best. We believe that the refreshed and rebranded stores will attract foot traffic, thereby driving SSSG.

Meanwhile, we will take our omni-channel presence a notch higher in 2023. For GoCart, we aim to improve user interface and experience for the website and mobile app. We will also add more stores and banners under its coverage, allowing us to tap a wider online customer base across key cities in the Philippines. Next, we will continue to work with our partners in the digital space. For instance, we can help improve the merchandise mix for Growsari, and accelerate GoTyme's bank kiosk and cash-in/cash-out rollout across our store network, among other initiatives.

While it is definitely encouraging to see our businesses benefit from renewed economic activity post-pandemic, we cannot simply rest on our laurels. Inflation remains elevated, supply chain bottlenecks persist, and competition has intensified. Nonetheless, we are confident that with proper execution, our retail ecosystem will continue to be the shopping destination of choice for Filipino consumers.

2022 was truly a year of transitions. We saw the Filipinos take to the polls and elect a new President. We also saw the passing of one of history's longest serving monarchs and the succession of a new one.

Within Robinsons Retail, we also saw transitions within our Board of Directors. Mr. Antonio L. Go who was elected as Independent Director on July 4, 2013 left the Board after having reached the nine-year term limit. We are truly grateful for Mr. Go's guidance and exemplary service to Robinsons Retail that helped shape the Company to what it is today.

We also welcomed two new Independent Directors. In April, Mr. Enrico S. Cruz joined the Board. He occupies the seat vacated by Ambassador Roberto R. Romulo who passed in January. Mr. Cruz brings with him a wealth of experience from an illustrious career in finance and investment banking. In August, we welcomed Mr. Cesar G. Romero to the Board. He occupies the seat vacated by Mr. Go. Mr. Romero brings invaluable energy and retail expertise to the Board after having been a long time senior leader at a global energy giant, which also happens to be the world's largest single-branded retailer. We warmly welcome Mr. Cruz and Mr. Romero to the Board and we are confident that their knowledge and expertise will contribute significantly to our continuing journey in retail.

As we reflect on the past and look towards the future, we are filled with a sense of optimism for what lies ahead. Despite the challenges posed by the year that has been, we have remained committed to providing our customers with exceptional service and quality products. We continued to adapt to new technologies and embraced new ways of doing business, and as a result, we have continued to grow and expand.

Looking ahead, we are hopeful that we will continue to thrive in the years to come. The future of retail is bright, and we are well positioned to take advantage of the many opportunities that lie ahead. We will continue to invest in new technologies and innovative solutions that will enable us to provide an even better customer experience.

At the same time, we remain committed to our core values of entrepreneurial mindset, stewardship, and integrity. These values are the foundation of our shared successes and we will continue to uphold them in everything we do.

As we move forward, we would like to acknowledge and thank all our stakeholders for your continued support and dedication to our ambition of bringing joy to every Filipino with better choices. Together, we have achieved great things and we are confident that we will continue to do so in the years to come.

Our hearts are filled with gratitude and thanks. Our hearts are content.

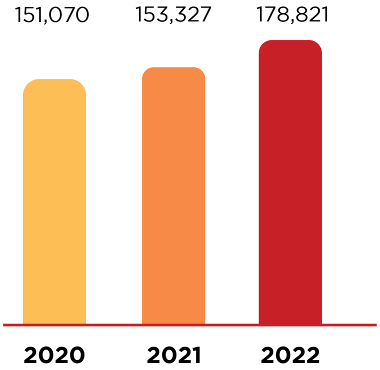
Sincerely,

Lance Gokongwei
Chairman

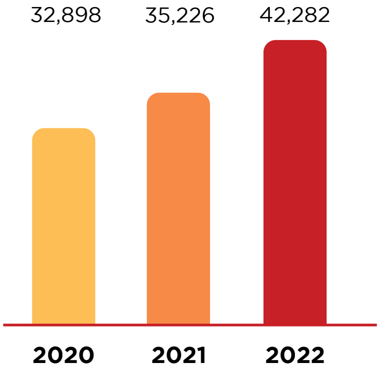
Robina Gokongwei-Pe
President and CEO

Group Financial Highlights

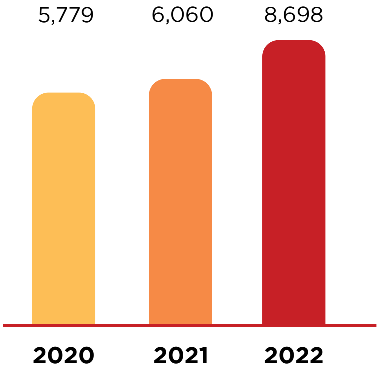
In million pesos



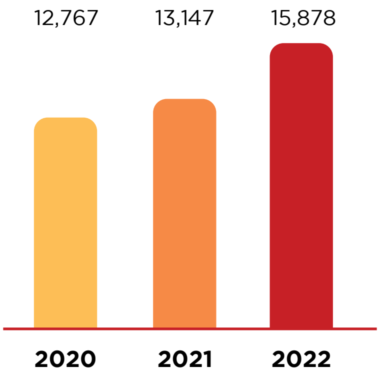
Net Sales



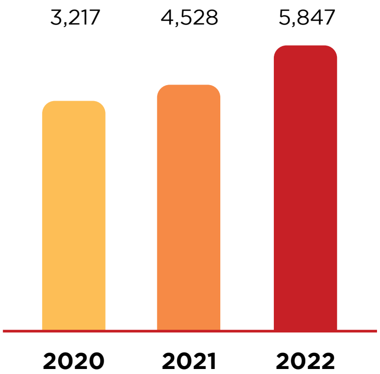
Gross Profit



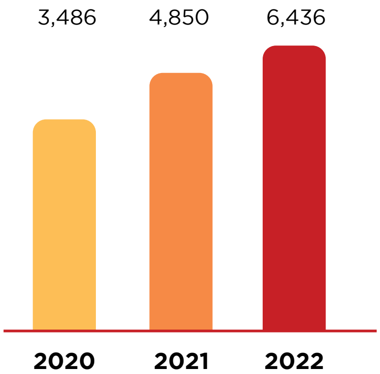
EBIT



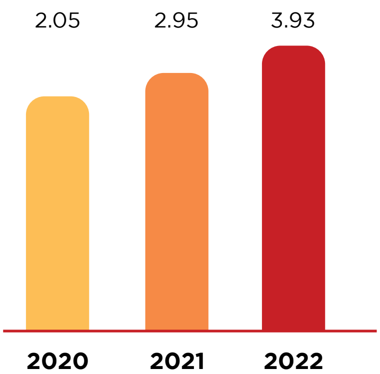
EBITDA



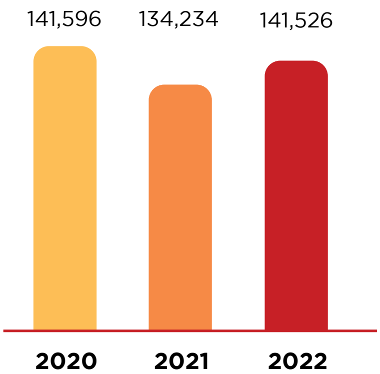
Net Income Attributable to the Parent Company



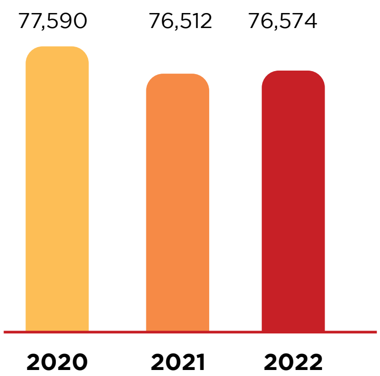
Net Income



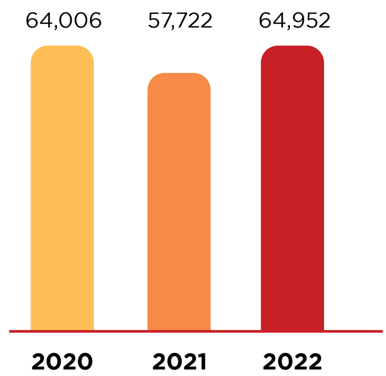
Earnings per Share



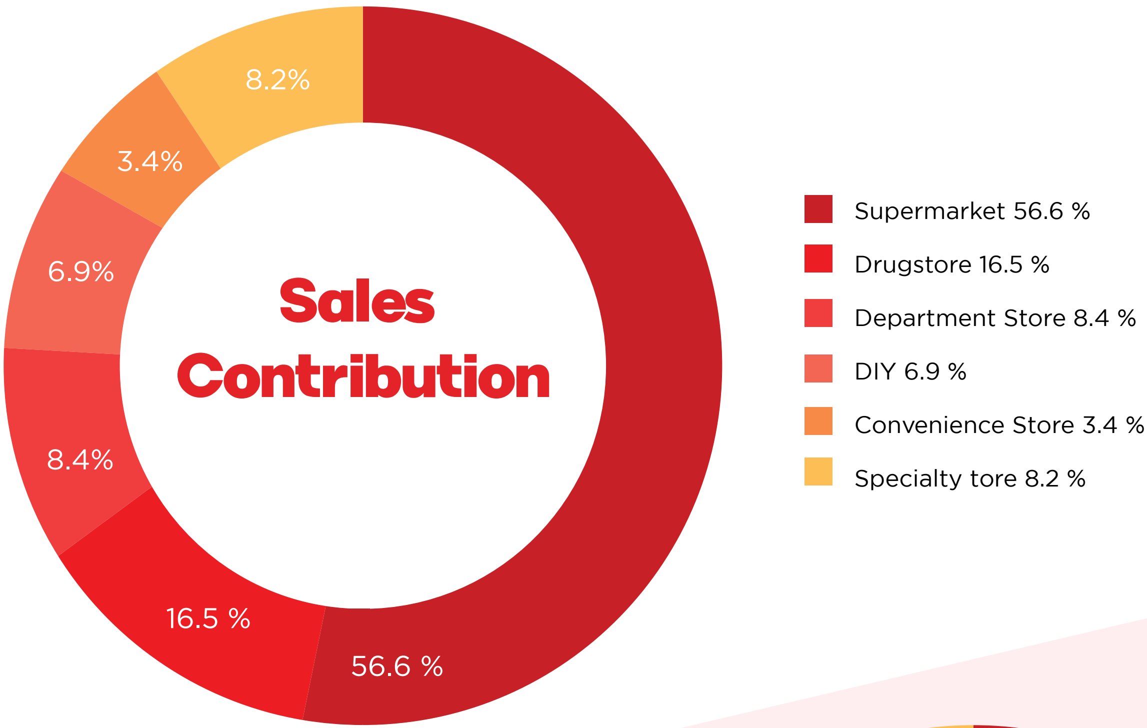
Total Assets

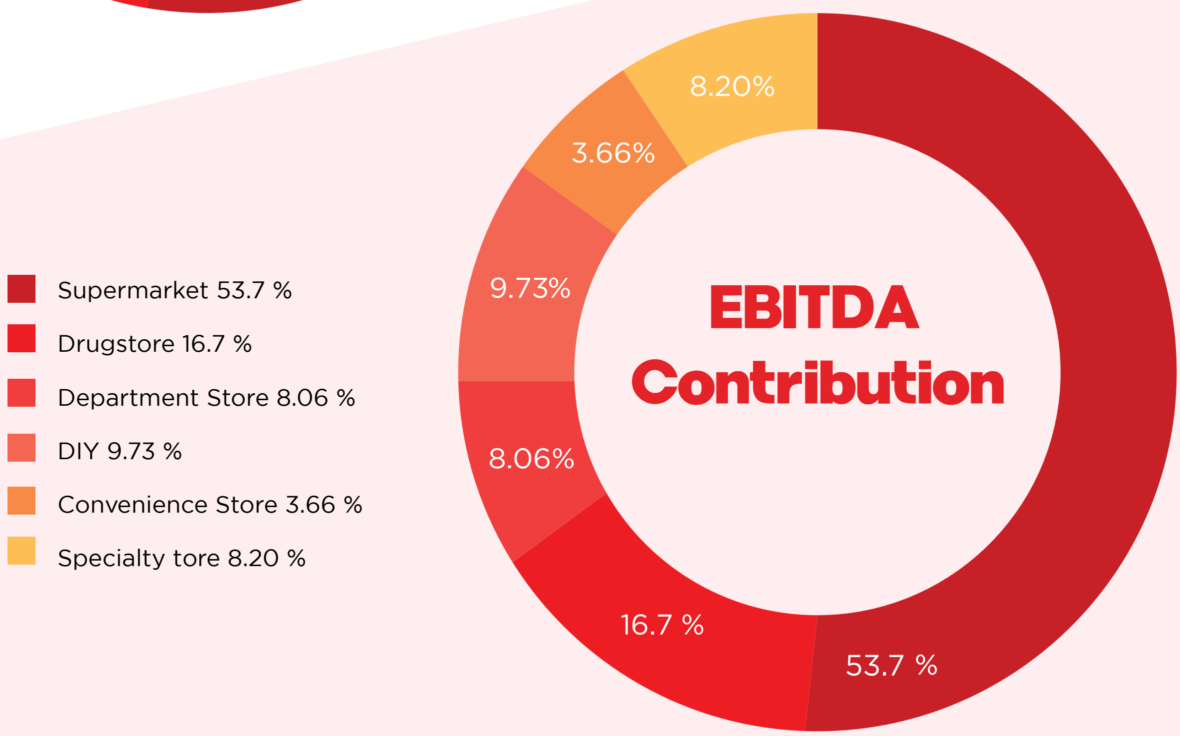


Total Equity



Total Liabilities





Business Review

Robinsons Retail had a stellar year in 2022.

We delivered an all-time high net sales of Php178.8 billion, 16.6% higher year-on-year and above pre-pandemic levels. While we saw strong topline contributions across the portfolio, the fastest growth rates came from our Department Store, Convenience Store, and Specialty segments. Meanwhile, our Supermarket and Drugstore segments continued to generate healthy topline growth aided by higher transaction count and contributions from newly opened stores.

Robinsons Retail opened a total of 174 stores in 2022, with the bulk coming from the Supermarket and Drugstore segments. We also closed down a number of stores that have underperformed relative to our initial expectations. We ended the year with 2,310 stores, comprising 324 supermarkets, 993 drugstores, 223 DIY stores, 51 department stores, 424 convenience stores, and 295 specialty stores. As of year-end, our Specialty segment was composed of 120 appliances & electronics stores, 113 mass merchandise stores, 41 toy stores, 12 beauty stores, and 9 pet stores. In addition to our 2,310 strong store portfolio, we also ended the year with 2,151 franchised stores of TGP.

Our blended same-store sales growth (SSSG) of 11.8% in 2022 is a level that we have not seen since we went public in 2013. Our Convenience Store segment alongside our discretionary segments – Department Store, DIY, and Specialty in particular – all delivered double-digit SSSG in 2022. Meanwhile, our core staples businesses – Supermarkets and Drugstores – generated mid to high single digit SSSG for the year.

Our gross profit margin expanded by 70 basis points in 2022 to 23.6% driven by changes in category mix and economies of scale. This enabled us to grow our gross profit faster than sales, rising by 20.0% for the full-year to Php42.3 billion. Margin gains at the gross profit level augmented by better operating leverage and deliberate cost controls translated to 30 basis points and 90 basis points expansion in our EBITDA margin and EBIT margin, respectively, to 8.9% and 4.9%. As a result, both our EBITDA and operating income also accelerated relative to the topline, increasing by 20.8% and 43.6%, respectively, to Php15.9 billion and Php8.7 billion in 2022.

Robinsons Retail's net income attributable to equity holders of the parent company reached a record Php5.8 billion in 2022, 29.1% higher year-on-year and also significantly above pre-pandemic levels. Our earnings per share (EPS) rose at a faster clip, growing by 33.1% to Php3.93, aided by the ongoing stock buyback program. Meanwhile, our full-year core net earnings (net income excluding FX, interest income from bonds, equitized earnings from Robinsons Bank, and others) accelerated by 46.1% to Php5.6 billion, another record high.

Contributing to Shared Growth:
Direct Economic Value Generated and Distributed

in million pesos	2020	2021	2022
Direct economic value generated (revenue)	151,070	155,013.2	180,677.8
Direct economic value distributed:			
a. Operating costs	20,366	139,283.0	161,867.9
b. Employee wages and benefits	9,165	9,802.3	10,154.7
c. Payments to suppliers, other operating costs	121,303	*already included in operating cost*	*already included in operating cost*
d. Dividends that are given to stockholders	2,067	3,306.0	3,662.6
e. Taxes given to the government Investments to the community (e.g., donations, CSR)	1,767	1,743.7	2,291.3
f. Investments to the community (e.g., donations, CSR)	17.2	37.6	13.1

At Robinsons Retail, we aim to create shared value and foster shared successes. Our operations and supply chain allow us to, directly and indirectly, impact the economic conditions of areas where we operate by generating employment and nurturing an extensive network of partners and suppliers from across various entrepreneurial backgrounds. This year, the economic value we retained was at Php 2.7 billion.

In our efforts to maintain our strong financial foundations to continue operations and remain resilient, we continue to develop business continuity plans to protect our assets and have a dedicated Enterprise Risk Management Team overseen by the Board of Directors.

We continue to implement our Share Buy Back Program worth Php 6.0 billion to increase shareholder value. Our annual cash dividend payout ratio in 2022 is at 68%, compared to last year's 89%, well above the board-approved pay-out ratio of 40%.

As we continue to do business, we hope to be able to sustain store expansion in underserved areas, maintain a strong online presence, execute value-accretive acquisitions, identify key areas for efficiency within the business, and continue embedding sustainability. We also look towards data-driven decision-making, supply chain and operation efficiency, and collaborative initiatives with partners for sustainability.

Driving Innovation through Diversity

All of our employees bring unique skills, perspectives, and experiences to the work we do at Robinsons Retail. This diversity bolsters our dynamic and innovative approach to business and is a testament to the importance of valuing every individual.

We continue to strive for inclusive workplaces that promote equality and fairness through an objective, non-gendered approach to hiring employees and onboarding. This allows us to tap into and retain a wider range of talent, skills, and perspectives leading to increased productivity and innovation as we contribute to a more equitable and sustainable future.

At present, 71% of our workforce is women across all levels of management, including our President and CEO, our Chief Financial and Chief Risk Officer, our Corporate Secretary, and our Head of Corporate Planning, Investor Relations and Sustainability as well as seven out of 15 Business Unit Heads.

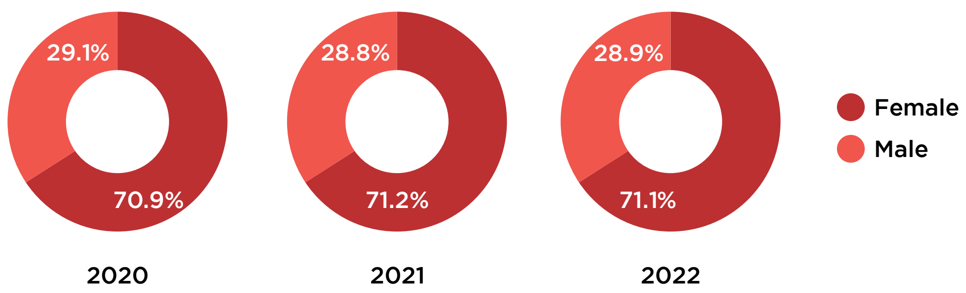
Our efforts in championing our employees resulted in our re-inclusion in Bloomberg's Gender Equality Index as well as in the Philippine Daily Inquirer and Statista's list of the Philippines' Best Employers, together with our subsidiary Robinson's Supermarket Corporation.

	2020	2021	2022
Total number of employees [1]	18,555	20,535	21,495
Number of female employees	13,149	14,629	15,281
Number of male employees	5,406	5,906	6,214
Voluntary Attrition rate	14%	9%	19%

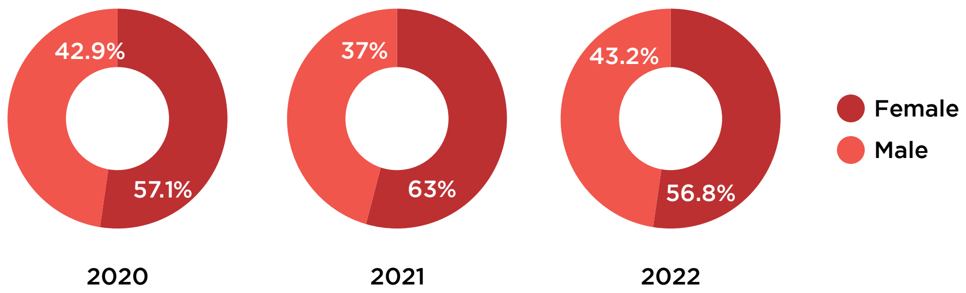
[1] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

Diversity and Equal Opportunity (in Percentage)

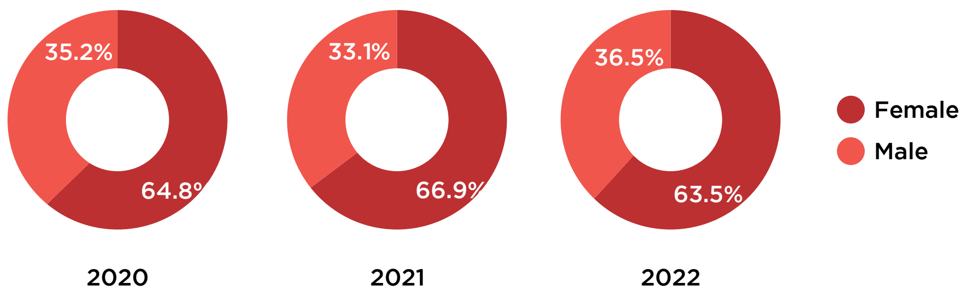
Workers in the Workforce



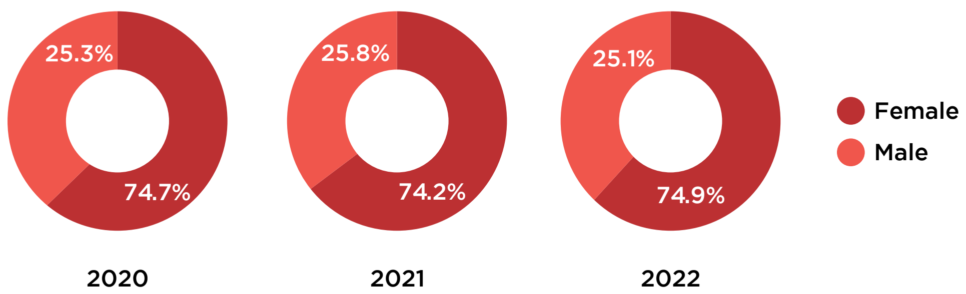
Workers in Executive Level Positions



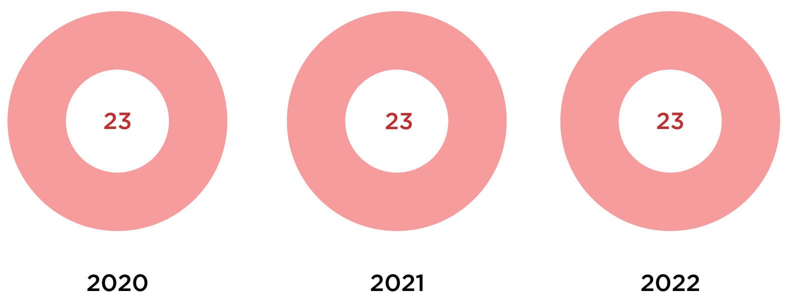
Workers in Managerial & Supervisory Roles



Workers in Rank & File Positions



Employees from Indigenous Communities and/or Vulnerable Sectors[1]



[1] Vulnerable sectors include, the 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). The count of employees declared are the PWDs from Southstar Drug (SSD)

Inclusive Talent Strategy

We believe that adequate compensation and above-average benefits are effective strategies for talent acquisition and retention. We benchmark our rates against industry standards and ensure that it is aligned with the 25th percentile in the general industry salary structure. We also provide benefits beyond what is mandated by the government. These include transport services, allowance packages, loans, and other forms of assistance and incentives.

We continue to explore ways to grow and retain talent by understanding the culture and priorities of Millennial and Generation Z employees with 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 work routines and methods for productivity.

	Rate of employees utilizing benefits in 2022	
Employee Benefits	Female	Male
SSS	100%	100%
PhilHealth	100%	100%
Pag-ibig	100%	100%
Parental leaves	0.42%	0.53%
Vacation leaves	51%	45%
Sick leaves	25%	18%
Medical benefits	21%	15%

A Safe and Happy Workplace

Occupational health and safety is relevant to us because it impacts the welfare of our employees and their capacity to work. We abide by safety, health, and welfare standards and policies set by the Department of Labor and Employment to provide safe and healthy working conditions for employees, customers and other stakeholders who visit our premises, patronize our establishments, shop or dine at our stores, or may be affected by our activities.

We also have Security and Safety Manuals that are regularly reviewed to ensure its continued effectiveness and relevance. We have a Corporate Emergency Response Team (CERT) tasked with spearheading initiatives across the conglomerate during a crisis. The CERT shall also be responsible for the periodic review of contingency plans and our emergency preparedness and response procedures to ensure that effective responses and responsible policies are in place to deal with crisis or emergency situations.

Robinsons Retail Academy

The Robinsons Retail Academy (RRA) is the branded academy designed by our Learning & Organizational Development (L&OD) team to provide learning opportunities to its employees. It is a structured approach to employee development that aims to enhance skills, knowledge, and expertise within the organization. The academy typically provides a range of training courses, workshops, and seminars that are relevant to our business objectives and the professional development of our employees.

RRA provides a centralized approach to employee development. Instead of searching for training opportunities on their own, the academy provides a single point of contact for all training needs. This ensures that employees receive consistent and relevant training that aligns with our objectives and values.

Robinsons Retail Academy Curricula

NEO — **New Employee Orientation**
An Employee orientation program for new RRHI employees.

DLP — **Digital Learning Program**
A set of bi-weekly curated programs focusing on essential skills. knowledge and mindset: the courses focus on Personal Excellence. People Excellence and Operational Excellence

REC — **Retail Excellence Curriculum**
A set of learning roadmaps per level for all employees focusing on building retail-based leadership and managment competencies.

MDC — **Management Development Curriculum**
A set of learning roadmaps for key talents focusing on developing them for their current and future roles aligned to both functional and leadership management competencies.

TP — **Thematic Progams**
A pool capability building programs supporting the organization's goals and strategies. (e.g Supply Chain, Customer Experience)

Target Participants

I. Frontline Leaders

Levels 1 - 3

Operations: e.g. Cashier, Sales Clerk
Support Group: e.g. Assistants

II. Supervisory Leaders

Levels 4 - 5

Operations: e.g. SSO, SSA, DH
Support Group: e.g. Officers

III. First-Line Leaders

Levels 6 - 7

Operations: e.g. Store Managers
Support Group: e.g. Managers

IV. Strategic Leaders

Levels 8 - 9

Operations: e.g. OMs, ROMs/GOMs
Support Group: e.g. Senior Manager

RRHI Core Competencies

<table>
<tr><td>Supply Chain</td><td>Retail Operations</td><td>Customer Experience</td><td>Finance</td><td>Leadership</td></tr>
<tr><td colspan="2">Personal Excellence (Leading Self)</td><td>People Excellence (Leading Teams)</td><td colspan="2">Operational Excellence (Leading The Business)</td></tr>
<tr><td colspan="5">Leadership Competencies</td></tr>
<tr><td colspan="5">RRHI Values</td></tr>
</table>

RRA allows us to accelerate our efforts in employee development and improve our overall productivity and efficiency. We conduct a Training Needs Assessment annually, which guides the designing and development of new learning and development opportunities.

Strengthening Partnerships for Shared Value

Our suppliers and trade partners are integral to our creation of shared value as well as supporting the livelihood of various businesses and providing access to goods for our end-consumers. Currently, 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.

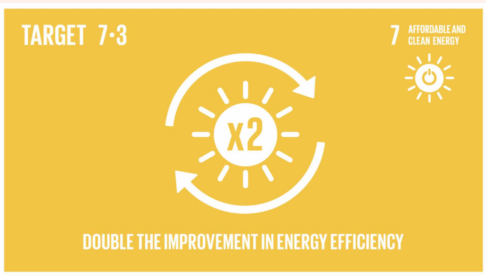
To reinforce our commitment to nurturing better relationships with these essential partners, we continue to work towards improving forecasting demand to maintain just-in-time inventory deliveries to increase supply efficiency allowing us to reduce shrinkage or wastage. Through the cross-docking systems at our distribution centers, we are also able to speed up the delivery of products and reduce the unnecessary maintenance of stocks.

A Sustainable Supplier Accreditation Policy

We piloted a supplier sustainability survey among our Supermarket segment's top vendors in 2021 composed of major global and local fast-moving consumer goods (FMCG) manufacturers, contributing to over 50% of the total sales of the segment. These vendors were surveyed on five key ESG topics: (1) environment/waste policy, (2) energy consumption/reduction plans and targets, (3) landfilled waste reduction plans and targets, (4) child rights and labor policy, and (5) sustainability reporting. This pilot run provided valuable insights in relation to the level of uptake of these top vendors towards sustainability.

Given the insights we gained from the pilot, we have taken steps to be more deliberate in engaging our suppliers to adopt sustainability practices and performance monitoring. In 2023, we will be starting to integrate crucial ESG metrics into our Supplier Accreditation Policy and the accreditation process for our top 30 vendors in the Supermarket and Drugstore segments. These two segments were chosen for the first run due to their scale of impact, as they compose almost 75% of our total sales in Robinsons Retail.

This year, we began conducting consultation meetings with the merchandising teams of the respective participating segments and their top vendors. Our ESG integration aim is to offer a harmonized approach that will be simple for suppliers to understand and gather the necessary data while not compromising the overall quality of the metrics. We look forward to expanding this initiative to other suppliers in other segments in the coming years.



Energy and Greenhouse Gas (GHG) Management

As we rely on electricity and fuel for our overall store and office operations, we continue to take active steps towards actively reducing our carbon footprint while expanding our store network.

This year, we expanded our electricity consumption data scope to include consumption data from Uncle John's non-franchised stores, which was made possible due to continuing improvements in our data-gathering practices. Our Supermarket segment stores still constitute most of our electricity consumption, representing 67% of total consumption, which excludes consumption from our franchised stores in Uncle John's and TGP.

We have started the data gathering exercise for some of our franchised stores in Uncle John's and will be expanding this further to our TGP franchise stores in line with mapping our indirect GHG emissions across our business value chain (Scope 3 GHG emissions).

Our energy reduction initiatives remain across all our stores, such as the conversion of our old air conditioning units to inverter types, the conversion of old light bulbs to LED, and close monitoring and preventive maintenance of energy-intensive store equipment.

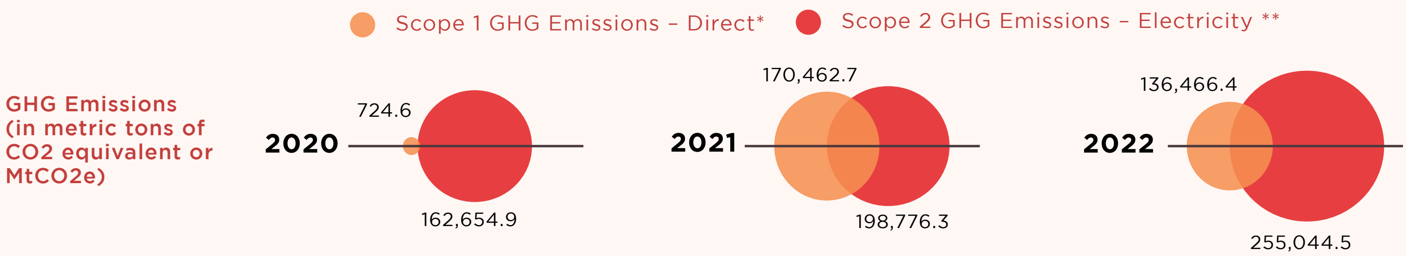
While we use diesel and gasoline fuel to run our company-owned vehicles, delivery trucks, and generator sets, emissions from our total fuel consumption only constitute around 1% of our total direct GHG emissions (Scope 1).

The bulk of our direct GHG emissions impact comes from our refrigerant consumption. We started to collect refrigerant consumption data used for the refrigeration and cooling systems of the Supermarket segment in 2021, alongside a proactive approach to reducing consumption. We have been continuously converting our old refrigerants to ones with a lower carbon footprint and are expanding the use of water-loop refrigeration systems, which were first launched in Robinsons Supermarket Capitol Hills, Quezon City. We implemented the same water-loop refrigeration system in 2022 at our new The Marketplace store in Banawa, Cebu City. With all these efforts, we reduced our GHG emissions from refrigerants to 20% compared to 2021, despite our continuous store expansion.

We remain committed to the climate action targets we made public in 2021. However, we will be finetuning them in the next one to two years as we finalize our net-zero targets. We will also be mapping our Scope 3 GHG emissions starting in 2023.

Energy and Fuel Consumption	2020	2021	2022
Energy consumption – electricity (in kWh)*	239,769,175.6	286,508,318.6	355,823,688.9
Fuel Consumption (in liters)			
Gasoline – company-owned vehicles	161,340.6	178,413.8	173,120.2
Diesel – company-owned vehicles	156,253.2	164,943.9	194,136.1
Diesel – company generator sets	*Data not gathered*	339,412.6	251,655.3

Energy consumption for 2022 now includes electricity consumption from the stores of Uncle John's.



**Scope 1 GHG emissions data for 2021 and 2022 include emissions from fuels used for company generator sets and from refrigerant consumption, while 2020 data only includes emissions from fuels used for company-owned vehicles.*
***Scope 2 GHG emissions for 2022 include emissions from the energy consumption of Uncle John's.*

Materials and Solid Waste Management

We use renewable and non-renewable materials like paper and plastic for consumer packaging and make sure to constantly monitor the consumption of these materials and work towards reducing our consumption.

Across all our stores, we have increased the use of paper and eco-bags. At Uncle John's, we have been actively encouraging more dine-in transactions and converting ready-to-eat packaging made of lightweight yet durable packaging to reduce plastic and paper use.

In the coming years, we will be expanding our disclosure of renewable and non-renewable materials with necessary reduction targets.

Renewable and Non-Renewable Materials Consumption (in metric tons)	2020	2021	2022
Renewable	2,222	2,595.3*	3,316.3
Non-renewable	891	1,730.6*	2,298.0

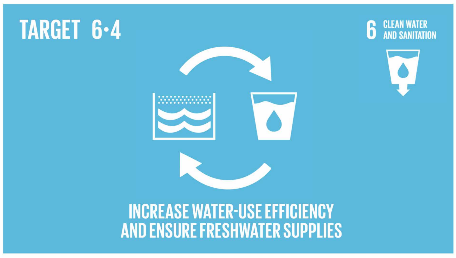
**2021 data restated due to review and improvements in data gathering practices.*

We are also cognizant of the waste we generate as a business. We continue to implement waste segregation measures throughout our stores and distribution centers and target to systematize our solid waste generation data across all banners. This detailed data-gathering system will help us guide our waste recycling and diversion targets.

Currently, we are building monitoring systems for our supermarkets with diverse waste profiles. In coordination with our vendors, we also strictly comply with the requirements on the proper disposal of identified "bad" or expired products and ensure that sub-par items do not reach the market.

Solid Waste Generation (in kg)	2020	2021	2022
Total solid waste generated	10,293,112.9	14,237,742.0	10,169,308.1
Recyclable	1,853,688.5	5,882,013.0	4,252,467.5
Biodegradable/Food Waste	7,160,961.3	7,902,928.0	5,317,623.1
Residuals	1,278,463.1	452,801.0	599,217.46

Solid Waste Diversion (in kg)	2021	2022
Recycled Waste	1,895,356	1,863,074.7

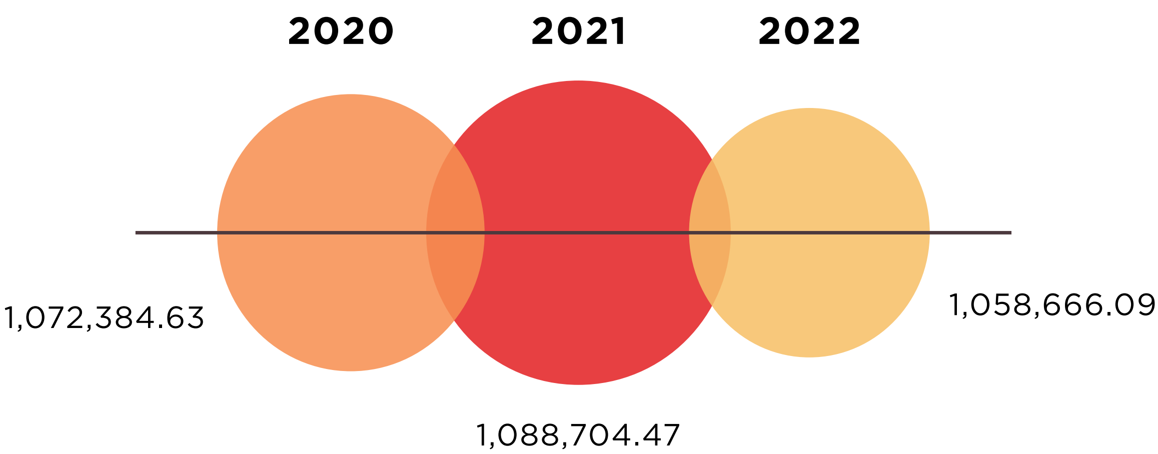


Water Management

Although our businesses do not require as much water as others, we remain vigilant in monitoring our water use, which we source from local third-party lines.

Our water consumption is primarily due to office and store lavatory use as well as regular maintenance and cleanup. We regularly monitor our plumbing and water systems to prevent major losses due to leakages and other wastage.

Water consumption (in cubic meters)



Commitment to Consumer Protection

Ensuring the overall welfare of our customers is an essential aspect of our commitment to excellence. We strictly implement quality control and assurance measures, primarily through our Consumer Protection Manual, pursuant to BSP Circular No. 857: Regulations on Financial Consumer Protection, which we regularly review and update as needed.

We also ensure that our customers can reach us easily via a range of communication channels for feedback, including but not limited to customer service kiosks at our stores, online inquiry forms on our corporate and banner websites, and our social media channels.

In 2022, the Supermarket segment improved its complaints resolution rate to 85.4%, compared to 84.3% in 2021. The segment is working to continuously improve through its elevated customer service. In the coming years, we will be conducting more customer satisfaction surveys across all our business units and continuously improve complaint resolution rates.

Supermarket

With 324 stores across the country, the Supermarket segment is Robinsons Retail's largest comprised of five well-loved banners serving a diverse customer base with a wide array of inclusive product options—from local favorites to international bestsellers.

The Supermarket segment proactively responds to evolving customer needs and trends while advocating for better choices that foster growth and generate shared value for customers and other stakeholders.

STORE COUNT

148	Robinsons Supermarket
107	Robinsons Easymart
36	THE MARKETPLACE
16	SHOPWISE INTERNATIONAL GROCERY SHOPPING
17	No Brand 브랜드가 아니다. 소비자다

Robinsons Supermarket

Robinsons Supermarket is the Philippines' first mainstream supermarket anchored on health and wellness.

Offering a wide variety of quality food and product options at affordable price points and accessible locations, Robinsons Supermarket empowers customers to make healthy choices via proper product labeling in partnership with the National Food and Nutrition Research Institute, and other nutrition-oriented campaigns.

Robinsons Supermarket also prioritizes locally sourced produce from smallholder farmers, which promotes avenues of shared growth.

Robinsons Easymart

Robinsons Easymart is a standalone mini-mart store for everyday needs located right within the neighborhood.

Smaller than a typical supermarket, it offers both quality and affordable fresh food and other household essentials as well as bill payment and mobile loading services with ease of accessibility and convenience.

THE MARKETPLACE

The Marketplace is Robinsons Retail's premium grocery format giving connoisseurs and dilettantes alike the flavors of the world through imported and gourmet options.

Located in several central business districts and high-end developments, The Marketplace features a wide range of internationally sourced and carefully curated selections that cater to an upscale market.

SHOPWISE
INTERNATIONAL
GROCERY SHOPPING

Shopwise is our hypermarket format featuring a broad assortment of products from groceries to general merchandise and lifestyle essentials from brands around the world.

One of the pioneers of the hypermarket format in the Philippines, Shopwise enables customers to experience international grocery shopping with great finds and great deals without the membership fee.

No Brand
브랜드가 아니다. 소비자다

No Brand is a straightforward, no-frills grocery store that offers Korean food and lifestyle enthusiasts options that focus on quality and not branding.

Launched by one of South Korea's largest multi-format retailers E-Mart Inc. in 2015, Robinsons Retail was awarded the franchise rights to bring No Brand to the Philippines in 2019.

No Brand's private label products, which include authentic Korean food and snacks, beauty products, and cleaning materials, have quickly become crowd favorites due to its excellent quality and affordable price point.

The flagship Supermarket segment, which accounted for 56.6% of total Robinsons Retail revenues in 2022, generated net sales of Php101.1 billion, 14.1% higher year-on-year. SSSG for the full year came in at 7.3%, a substantial improvement from the negative 8.7% recorded in 2021. All our Supermarket banners posted positive SSSG in 2022, underpinned by a better supply chain situation and stronger volumes due to increased foot traffic inside our stores. The Supermarket segment also benefited from store expansion initiatives, which directly contributed to top line growth.

Full-year gross profit margin of the Supermarket segment expanded by 20 basis points year-on-year to 21.7% on the back of higher indent and private label penetration, assortment shifts, and increased vendor support. This enabled the segment to generate Php22.0 billion in gross profit for 2022, 15.4% higher versus the previous year.

EBITDA margin, however, was flat at 8.4% in 2022 as additional expenses from new stores and the underutilized new distribution center in the north offset the gains in gross margin. Nonetheless, EBITDA still grew by 14.2% for the full-year to Php8.5 billion.

The Supermarket segment ended 2022 with a total of 324 stores, 38 stores higher than in 2021. By banner, we had 148 Robinsons Supermarket stores, 107 Robinsons Easymart stores, 36 The Marketplace stores, 16 Shopwise stores, and 17 No Brand stores as of year-end. All banners are available through GoCart as well as other third-party platforms and aggregators for grocery delivery services.

Empowering Local Farmers

The Farm to Table (FTT) Program of the Supermarket segment, launched in 2018, continues to empower local smallholder farmers by providing a platform for them to access competitive market prices.

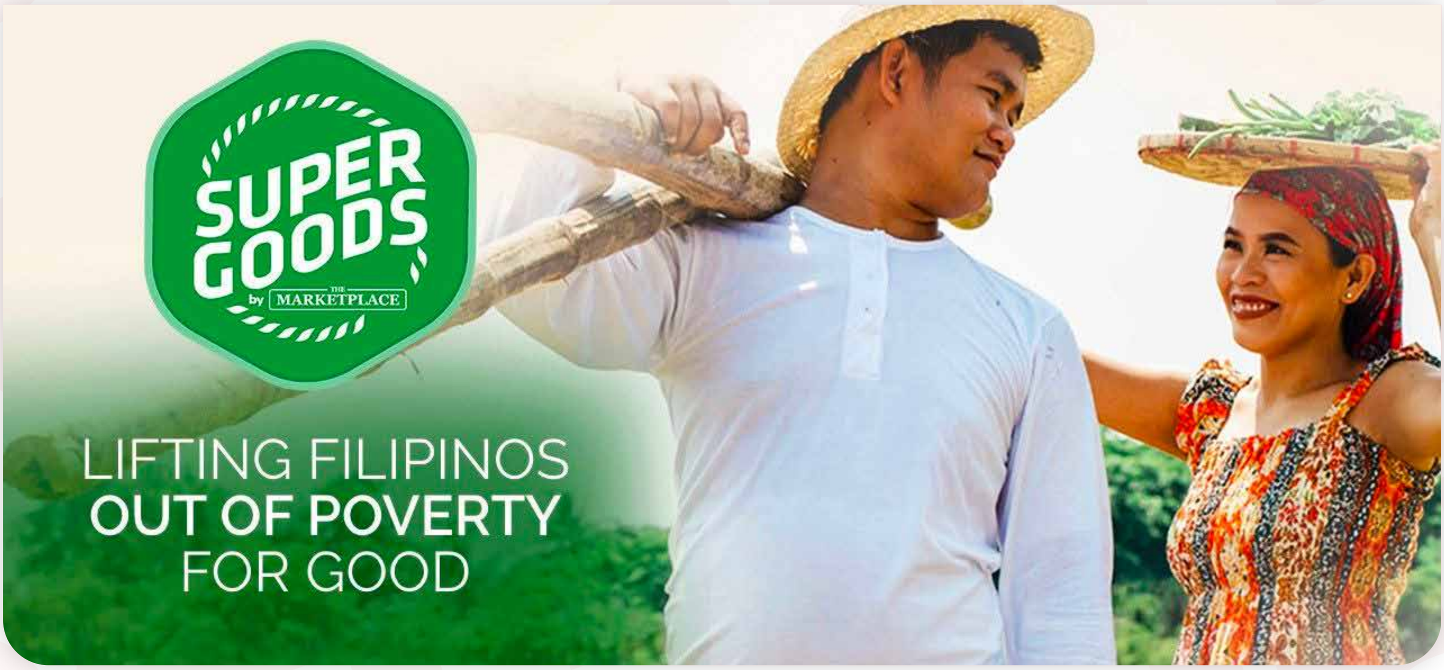
In 2022, we collaborated with 864 local farmers and 28 MSMEs across the Philippines. Through them, we were able to bring close to 4,500 local farm-fresh fruits and vegetables, which comprise close to 40% of the total fresh produce products of the segment.

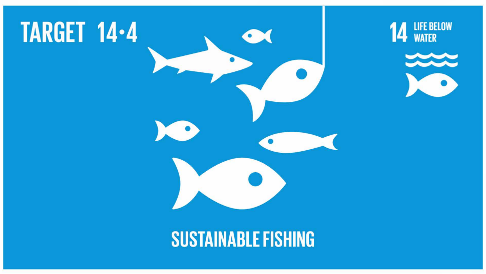
The FTT Program also encourages farmers to adopt organic, environment-friendly, and socially responsible farming practices. This year, over 10% of fresh produce was certified organic by the Organic Certification Center of the Philippines (OCCP) and/or accredited by the Department of Agriculture's Philippine Good Agricultural Practices (PhilGAP). OCCP is a certification and inspection body for agricultural products that conform to the Philippine organic agriculture standards. PhilGAP is a certification program that aims to ensure food safety and quality of agricultural products while keeping negative environmental and social impacts low.

Super Goods by The Marketplace

The Marketplace became the first major retailer in the Philippines to develop a whole new category for accredited social enterprises that pledge to push forward local businesses and sustainable practices back in 2016. The product category line called Super Goods, originating from a partnership with Gawad Kalinga and Human Nature, carries products that pass strict requirements in order to ensure that the sale of these products delivers a genuine impact on society and helps uplift Filipinos out of poverty. With Human Nature, a 6-point scale for accrediting potential social enterprises was developed for the program, which are responsible sourcing, responsible production, world-class products, dignified wages, ethical, and pro-Filipino.

In 2022, the program continues to support 600 local farmers and seven social enterprises across the country, delivering 42 proudly Filipino food products. The Marketplace is working towards increasing the number of participating social enterprises for accreditation to the Super Goods program and diversifying the product offerings to include non-food products as well. The accreditation process is also currently being reviewed to attract more potential social enterprises.





Fish Right Program

The Supermarket segment continues to partner with Fishta Seafood, Inc. and USAID for the Fish Right Program, a hybrid training on responsible fish handling principles and practices. The program, which we helped pilot in 2021, targets to equip smallholder fisherfolk, traders, and fish processors with practical information on how best to secure new markets and buyers for their products and how to make successful long-term business engagements.

The program is currently developing responsible seafood sourcing (RSS) policies and standards, improving product documentation of seafood harvests, and conducting education campaigns for buyers, suppliers, and customers.

A Smarter Way to Health and Wellness

In line with our continuous commitment to educate and empower customers in making healthier food choices, Robinsons Supermarket continues to implement and expand Smart Tags, a program started in 2007 in collaboration with the Department of Science and Technology's Food and Nutrition Research Institute (DOST-FNRI).

Smart Tags is a color-coded system that helps customers determine if products are on sale, evaluated healthy, private label, or regularly priced. Products that have been evaluated healthy by the DOST-FNRI sport a green tag and are featured in Robinsons Supermarket's Health & Wellness section where products are further classified according to their health benefits.

Through the partnership, the annual Eat the Rainbow campaign is also held, a month-long program that encourages consumers to eat different colored fruits and vegetables for a healthier lifestyle. Purchasing participating items also have an equivalent donation to DOST-FNRI's Nutri T.E.K (Teknolohiya, Edukasyon, at Kabuhayan) Para Sa Lahat, a program to educate beneficiaries on food and nutrition through training and livelihood programs.

In 2022, over 1,227 items were given green tags while the Eat the Rainbow campaign generated a total of Php135,960 for the Nutri T.E.K Para Sa Lahat program. Robinsons Supermarket was recognized by the DOST-FNRI as a key partner in promoting health and wellness in the country during its 75th founding anniversary.

Food Waste No More

The Supermarket segment continues to implement its partnership with Feeding Metro Manila (FMM), a hunger relief and zero waste advocacy non-profit organization. Through this partnership, FMM collects close to "best-before-end" food products that are still fit for consumption but are no longer good to sell.

We were able to donate produce and other baked goods, which FMM converts to healthy meals for partner beneficiary communities.

We also continue to partner with the Woolworths Group for World Food Day to help feed school children at City Gates Academy in Antipolo City, Rizal through Thrive Foundation, a non-profit organization committed to delivering healthy food to hungry children. The partnership has helped generate over 66,000 healthy meals since 2021.

No Brand became the first retail in the country to partner with Scholars of Sustenance, a food rescue foundation focused on tackling food waste and food insecurity. No Brand was able to donate 458.8 kilograms of food, equivalent to 1,932 meals served to indigent communities and about 1,161 kg of carbon dioxide emissions averted. The program is to be rolled out to more No Brand stores and select Shopwise branches in 2023.

Easy on the Plastic

Robinsons Easymart, together with Robinsons Supermarket, continues its plastic recovery and diversion campaign called Easy on the Plastic, which was launched in 2017. Through the campaign, Robinsons Easymart and Robinsons Supermarket stores serve as collection sites for PET bottles, which are then sent to recycling partners who turn the PET bottles into school chairs for public schools or eco bricks.

This year, 11,577 PET bottles were collected from July to December 2022.

Trees of Wellness

In partnership with Century Pacific Food, Inc. and Friends of Hope, Inc., we launched Trees of Wellness, a campaign that targets to plant and donate 100,000 coconut trees to smallholder coconut farmers in Mindanao by 2030.

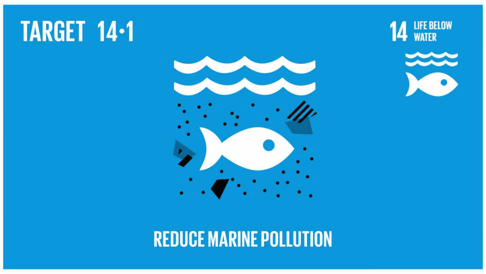
With the decline in overall coconut harvest yield from aging trees, this program hopes to help sustain the livelihood of farmers via new trees with 3,000 already donated during the program's launch in General Santos City in September. The program also enables farmers to directly sell their produce at competitive prices to Century Pacific who are the manufacturers of Vita Coco and Coco Mama products, which are sold at our stores.

A Brighter Vision of the Future

Since 2005, Robinsons Supermarket has been an active partner of World Vision Philippines, an organization dedicated to working with children, families, and communities to overcome poverty and injustice.

Robinsons Supermarket currently supports 120 kids across the country through World Vision's child sponsorship program, helping them and their communities access long-term essentials like clean water, nutrition, and education, among others.

In 2022, through Robinsons Supermarket's efforts and in collaboration with trade partners, it has raised over Php12.2 million in monetary and in-kind donations to World Vision Philippines.



Taking Care of Communities

Robinsons Supermarket, in partnership with Communities Organized for Resource Allocation (CORA), spearheaded a coastal cleanup and community gift-giving activity in Boracay.

Over 300 volunteers from Robinsons Supermarket, local government unit (LGU) partners, trade partner representatives, and the local community collected 96 sacks of coastal debris across stations 1 to 3. Volunteers from Rose Pharmacy and Handyman also joined in the activity.

The Harvest-All-You-Can initiative was also held where shoppers can take all the fruits and vegetables they can gather in under 60 seconds. Through CORA and trade partner Errandz, six (6) families from Balabag, Yapak, and Manoc-Manoc were able to take home fresh fruits and vegetables for free as well as groceries from Robinsons Supermarket.

Wellness Moms

In partnership with the Ateneo Center for Educational Development, Robinsons Supermarket launched Wellness Moms, a platform that has fostered a community of mothers supporting each other.

Through the program, moms are able to discuss with each other and with certified wellness experts common issues and concerns that affect them. The program also regularly implements marketing campaigns that help generate funds to support beneficiaries of the program.

At present, the program has generated around Php450,000 in donations and currently supports 231 young moms from five barangays in Quezon City.

Drugstores

At the core of Robinsons Retail's Drugstore segment is the commitment to make access to high-quality and affordable pharmaceutical products within reach.

The Drugstore segment, comprising three trailblazing banners, continues to meet the needs of individuals and communities at their most vulnerable day in and day out.

STORE COUNT

623	southstar drug
370	Rose Pharmacy
2,151	TGP

southstar drug

Southstar Drug is one of the largest and oldest drugstore chains in the Philippines. Founded over 85 years ago by the Dy family in the Bicol region, it has grown to become an industry leader and is listed as one of the country's Top 500 Corporations.

Southstar Drug stocks a wide assortment of branded prescription and over-the-counter medicines as well as food, personal care, and wellness items. Southstar Drug also has its own range of private label generics.

Rose Pharmacy

Rose Pharmacy, established in Cebu in 1952 by the Lim family, is one of the country's top drugstore chains and is one of the most preferred go-to drugstores for quality and affordable medicines in the Visayas and Mindanao.

Rose Pharmacy has its own line of private label generics giving more options to customers for their prescription and over-the-counter medicine needs. Rose Pharmacy is also an exclusive distributor of Guardian, a private line of personal care products.

TGP

TGP is Robinsons Retail's chain of community drug stores operated under a franchise model. Founded by pioneer and visionary Benjamin Liuson, TGP continues to be a gamechanger and remains to be the largest chain of community drugstores in the country.

Steadfast in its commitment to enabling access to affordable and accessible healthcare for Filipinos with quality products, competitive prices, and convenient locations; TGP's franchising model also continues to empower entrepreneurs throughout the country.

The Drugstore segment, which contributed 16.5% of total Robinsons Retail revenues in 2022, saw net sales improve by 10.6% in 2022 to Php29.5 billion. This was driven by increased demand for fever and flu medicines, sustained growth in prescription drugs, and sales contributions from new stores. Blended SSSG of Southstar Drug and Rose Pharmacy increased by 5.3% for the full year.

The surge in COVID cases at the start of the year due to the Omicron variant fueled demand for cough, fever, and flu medicines, translating to strong revenue growth in the first quarter (SSSG: 14.6%). Likewise, an acceleration in seasonal flu cases in the latter part of the year translated to a resurgence in our top line growth for the fourth quarter (SSSG: 8.5%). These were only partially tempered by the year-on-year slowdown in the third quarter (SSSG: negative 3.8%) coming from an extremely high base in the same period in 2021 due to the Delta variant surge.

Gross margin for the Drugstore segment expanded by 70 basis points in 2022 to 20.3% mainly due to the increased percentage of sales from private label products and margin windfall from price increase. As a result, gross profit increased by 14.7% year-on-year to Php6.0 billion.

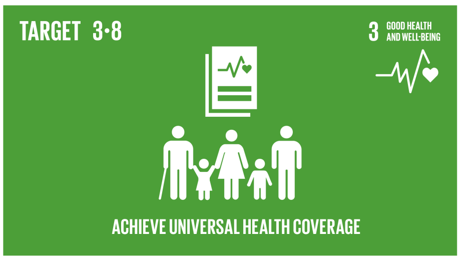
Meanwhile, EBITDA margin increased by 40 basis points in 2022 to 9.0% coming from supply chain synergies between Rose Pharmacy and Southstar Drug, as well as notable gains in gross margin. This enabled EBITDA to grow by 15.3% year-on-year to Php2.7 billion.

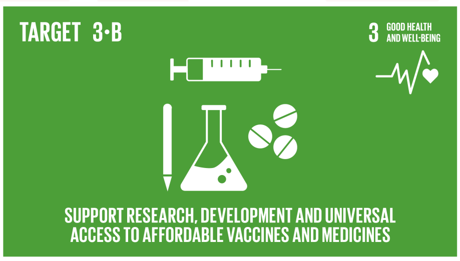
Our Drugstore segment continues to be the most aggressive in terms of network expansion with a total of 94 net new stores added in 2022, including our first drive-thru drugstore. This brings the total to 993 owned stores (623 Southstar Drug and 370 Rose Pharmacy) and 2,151 franchised TGP stores. Southstar Drug is accessible through GoCart and has its own ecommerce site: southstardrug.com.ph. Rose Pharmacy also has its own website, rosepharmacy.com.ph.

Advocating for Inclusive Employment

Southstar Drug, in its advocacy for inclusive employment, continues to employ 23 persons with disabilities (PWDs) in both its office and store operations. This program aims to highlight our efforts towards giving equal employment opportunities for all as well as the capacity of PWDs to drive change and contribute to the local economy like everyone else.

We look forward to employing more PWDs in the business and expanding the program across our other segments.





Promoting Holistic Workforce Well-being

As we continue to prioritize the health and wellness of our people, Southstar Drug hosted a series of health fairs for employees as we drive forward our holistic approach to workforce well-being.

During the health fair, our employees availed of free consultation and screenings for the early detection of vascular and cardiovascular diseases, bone degeneration, and diabetes. On-site vaccination for the flu, pneumonia, and HPV were also available.

Driving Excellence in Pharmacy Practice

In line with the national mandate for continuing professional development for licensed professionals like pharmacists, we conduct an annual national summit aimed at enhancing the knowledge and skills of our pharmacists across our drugstores so they can better serve the community and keep abreast with the latest developments and best practices in their field. This year, our summit was able to train over 600 licensed pharmacists.

On the other hand, to help prepare future pharmacists, TGP's internship program for pharmacy students enables interns to gain practical experience in all aspects of community pharmacy management and operations, including the application of policies and regulations that govern the industry.

Together Growing with Purpose

Investing in the growth and development of our franchisees is an important aspect of the way we do business as we find ways to adapt to the new normal and keep our commitment to helping them succeed.

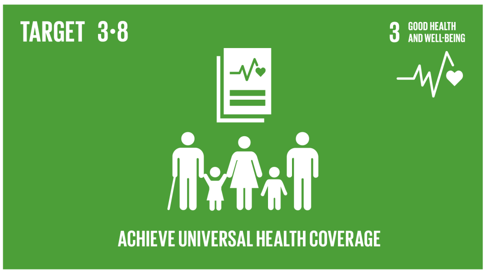
TGP hosted its year-round Kape at Kuwentuhan, a business clinic and learning series featuring sessions on finance for non-accountants, operations and talent management, and customer engagement. Close to 150 franchisees from across the country were able to attend the learning sessions.

TGP also hosted its 8th Annual Franchisees Summit with over 500 franchisees attending in-person and virtually. Franchisees were able to attend sessions on purposeful growth, resilient entrepreneurship, and current trends in pharmaceuticals including a keynote speech from Senator Joseph Victor Ejercito on the Universal Healthcare Law, which he co-authored and was a principal sponsor for in the 17th Congress. Franchisees were also able to interact with over 55 trade partners who were present during the summit. Top franchisees, frontliners, and trade partners were honored during the event with the TGP Awards for their contribution to the continued success of the business.

GBF-SSD Scholarship Program

In partnership with the Gokongwei Brothers Foundation, Southstar Drug supports outstanding college students in the field of science, technology, engineering, and mathematics (STEM) with good academic performance, leadership potential, active community involvement, and who require financial assistance to pursue a college degree in pharmacy.

In 2022, 21 scholars passed the 2022 Pharmacist Licensure Examination joining our growing network of 184 scholars from across the country since the program started in 2017. Through the program, scholars are also able to access scholar development programs, training opportunities, and career placements within Robinsons Retail.



Expanding Access to Affordable Healthcare

As we expand our drugstores to serve more underserved communities throughout the country, we also continue to grow our range of affordable and accessible generic medicines towards equitable access to affordable healthcare.

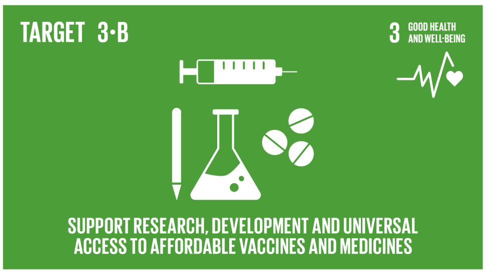
Alongside our wide range of generic medicines from TGP, Southstar Drug launched its first 15 generics while Rose Pharmacy expanded its range to 90 generics, helping customers manage health conditions including bacterial, viral and fungal infections; hypertension and high cholesterol; cough and colds; diabetes; allergies; pain management; functional supplements to support overall health like vitamins and minerals; among others. In 2022, close to 600 million pieces of Southstar Drug and Rose Pharmacy generics positively impacted and helped improve the quality of life.

Collaborating for Better Health Outcomes

In partnership with the Provincial Government of Cebu, Rose Pharmacy joined the Helping Indigents through Medical Support for Sugboanons (HIMSSugbo), which aims to help alleviate the financial difficulties of indigent Cebu Province residents.

The partnership enables indigent patients admitted at provincial-run hospitals immediate access to medicines through a QR-coded prescription slip redeemable at Rose Pharmacy and other partners, with costs ultimately shouldered by the provincial government.

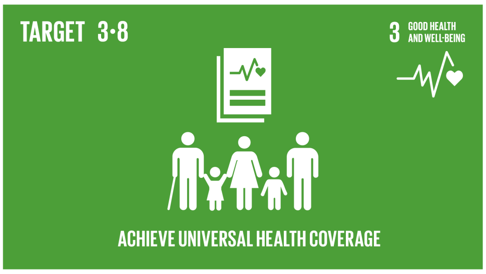
We continue to support and seek public and private sector collaborations like these, which are crucial to ensuring that all individuals, especially those from vulnerable sectors, have access to quality healthcare towards living healthy and productive lives.

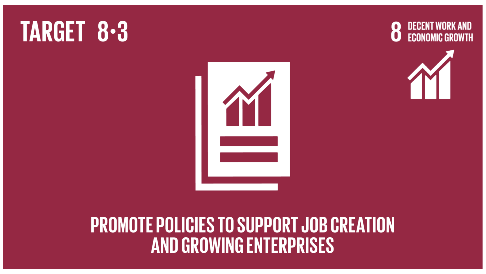


ResBakuna sa Botika

In the continuing vaccination drive for Filipinos against the COVID-19 virus, we continue to support and participate in the national ResBakuna sa Botika program. We have facilitated and helped administer vaccinations—either first, second, or booster doses—for over 9,000 individuals at 28 participating Southstar Drug, Rose Pharmacy, and TGP stores.

As the pandemic eases and with more Filipinos already vaccinated, our Drugstore segment will continue to proactively collaborate with the government in the rollout of vaccines beyond COVID-19.



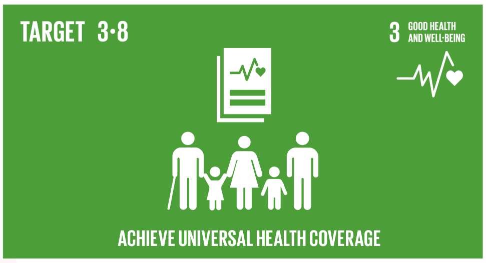


Serving the Underserved

An integral aspect of TGP's growth strategy is to make quality and affordable healthcare available to underserved, lower-income communities.

TGP waives franchise fees for stores located in fourth and fifth class municipalities throughout the country, which not only makes generic medicines accessible but contributes to the local economy as more local entrepreneurs open stores in these communities as well as provide employment.

In 2022, TGP opened 11 franchised stores with an expected eight more stores slated to open next year in fourth and fifth class municipalities with close to Php6 million in franchise fees waived.



TGPagpagaling Caravan

In 2022, TGP launched TGPagpagaling Caravan, a free on-site medical mission in partnership with local government units throughout the country.

Close to 3,000 individuals from communities in Ilocos Norte, Ilocos Sur, Tarlac, Pampanga, Batangas, Mindoro, Catanduanes, Cebu, Bohol, South Cotabato, and Metro Manila were able to avail of free medical consultations and basic laboratory tests.

Running for Wellness and Giving Back

In 2022, Southstar Drug and Rose Pharmacy organized successful runs for a cause highlighting the importance of health and wellness as well as the power of community involvement in helping others.

Southstar Drug's Run for Wellness, now on its 11th edition, saw over 3,000 people participating in Clark, Pampanga, and Naga City. With over 60 brand partners of Southstar Drug helping provide different activities and giveaways for the runners, the event was also fully supported by the local government units of Angeles City, Pampanga, and Naga City, where Southstar Drug was founded in 1937.

Rose Pharmacy also held its 3rd Cancer Warriors Run in Cebu, gathering around 2,500 runners in the common fight against childhood cancer. With the support of partner suppliers, the run is organized annually for the benefit of Cancer Warriors Foundation, Inc. (CWFI), a patient support organization for families of children with cancer. This year, Rose Pharmacy was able to raise Php500,000.00 for CWFI and its beneficiaries, which will be used for the kids' treatment and care.

Department Stores

Robinsons Retail's Department Store segment offers a shopping experience that goes beyond the ordinary. From fashion pieces to home and lifestyle necessities, the Department Store segment offers a wide range of products that cater to diverse customer needs and interests.

By continuously providing a personalized and exciting shopping experience for customers, the Department Store segment is committed to being an enabler of joy.

STORE COUNT

51 Robinsons Department Store

Robinsons Department Store

Robinsons Department Store is Robinsons Retail's pioneering banner. After over 40 years since the first Robinsons Department Store opened, it remains to be one of the Philippines' premier shopping destinations.

A one-stop lifestyle hub, a Robinsons Department Store may be found at any Robinsons Mall throughout the country providing access to quality merchandise and services to Filipino families including local and international apparel, beauty and personal care essentials, toys, home essentials and appliances, and other lifestyle essentials. Every store also has a Robinsons Business Center, which offers customers a range of financial products and services.

The Department Store segment contributed 8.4% of total Robinsons Retail revenues in 2022. Net sales for the year improved significantly to Php15.0 billion, up 61.2%, while SSSG surged by 53.4%. The resumption of face-to-face classes in schools and the easing of travel restrictions were the main drivers of top line growth for the segment. The key categories that outperformed were Shoes, Bags & Sportswear (SBS), Children's, and Ladies departments.

The continued improvement in our category mix underpinned the expansion in our gross margin, up 30 basis points to 30.2% for the year. As a result, gross profit rose by 62.8% year-on-year to Php4.5 billion.

Meanwhile, despite rental normalization and additional manpower costs, the department store's EBITDA margin still expanded by 190bps to 8.5% in 2022 owing to better operating leverage. This fueled the 108.1% acceleration in EBITDA to Php1.3 billion for the full-year.

The Department Store segment ended the year with 51 branches. Our products can also be accessed through GoCart and via the Call & Collect and Call & Deliver services.

Championing Filipino Craftsmanship

Robinsons Department Store continues to commit to sourcing locally produced items from Filipino craftspeople through the Go Lokal! program as well as featuring these at Robinsons Department Store Galleria's Tindahan section.

Go Lokal! is a public private collaboration between the Department of Trade and Industry and local retailer partners to showcase quality products designed and produced by Philippine micro, small, and medium enterprises (MSMEs). Robinsons Department Store was the first mainstream outlet to launch the program in 2017.

Designed to serve as incubation, marketing, and branding platform to showcase the best of products from Philippine MSMEs, this program has revolutionized the way hard to find and artisanal Filipino products are sold in the local market by bringing together a specially curated lineup that ranges from food, apparel, accessories, home décor, and gift items.

Two years ago, Robinsons Department Store relaunched its Philippine Craft section into Tindahan, a lifestyle concept section inspired by the Filipino sari-sari store filled with everything Filipino. Tindahan, created in collaboration with award-winning furniture designer Ito Kish, continues to promote Filipino design and products catering to local and foreign customers.

Recycle for Sight

In partnership with the Lions Club of Marikina Valley (MVHLC), Robinsons Department Store and Toys "R" Us collaborate for Recycle for Sight, Lions Clubs International's flagship eyeglass recycling program.

Through a donation made by Robinsons and Toys "R" Us, optical equipment will be purchased for MVHLC's new Lions Eyeglass Recycling Center (LERC), the first in the Philippines and Southeast Asia. The LERC will serve as a hub for collecting, cleaning, sorting, and distributing usable frames and lenses for vision-screened children, senior citizens, and indigent residents of Marikina and nearby communities.

To enable customers and other stakeholders to participate in the initiative, eyeglass donation boxes have been made available at select stores of Robinsons and Toys "R" Us.

Supporting Breast Cancer Awareness

Helping raise breast cancer awareness since 2016, Robinsons Department Store continues to partner with the Philippine Foundation for Breast Care, Inc. to highlight the importance of early detection and treatment.

Robinsons Department Store held a Pink Day where employees wore pink to not only raise awareness but also raise funds to support women battling the disease. For each employee in pink, a corresponding amount was donated towards expenses associated with breast screening and early detection.

With over 75 free breast screenings raised from the Pink Day initiative, a virtual talk was also held on breast health, which was streamed over Robinsons Department Store's social media platforms to reach customers and the wider public.

Embracing Diversity and Inclusion

Robinsons Department Store takes part in celebrating Pride Month every year as it continues to support the LGBTQIA+ community and everyone's uniqueness and individuality.

As part of the annual celebration in June, Robinsons Department Store encourages employees and customers to express themselves in color to celebrate diversity, promote acceptance, and advocate for equality leading to safe and inclusive spaces where everyone can feel valued and respected.

DIY

Helping Filipinos turn houses into homes for almost 30 years, Robinsons Retail's DIY segment remains committed to providing excellent hardware and home improvement solutions.

Providing customers with a wide range of products from trusted brands at competitive prices and excellent customer service, no project is too big or too small for the DIYer that visits any of its 223 stores.

STORE COUNT

191	HANDYMAN Do it Best
32	True Value

HANDYMAN

Do it Best

Handyman Do It Best is one of the leading hardware and home improvement stores in the Philippines. Established in 1994, it pioneered the concept of a mall-based hardware store making it easier for customers to find high-quality tools and materials for their home improvement needs.

With a focus on providing value-for-money hardware, electrical and lighting, power tools, and plumbing products, Handyman Do It Best continues to expand its product selection and respond to changing customer needs.

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

True Value®

Since Robinsons Retail's acquisition of True Value in 2007, it has become a destination for discerning homeowners seeking high-quality and unique home and office finds.

True Value has redefined the conventional DIY store by providing a curated selection of products that cater to a wide range of tastes and preferences including lawn and garden tools, automotive supplies, home and kitchen appliances, and paint and sundries, among others.

Our DIY segment chalked up 6.9% of total Robinsons Retail revenues in 2022. Net sales for the segment posted a modest growth of 7.8% in 2022 to Php12.4 billion. SSSG increased by 10.1%, accelerating from 1.3% in 2021 driven by higher transaction count. Key category drivers were hardware, electrical and plumbing. We note that overall net sales growth was lower than that of SSSG during the year, which we attribute to right-sizing of our store portfolio.

Gross margin eased to 31.1% in 2022 from 31.6% in 2021 due to the move out of aging inventories and markdowns. As a result, EBITDA margin likewise declined to 12.5% for the year from 13.5% in 2021. Nonetheless, in absolute terms, gross profit still grew by 6.0% year-on-year to Php3.9 billion while EBITDA was flat at Php1.5 billion, supported by positive topline growth.

The DIY segment ended the year with a combined 223 stores, comprising 191 Handyman Do it Best stores and 32 True Value branches. Both Handyman Do it Best and True Value products can also be purchased through GoCart.

Trade-In for Good

The DIY segment continues to support programs that not only contribute to society and uplift communities, but also promote sustainability by reducing waste and promoting the circular economy.

Handyman Do it Best encouraged customers to trade-in and donate new pairs of slippers, liquid hand soap, and rubbing alcohol in exchange for a substantial discount on Handyman's range of home items. Called the Home Finds Trade-In campaign, collected items were donated to Virlanie Foundation, Inc., an organization working towards helping prevent abuse and neglect among disadvantaged children as well as educational and family support.

In support of the Association of Mouth and Foot Painting Artists (AMFPA) Philippines, Handyman Do it Best also conducted another trade-in campaign where customers got to trade-in good or damaged vacuum cleaners for a big discount towards purchasing a new one. The collected vacuum cleaners were donated to AMFPA, an organization run by Filipino artists with disabilities who paint and create art without the use of their hands.

The Big Switch is a collaboration between True Value and Caritas Manila, which allows customers to trade-in old or non-working tools or equipment of any brand in exchange for a substantial discount when purchasing a new one. From 2018 until the present, hundreds of traded-in items—ranging from lamps to fans, grills, and power tools, among others—have been turned over to Caritas Manila and restored by their workshops, which are eventually sold at their Segunda Mana charity outlets to help fund other Caritas Manila initiatives like their scholarship and livelihood programs.

Supporting Frontliners

Recognizing the continued aid needed by hospitals and schools, True Value, in partnership with Wet Ones, distributed antibacterial wipes to hospitals and schools. Eight hospitals in Quezon City, Manila, and Pasig, and four public schools in Malabon, Caloocan, and Bulacan as well as nine orphanages received close to 50,000 canisters of antibacterial wipes to help with the sanitation requirements of frontliners, educators, and students.

This initiative was in support of the Gokongwei Brothers Foundation's Juan Community for Resilience program, which aims to strengthen the country's resilience against the impacts of COVID-19.

Convenience Stores

Robinsons Retail's Convenience Store segment continues to serve on-the-go shoppers with budget-friendly options, whether it be a hot meal or other essentials.

With stores located in central business districts and highly urbanized areas, the Convenience Store segment remains committed to providing round-the-clock convenience at great value.

STORE COUNT

424	Uncle John's

Uncle John's

Uncle John's is Robinsons Retail's flagship convenience store banner and one of the leaders of the convenience store space in the Philippines.

As the first convenience store in the Philippines equipped with an in-store kitchen facility, Uncle John's wide range of food selections are served hot and fresh every day including crowd favorite Uncle John's Fried Chicken. It also offers personal care items and general supplies.

Formerly known as Ministop for over 20 years, the chain was rebranded to Uncle John's after Robinsons Retail acquired the remaining 40% stake of Ministop Japan, making it a 100% Filipino-owned company.

Our Convenience Store segment, now under the brand name Uncle John's, accounted for 3.4% of total Robinsons Retail revenues in 2022. The segment ended the year with Php6.1 billion in net sales, up 23.5% year-on-year. SSSG was robust at 26.0%, rebounding from negative 9.6% in 2021. The encouraging topline trends were aided by higher sales from our commercial and BPO clusters which took advantage of the back to onsite working arrangements. We note that nearly 60% of our convenience stores are located in these key business districts. Furthermore, new product offerings that were supported by effective marketing promotions helped drive sales.

Gross margin and royalty income expanded by 280 basis points year-on-year to 38.2% as a result of the increased contribution of the higher-margin ready-to-eat (RTE) products. This translated to strong gross profit and other income growth of 33.5% to Php2.3 billion for the full-year, outpacing the segment's revenue growth.

A recovering topline, better gross margins, and manageable operating expenses lifted Uncle John's EBITDA margin by 360 basis points to 9.6% by year-end. As a result, EBITDA surged by 98.7% year-on-year to Php581 million.

As of the end of the year, there were 424 Uncle John's stores, with 336 company-owned stores and 88 franchised stores. Customers can now also access Uncle John's products through GoCart.

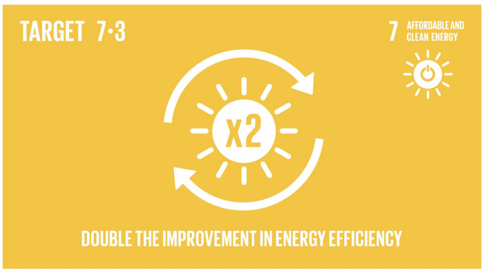
Reducing Packaging Footprint

With its goal of reducing overall materials and resource consumption, Uncle John's continues to implement improvements in its ready-to-eat (RTE) packaging as well as push for more dine-in transactions to reduce to-go packaging.

Uncle John's has changed its meal boxes and rice paper wrappers into more efficient and less materials-consuming types, while more durable paper bags to minimize double bagging have also been sourced. These have effectively reduced the overall consumption of paper packaging across our stores.

On the other hand, with eased restrictions on in-store dining, Uncle John's has also reinstalled tables and chairs and rolled out the use of stainless-steel utensils for in-store diners, which were taken out at the height of the pandemic. This will help in reducing consumption of to-go packaging, which include plastic disposables like spoons and forks.

With these resource efficiencies in place, Uncle John's will continue to explore other ways of reducing its packaging footprint as it goes into more sustainable packaging options in the near future.



Improving Operational Efficiency

Uncle John's continues to take steps towards improving operational efficiency in its distribution centers.

This year, Uncle John's truck trip scheduling system, which manages delivery schedules from the distribution center to Uncle John's stores, was recalibrated leading to more efficient deliveries and a decrease in trucking costs and carbon emissions from fuel consumption.

Uncle John's also moved to a new award-winning, ISO 9001-certified cold storage facility, which has been recognized for energy efficiency by the International Finance Corporation and the World Bank. Responsible for the storage, handling, and delivery of Uncle John's frozen inventories, this new facility will help drive forward our goal of not only reducing our carbon footprint but also providing fresh and quality options for our customers.

Specialty Stores

Robinsons Retail's Specialty Stores segment comprises 295 stores across six (6) businesses: Appliances and Electronics, Toys, Mass Merchandise, Beauty, and Pets.

STORE COUNT

APPLIANCES AND ELECTRONICS

85	Robinsons Appliances
35	SAVERS APPLIANCES

TOYS

41	Toys R Us

MASS MERCHANDISE

94 DAISO JAPAN

16 Super 50

BEAUTY

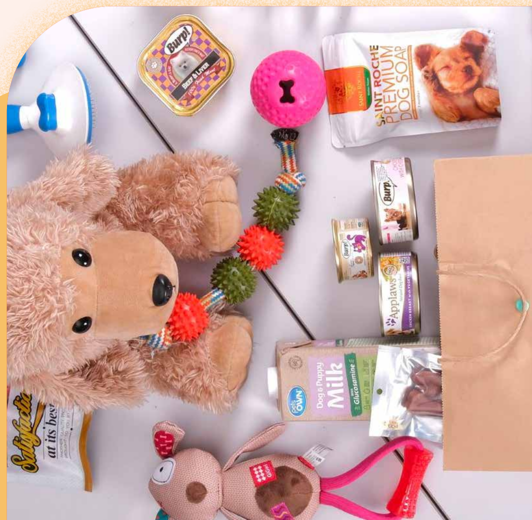
09 SHISEIDO

02 benefit SAN FRANCISCO

01 clé de peau BEAUTÉ

PETS

09 Pet Lovers Centre Pet Care Since 1973 All Passion. All Pets®



APPLIANCES AND ELECTRONICS

Robinsons Retail's Appliance and Electronics segment continues to adapt to the demand for innovative and advanced technology to keep up with the fast-paced lifestyles of Filipinos. With a commitment to providing high quality and cost-efficient products and services, the Appliances and Electronics segment hopes to contribute to enhancing the quality of life through technology that makes every day a breeze.

Robinsons Appliances

Whether customers are looking for a new kitchen appliance, a state-of-the-art entertainment system, or the latest smartphone model, Robinsons Appliances is the go-to destination for techies and gadget enthusiasts alike. With its extensive range of products and strategic store locations, Robinsons Appliances is a trusted name in the electronics and appliances industry in the Philippines.

With a focus on customer satisfaction, Robinsons Appliances strives to provide cost-efficient and top-quality products and services to both home and business owners. Its commitment to excellence is also evident in its partnership with various local and global brands to ensure a wide selection of products and services are available to cater to the different needs and preferences of customers.

SAVERS APPLIANCES

Savers Appliances, formerly known as Saver's Appliance Depot, was established in 1986 as a small home appliance trading shop in Angeles City. It has now grown into a multi-million appliance retailer offering durable and reasonably priced products for both homes and businesses with its own service and installation center as well as an authorized distributor of selected local and international brands in the Philippines.

Savers Appliances also provides a range of services to various industries nationwide, which include industrial and building solutions like air-conditioning and ventilating equipment, security systems, and integration products.

TOYS

Kid and the kids at heart will always find home in Robinsons Retail through its Toys segment. For over 20 years, the Toys segment remains committed to providing products that inspire creativity and spark imagination.

Toys"R"Us®

Understanding the crucial role of play in a child's learning and development, Toys "R" Us believes in the power play as an effective medium for exploration, learning, and self-expression, while also promoting overall well-being and happiness.

Featuring an extensive collection of toys, video games, electronics, learning aids, and outdoor playsets, Toys "R" Us has standalone stores and at all Robinsons Department Stores as its toy section.

MASS MERCHANDISE

Robinsons Retail's Mass Merchandise segment features lifestyle brands for customers looking for budget-friendly yet quality products for home and every use from food containers, storage solutions, kitchen essentials, cleaning tools, beauty products, pet toys, toiletries, and more.

DAISO JAPAN

Daiso Japan Philippines gives customers a fun shopping experience with its vast range of delightful and exciting merchandise from cute ornaments and home décor to Japanese snacks and official Sanrio items, to kitchenware and ceramics, to home improvement and gardening tools, and even pet food and accessories all priced starting at Php88.

Daiso Japan Philippines has been an authorized retailer of Daiso Industries Co. Limited, Japan's top supplier of living ware goods, since 2014.

Super50 offers a variety of products starting at Php50. A joint venture between Robinsons Retail and Peso Tree, Super50 provides a wide range of very affordable practical and everyday items to a broad market.

At Super50, you will find school and office supplies, party essentials, cleaning products, kitchen utensils, toys, and much more.

BEAUTY

Robinsons Retail's Beauty segment is committed to helping empower women from different walks of life with a range of beauty and cosmetics options across different price points. Through an agreement with Shiseido Philippines Corporation, Robinsons Retail operates standalone stores for Shiseido, Benefit, and Clé de Peau Beauté in premier malls across the country. Complementing this is Robinsons Department Store's Beauty Section, which offer an expanded range of local and international beauty and cosmetic brands.

Shiseido is one of the most well-loved and respected beauty brands in the world that has been dedicated to delivering high-quality products for over a century and a half. Shiseido's products have always been synonymous with quality, innovation, and excellence.

From cosmetics to skincare, fragrance, and sun care—Shiseido offers a diverse range of products to cater to the needs of different individuals. The brand has remained at the forefront of the beauty industry, consistently providing value to its customers across different regions and cultures.

benefit
SAN FRANCISCO

Benefit Cosmetics has been providing innovative and fun solutions for women's beauty dilemmas for over four decades. From their catchy product names to their quirky packaging, everything about the brand is designed to make women smile.

Today, Benefit has a range of beauty products that cater to different skin types and concerns, including makeup, skincare, and fragrances. Whether it's creating the perfect brow or achieving a flawless complexion, Benefit has a product that can help you look and feel your best.

clé de peau
BEAUTÉ

Clé de Peau Beauté is Japan's leading luxury beauty brand, known for its high-quality skincare and makeup products, of the Shiseido Group.

Clé de Peau Beauté is known for its innovative, high-performing products that combine advanced technology with luxurious ingredients to provide the ultimate in beauty and skincare including award-winning anti-aging cream La Crème, and best-sellers The Serum and The Radiant Fluid Foundation.

PETS

Robinsons Retail's Pets segment is centered on providing quality pet care, superior pet products, and dedicated pet services anchored on a commitment to responsible pet ownership.

Pet Lovers Centre is one of the leading pet retail and service chains in the Philippines offering a diverse range of pet products like fresh and dry food options, toys, beds, shampoos, and other accessories. Pet services are also available including grooming and vet clinic services for all types of pets.

Established in Singapore in 1973, Robinsons Retail brought Pet Lovers Centre to the Philippines in 2018 through a franchise license agreement. Guided by its tagline "All Passion, All Pets", Pet Lovers Centre is also a staunch advocate of responsible pet ownership and is a member of the World Pet Association.

Our Specialty Stores segment accounted for 8.2% of total Robinsons Retail revenues in 2022. Topline grew by 19.7% year-on-year to Php14.7 billion as all specialty formats delivered double-digit revenue growth rates. SSSG accelerated to 18.2% for the year from 6.0% in 2021, as unimpeded mobility translated to strong demand for discretionary products.

The recovery in the topline, augmented by product mix enhancements and greater operating leverage, underpinned margin expansion for the segment. Full-year gross margin and EBITDA margin increased by 180 basis points and 110 basis points, respectively, to 26.4% and 8.9%. In absolute terms, gross profit and EBITDA accelerated by 28.5% and 35.7%, respectively, to Php3.9 billion and Php1.3 billion.

The Specialty Stores segment had 295 stores by the end of 2022, which consisted of 120 appliances and electronics stores, 41 Toys 'R' Us, 113 mass merchandise, 12 beauty, and 9 pet retail stores.

Our appliances, toys, mass merchandise, beauty, and pet retail products are also accessible through GoCart. Robinsons Appliances and Savers Appliances can also be accessed via their own e-commerce websites, robinsonsappliances.com.ph and saversappliances.com.ph.

A Toy for A Smile

Daiso Japan Philippines, in partnership with Childhope Philippines Foundation, Inc., donated 1,300 toys, art supplies, and writing materials to street children throughout Metro Manila through Daiso's A Toy for A Smile campaign.

The campaign hopes to create a positive impact to the community and the lives of street children and youth through materials that enable them to play, learn, and express creatively.

Childhope Philippines is a non-profit organization that works to advocate for the cause of street children and youth. It runs programs and activities like KalyEskwela, a mobile learning program, and KliniKalye, a mobile health clinic.

Beauty for a Cause

Through the Beauty for a Cause campaign, a collaboration between Robinsons Retail's Beauty segment and volunteer organization The Foundation Foundation, customers were encouraged to donate slightly used makeup and personal care items, which were distributed to women survivors of exploitation and trafficking.

By emphasizing the importance of self-care and self-love, the collaboration between the Beauty segment and The Foundation Foundation aims to help survivors overcome feelings of low self-worth and self-esteem and empower them on their journey towards healing and recovery.

Making a Pawsitive Impact

Pet Lovers Centre donated close to 600 items of dog food, treats, and pet essentials for the Leah Borbon Hope of Angels. The shelter currently houses over 150 stray and abandoned dogs rescued from neglectful or abusive situations.

Pet Lovers Centre continues to advocate for responsible pet ownership and pet welfare as it raises awareness and highlights the critical role of animal shelters and rescue organizations throughout the country in safeguarding animal welfare.

Leadership and Governance

Board of Directors

Lance Y. Gokongwei
Chairman

James L. Go
Vice Chairman

Robina Y. Gokongwei-Pe
Director

Ian McLeod
Director

Choo Peng Chee
Director

Rodolfo P. Ang
Independent Director

Cirilo P. Noel
Independent Director

Enrico S. Cruz
Independent Director

Cesar G. Romero
Independent Director

Business Unit Heads

Stanley C. Co
Managing Director
Robinsons Supermarket, The Marketplace, Shopwise, Robinsons Easymart

Celina N. Chua
Group General Manager
Robinsons Department Store, Toys 'R' Us

Maria Carmina Pia G. Quizon
General Manager
Robinsons Department Store, Shiseido, Benefit, Cle de Peau

Christine O. Tueres
Group General Manager
Southstar Drug, Rose Pharmacy, TGP

Joanne Dawn S. Arceo
General Manager
TGP

Thaddeus L. Sanchez
Deputy General Manager
Southstar Drug

Michael G. So
Deputy General Manager
Rose Pharmacy

Theodore A. Sogono
Group General Manager
Handyman Do it Best, True Value, Pet Lovers Centre

Dondon Gaw
Deputy General Manager
True Value

Jovito U. Santos
Group General Manager
Robinsons Appliances,
Savers Appliances

Jansen Ivan K. Uy
General Manager
Savers Appliances

M. Suresh Ramalinggam
General Manager
Uncle John's

Katherine Michelle Q. Yu
General Manager
Daiso Japan,
Super50

Paz Regina A. Salgado
General Manager
Robinsons Business Center

Edna T. Belleza
General Manager
GoCart

Senior Management

Robina Y. Gokongwei-Pe
President
Chief Executive Officer

Mylene A. Kasiban
Chief Financial Officer
Chief Risk Officer

Gilbert S. Millado, Jr.
General Counsel
Compliance Officer
Data Privacy Officer

Rosalinda F. Rivera
Corporate Secretary

Graciela A. Banatao
Treasurer

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
Investor Relations Officer
Head of Sustainability
Corporate Planning

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 our 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 with 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 the Robinsons Retail's Corporate Governance Manual, follow this link: https://tinyurl.com/RRHICGManual

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 standard 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 reinforce 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 convene 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 ByLaws, 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 Committee

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:

- 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

- 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

Name	
Cirilo P. Noel	Chairman
Rodolfo P. Ang	
Enrico S. Cruz	
Choo Peng Chee	
Cesar G. Romero	

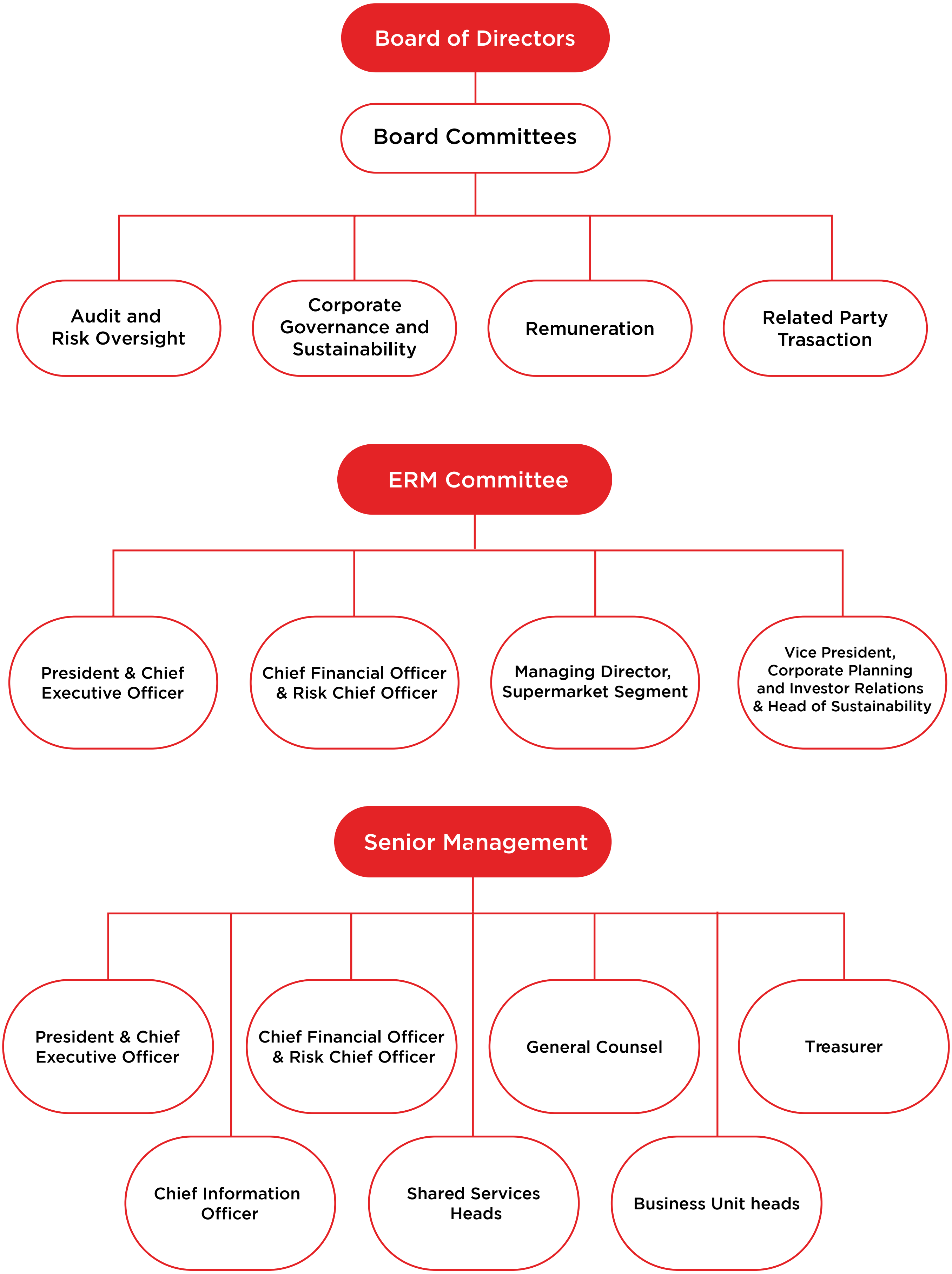
AUDIT AND RISK OVERSIGHT ADVISORY MEMBERS

Name
James L. Go
Robina Gokongwei-Pe

To download the Audit and Risk Oversight Committee Charter, follow this link:
https://tinyurl.com/RRHIAuditandRisk

Managing our Risks

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.

Climate Change Risks and Opportunities

In 2021, the Company underwent capacity building for its key officers in the Science-Based Targets initiative (SBTi) and Enterprise Risk Management, considering 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.

Robinsons Retail will retain its initially set climate action commitments last 2021 but will be revising it in the next 1-2 years according to the revisions on the guidance in SBTi. We will also be conducting a mapping of our scope 3 GHG emissions in 2023 and will be holding a climate scenario analysis, assessing the physical risks of climate change to our major business hotspots.

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.

Task Force on Climate-related Financial Disclosures (TCFD) 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 Corporate Planning Department serves as the primary driver for analyzing and raising awareness of climate risks and opportunities, encouraging the 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)	
Shifts to support renewable energy sources (Medium to Long term)	Long-term cost savings in operations and lower GHG footprint

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 considers 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 is 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 sectors, GHG visibility in the supply chain, and sustainable communities.

METRICS AND TARGETS	
Climate Metrics	Energy consumption and intensity through electricity and fuel
	Scope 1 and 2 Emissions; Scope 3 (For identification in 2023)
Emissions	Total Scope 1 Emissions for 2022: 136,466.4 Metric Tons of CO_2 equivalent ($MTCO_2e$)
	Total Scope 2 Emissions for 2022: 255,044.5 $MTCO_2e$
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 baselines.
	Reduction of GHG intensity by 20% by 2030.
	RRHI plans to further study its Scope 3 emissions within its supply chain, aiming to solidify its net zero targets in the next 1-2 years.

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

Name	
Rodolfo P. Ang	Chairman
Enrico S. Cruz	
Cirilo P. Noel	

To download the Corporate Governance and Sustainability Committee Charter, follow this link: https://tinyurl.com/RRHICGSustainability

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.

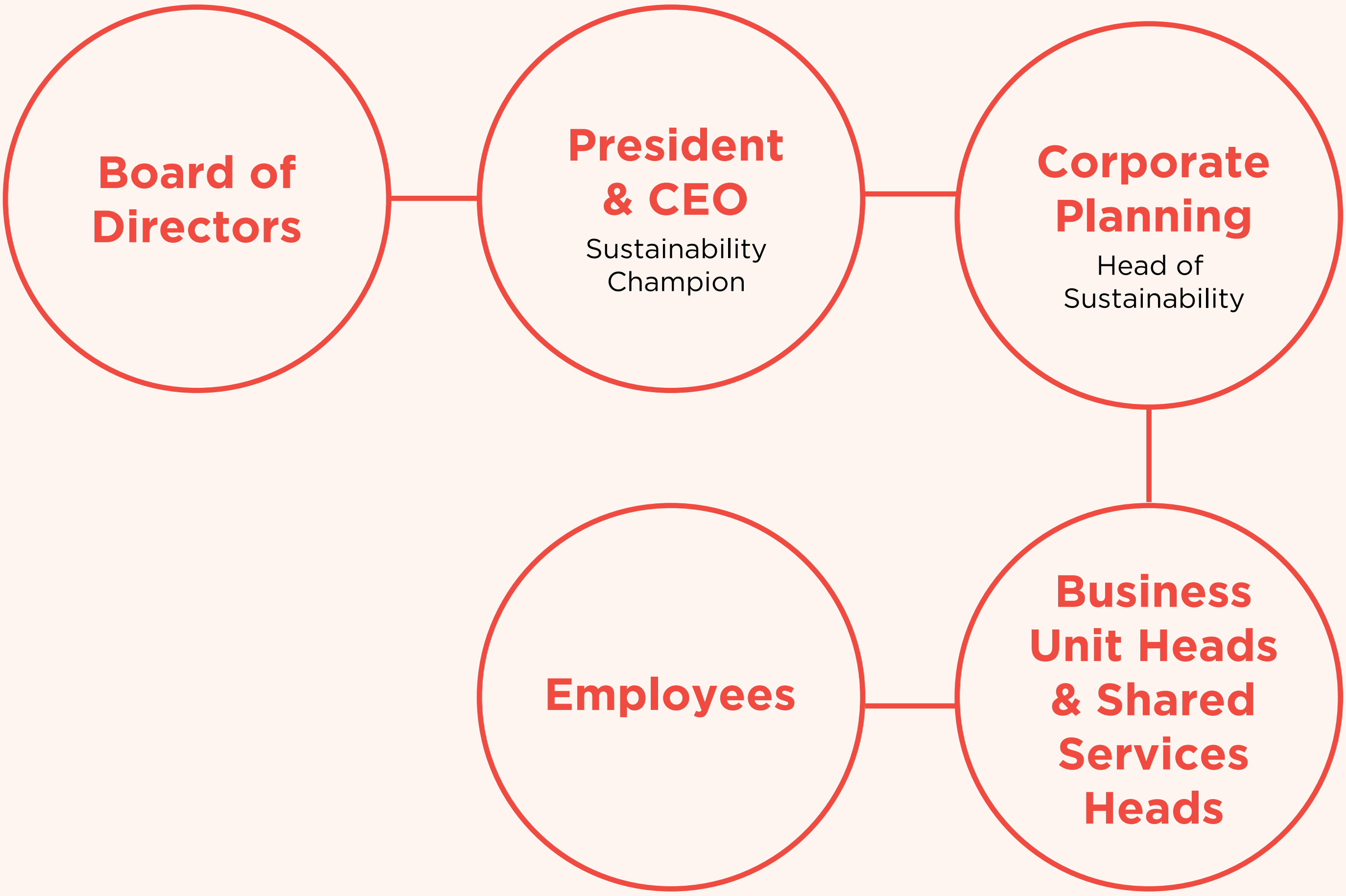
The purpose of the Remuneration Committee is to formulate a remuneration policy that will enable the Company to attract, retain and motivate senior Management of the quality required to run the Company successfully without paying more than is necessary, having regard to views of the Shareholders and 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

Name	
Lance Y. Gokongwei	Chairman
Robina Gokongwei Pe	
James L. Go	
Ian Mcleod	
Cesar G. Romero	

To download the Remuneration Committee Charter, follow this link: https://tinyurl.com/RRHIRemuneration

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.

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

Name	
Enrico S. Cruz	Chairman
Rodolfo P. Ang	
Cirilo P. Noel	

To download the Related Party Transaction Committee Charter, follow this link:
https://tinyurl.com/RRHIRPT

Attendance of Directors in Board Meetings
January 1, 2022 to December 31, 2022

Directors	No. of Meetings Attended/Held	Attendance Percentage
James L. Go	11/11	100%
Lance Y. Gokongwei	11/11	100%
Robina Y. Gokongwei-Pe	11/11	100%
Ian McLeod	11/11	100%
Choo Peng Chee	11/11	100%
Rodolfo P. Ang	11/11	100%
Cirilo P. Noel	11/11	100%
Enrico S. Cruz*	6/11	54%
Cesar G. Romero*	4/11	36%

*Mr. Enrico S. Cruz was elected as an Independent Director of the Corporation on April 27, 2022 and Mr. Cesar G. Romero was elected as an Independent Director of the Corporation on August 2, 2022.

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. Right to vote on all matters that require their consent or approval
2. Right to inspect corporate books and records
3. Right to information
4. 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 result 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 promote 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.

Customers' 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.

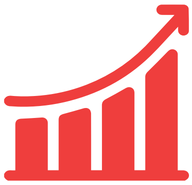
Supplier/Contractor Selection

The Company 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.

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 trainings 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 make 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 trainings 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 ensure 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, 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 that 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 to 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.
Whistleblowing	Any employee, business partner, and other stakeholders may discuss or disclose concerns through the Robinsons Whistleblowing Platform. * Website: https://tipoffs.com.ph/robinsons-whistleblower/ * Email: robinsons_whistleblower@tipoffs.com.ph The system is completely confidential as the reporting individual will not be required to reveal their identity unless they choose to do so. Reported issues will be analyzed and reviewed by trained independent analysts from an external service provider and will be submitted to the confidential authorized users. In cases where a confidential authorized user is involved in a report, such report will be sent directly to the President and CEO and the involved confidential authorized user will not be able to receive the said report.
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 gift only during the Christmas Season. There is no restriction in the value of the gift accepted. However, 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 to 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. Decision is done 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 Whistleblowing Policy are the following:

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.

To provide clear procedures for reporting any actual or suspected violation of Company policies, misconduct, malpractice, irregularities or risks against the Company.

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.

This policy 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 concerns through the Robinsons Whistleblowing Platform.

* Robinsons Whistleblowing Platform https://tipoffs.com.ph/robinsons-whistleblower/

* Email: robinsons_whistleblower@tipoffs.com.ph

The system is completely confidential as the reporting individual will not be required to reveal their identity unless they choose to do so.

Reported issues will be analyzed and reviewed by trained independent analysts from an external service provider and will be submitted to the confidential authorized users.

In cases where a confidential authorized user is involved in a report, such report will be sent directly to the President and CEO and the involved confidential authorized user will not be able to receive the said report.

Insider Trading Policy

The Company shall abide with 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 (Appendix 1).

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.

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.

To download the Insider Trading Policy, follow this link: https://tinyurl.com/RRHIInsiderTrading

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 the Material Related Party Transactions Policy, follow this link: https://tinyurl.com/RRHIMRPT

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 the Health, Safety, and Welfare Policy, follow this link: https://tinyurl.com/RRHIHSW

Creditors

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 the Protection of Creditors' Rights Policy, follow this link: https://tinyurl.com/RRHICreditorsRights

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 the Board Diversity Policy, follow this link: https://tinyurl.com/RRHIBoardDiversity

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 the Succession Planning and Remuneration Policy, follow this link: https://tinyurl.com/RRHISuccessionPlanning

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 the Board Nomination and Election Policy, follow this link: https://tinyurl.com/RRHIBoardNominationElection

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, 2022 to December 31, 2022

Date of Disclosure	Description
Jan. 3, 5, 6, 7, 10, 11, 12, 13, 14, 17, 18, 19, 20, 21, 25,26, 27, 28, and 31, 2022	Share Buyback Transactions
Jan. 11, 2022	Press release entitled "RRHI Opens 900th Drugstore"
Jan. 14, 2022	Change in the Shareholdings of Mr. Lance Y Gokongwei
Jan. 24, 2022	• Press release entitled " Robinsons Retail to own 100% stake in Ministop Philippines" • Clarification of a news article entitled "Report: Japan's Ministop Co. to sell stake to Gokongweis"
Jan. 27, 2022	Change in Directors – Demise of Ambassador Roberto R. Romulo, one of the Independent Directors of RRHI
Jan. 28, 2022	Press release entitled "Robinsons Retail in Bloomberg Gender Equality Index 2022"
Feb. 2, 3, 4, 7, 9, 10, and 11, 14, 15, 16, 17, 18, 21, 23, and 28, 2022	Share Buyback Transactions
Feb. 3, 2022	Press release entitled "Rose Pharmacy Joins Resbakuna sa Botika in
Feb. 11, 2022	Material Information/Transaction – Approval of the Extension of the Share Buyback Program of RRHI
Feb. 22, 2022	Acquisition of Shares of Another Corporation – RRHI to own 100% stake in CVS business
March 1, 2022	Press release entitled "Robinsons Retail Doubles Net Income to Parent in Q4 2021"
March 1, 2, 3, 4, 7, 8, 9, 10, 11, 14, 15, 16, 17, 18, 21, 22, 23, 24, 25, 28, 29, 30, and 31, 2022	Share Buyback Transactions
March 17, 2022	Approval by the Board of Directors of Robinsons Retail Holdings, Inc. (RRHI) of matters relating to: (a) Insider Trading Policy and (b) 2022 Annual Meeting of the Shareholders of RRHI.

Date of Disclosure	Description
March 17, 2022	Notice of Annual Meeting of Stockholders
April 1, 5, 6, 8, 11, 12, 13, 18, 19, 20, 21, 22, 25, 26, 27, 28, and 29, 2022	Share Buyback Transactions
April 27, 2022	• Election of Mr. Enrico S. Cruz as an Independent Director of RRHI • Material Information/Transaction – Approval of the Extension of the Share Buyback Program of RRHI • Declaration of Cash Dividends
April 29, 2022	Notice of Analysts'/Investors' Briefing - RRHI's 1Q 2022 Unaudited Results Earnings Call
May 2, 4, 5, 6, 10, 11, 12, 14, 16, 17, 18, 19, 20, 23, 24, 25, 26, 27, 30, and 31, 2022	Share Buyback Transactions
May 6, 2022	Press release entitled "Robinsons Retail Continues Growth Momentum;
May 13, 2022	• Results of Annual Meeting of Stockholders • Results of Organizational Meeting of the Board of Directors
June 10, 13, 14, 15, 16, 17, 20, 21, 22, 23, 24, 27, 28, 29, and 30, 2022	Share Buyback Transactions
July 1, 5, 6, 7, 8, 11, 12, 13, 14, 17, 18, 19, 20, 22, 25, 26, 27, 28, and 29, 2022	Share Buyback Transactions
July 25, 2022	Notice of Analysts'/Investors' Briefing - RRHI's 2Q 2022 Unaudited Results Earnings Call
Aug. 1, 2, 3, 4, 5, 8, 9, 10, 12, 15, 16, 17, 18, 22, 23, 24, 25, 26, 30, and 31, 2022	Share Buyback Transactions
Aug. 2, 2022	Election of Mr. Cesar G. Romero as an Independent Director of RRHI and his appointment as a member of the Audit and Risk Oversight Committee and Remuneration Committee
Aug. 3, 2022	Press release entitled "Robinsons Retail 2Q22 NIAT Doubles as Net Sales Surpass Pre-Pandemic Levels"
Aug. 4, 2022	Material Information/Transactions - Robinsons Retail 2Q22 NIAT Doubles as Net Sales Surpass Pre-Pandemic Levels
Sept. 1, 2, 5, 6, 7, 8, 9, 12, 13, 14, 15, 16, 20, 21, 22, 23, 27, and 28, 2022	Share Buyback Transactions

Date of Disclosure	Description
Sept. 30, 2022	Material Information/Transactions – Approval to enter into an agreement for the merger of BPI and Robinsons Bank
Oct. 6, 2022	Share Buyback Transactions
Oct. 25, 2022	Notice of Analysts'/Investors' Briefing - RRHI's 3Q 2022 Unaudited Results Earnings Call
Nov. 4, 2021	Press release entitled "Robinsons Retail Net Income up 38.7% in 3Q2021"
Nov. 9, 2022	• Press release entitled "Robinsons Retail's Core Net Earnings Almost Double in 3Q2022" • Material Information/Transactions - Robinsons Retail's Core Net Earnings Almost Double in 3Q2022"
Dec. 1, 6, 7, 9, 12, 13, 14, 15, 16, 19, 20, 21, 22, 23, 27, 28, and 29, 2022	Share Buyback Transactions
Dec. 15, 2022	• Amended Material Information/Transactions – As an update on the merger of BPI and Robinsons Bank, the exact number of BPI shares to be issued to RRHI has not yet been determined as of this date. • Update on Corporate Actions - The exact number of BPI shares to be issued to RRHI has not yet been firmed up as of this date and will be subject to final determination on or before Closing Date.
Dec. 23, 2022	Material Information/Transactions - Merger of Robinsons Convenience Stores, Inc. with Robinson's Supermarket Corporation effective July 1, 2023
Dec. 27, 2022	Mergers and Consolidations - Merger of Robinsons Convenience Stores, Inc. with Robinson's Supermarket Corporation effective July 1, 2023

Awards and Recognition

Robinsons Retail

2022 Asia's Outstanding Companies Poll – Consumer Discretionary
Asiamoney

2023 Philippines' Best Employers
Philippine Daily Inquirer, Statista

2023 Bloomberg Gender-Equality Index
Bloomberg L.P.

1 Golden Arrow Award for Corporate Governance
ASEAN Corporate Governance Scorecard, Institute of Corporate Directors

Best Talent Acquisition Team – Above 10,000 Employees on LinkedIn (finalist)
LinkedIn

Robinsons Supermarket

2022 Most Chosen Retailer Award (4th)
Kantar

Business Partner of the Year
UCC

Plaque of Recognition
Department of Science and Technology-National Food and Nutrition Research Institute

GCash Digital Excellence Award – Innovation and Growth Award
GCash

Oh My Mart!
Grab Philippines

Most Outstanding Partner
Globe

17 Gold Bagwis Awards
Department of Trade and Industry

2 Bronze Bagwis Awards
Department of Trade and Industry

4 Labor-Friendly Awards
Department of Labor and Employment, Department of Trade and Industry

Best in Government COVID-19 Response — Certified Active System User of DavNor COVID-19 Information Management System
Local Government Unit of the Province of Davao del Norte

Eco-Establisyimento
Local Government Unit of Balanga, Bataan

The Marketplace

Best Corporate Fundraising Initiative
Make-A-Wish Philippines

Gift-in-Kind Partner Certificate of Appreciation
Save the Children Philippines

5 Gold Bagwis Awards
Department of Trade and Industry

3 Bronze Bagwis Awards
Department of Trade and Industry

Shopwise

3 Gold Bagwis Awards
Department of Trade and Industry

1 Bronze Bagwis Award
Department of Trade and Industry

No Brand

1 Gold Bagwis Award
Department of Trade and Industry

1 Bronze Bagwis Award
Department of Trade and Industry

Southstar Drug

Plaque of Appreciation
DOH – Metro Manila Center for Health Development

Rose Pharmacy

2022 Rising Star Award
Gokongwei Group Pride in Performance

Excellence in Customer-Centric Culture – External Customers (3rd place)
Gokongwei Group Pride in Performance

Certificate of Commendation
Local Government Unit of Iloilo City

Certificate of Appreciation
Unilab, Inc.

Certificate of Appreciation
Department of Education – Schools Division of Biliran

Certificate of Appreciation
Local Government Unit of Hilongos, Leyte

Handyman Do it Best

2022 Purchase Award
Do it Best Corp.

Gift-in-Kind Partner Merit Award
Save the Children Philippines

Recognition as Partner
Tahanang Walang Hagdan

True Value

1 Million Club Award
True Value International

Robinsons Appliances

Partnership Award – 10 Years
Skyworth Philippines

Outstanding Performance Award
Oppo Philippines

2022 Key Contributor Award
Realme Philippines

Acer Top Select Partner – Silver Award
Acer Philippines

Acer Top 20 Partners Award
Acer Philippines

Plaque of Appreciation
Home Credit Philippines

Savers Appliances

Top 3 Sellout Category – North Luzon
Samsung Electronics Philippines

3 Gold Bagwis Awards
Department of Trade and Industry

5 Silver Bagwis Award
Department of Trade and Industry

2 Bronze Bagwis Awards
Department of Trade and Industry

Membership Associations

Robinsons Retail

Philippine Retailers Association

Robinsons Supermarket

The Consumer Goods Forum
Management Association of the Philippines
Philippine Consumer Centric Traders Association
Supply Chain Management Association of the Philippines

Southstar Drug

Drugstores Association of the Philippines
People Management Association of the Philippines
Philippine Society for Talent Development

TGP

Marketing Executives of the Pharmaceutical Industry
Philippine Business for Social Progress
Philippine Chamber of Commerce and Industry
Philippine Chamber of Pharmaceutical Industry
Philippine Franchise Association
Philippine Pharmacists Association

Uncle John's

Philippine Franchise Association

ESG Data Tables and Appendices

ESG Tables

Economic				
Economic Disclosures	**Unit**	**2020**	**2021**	**2022**
Economic Performance GRI 201-1				
Direct economic value generated (revenue)	Million Pesos (M Php)	151,070.0	155,013.2	180,677.8
Direct economic value distributed				
Operating costs	M Php	20,366.0	139,283.0	161,867.9
Employee wages and benefits	M Php	9,165.0	9,802.3	10,154.7
Payments to suppliers, other operating costs	M Php	121,303.0	already included in the operating cost	already included in the operating cost
Dividends that are given to stockholders	M Php	2,067.0	3,306.0	3,662.6
Taxes given to the government	M Php	1,767.0	1,743.7	2,291.3
Investments to the community (e.g., donations, CSR)	M Php	17.2	37.6	13.1

Environment				
Environmental Disclosures	**Unit**	**2020**	**2021**	**2022**
Materials GRI 301-1				
Renewable Materials Consumption	Metric Tons (MT)	2,222.0	2,595.31[1]	3,316.3
Non-renewable Materials Consumption	MT	891.0	1,730.61[1]	2,298.0
Energy GRI 302-1				
Energy Consumption - electricity	Kilowatt-hours (KWH)	239,769,175.6	286,508,318.6	355,823,688.9[2]
Fuel Consumption				
Gasoline for company-owned vehicles	Liters (L)	161,340.6	178,413.8	173,120.2
Diesel for company-owned vehicles	L	156,253.2	164,943.9	194,136.1
Diesel for company generator sets	L	Data not gathered	339,412.6	251,655.3
Total Energy Consumption	Gigajoules	874,744.4	1,056,927.2	1,304,036.4
Water GRI 303-5				
Water Consumption	Cubic Meters	1,072,384.6	1,088,704.5	1,058,666.1
Emissions GRI 305-1, GRI 305-2				
Direct GHG Emissions (Scope 1)[3]	Metric Tons CO_2 equivalent ($MTCO_2e$)	724.6	170,462.7	136,466.4
Indirect GHG Emissions (Scope 2)[4]	$MTCO_2e$	162,654.9	198,776.3	255,044.5

Waste[2] GRI 306-3, GRI 306-4

Total solid waste generated (non-hazardous waste)	Kilograms (kg)	10,293,112.9	14,237,742.0	10,169,308.1
Recyclable	kg	1,853,688.5	5,882,013.0	4,252,467.5
Biodegradable/Food Waste	kg	7,160,961.3	7,902,928.0	5,317,623.1
Residuals	kg	1,278,463.1	452,801.0	599,217.46
Total solid waste diverted (recycled waste)	kg	No data gathered	1,895,356.0	1,863,074.7

Environmental Compliance

Total amount of monetary fines for non-compliance with environmental laws and/or regulations	Php	0	0	0
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	Count	0	0	0
No. of cases resolved through dispute resolution mechanism	Count	0	0	0

[1]2021 data restated due to review and improvements in data gathering practices.
[2]Eectricity consumption for 2022 includes consumption of Uncle John's (formerly Ministop) non-franchise stores.
[3]Scope 1 GHG emissions data for 2021 and 2022 include emissions from fuels used for company generator sets and from refrigerant consumption, while 2020 data only includes emissions from fuels used for company-owned vehicles.
[4]Scope 2 GHG emissions for 2022 include emissions from the energy consumption of Uncle John's.
[5]Hazardous waste generated will be reported in the next annual report. Reported values only cover the supermarket segment and will be extended to other business units in the next reporting cycle.

Social				
Social Disclosures	**Unit**	**2020**	**2021**	**2022**
Employee Demographics GRI 2-7				
Total number of permanent employees	Count	18,555	20,535	21,495
By Gender				
Number of Male employees	Count	5,406	5,906	6,214
Number of Female employees	Count	13,149	14,629	15,281
By Age Group				
Employees under 30 years old	Count	–	–	8,861
Employees under 30 - 50 years old	Count	–	–	12,144
over 50 years old	Count	–	–	490
By Rank				
Executive/Senior Management	Count	–	–	88
Middle Managers and Supervisors	Count	–	–	7,011
Rank-and-file	Count	–	–	14,396

By Region				
Luzon (except NCR)	Count	–	–	6,870
Visayas	Count	–	–	4,250
Mindanao	Count	–	–	1,961
National Capital Region (NCR)	Count	–	–	8,414
Employee New Hires GRI 401-1				
Total Employee New Hires	Count	–	–	404
By Gender				
Male new hires	Count	–	–	102
Female new hires	Count	–	–	302
By Age Group				
Under 30 years old	Count	–	–	282
30 – 50 years old	Count	–	–	120
Over 50 years old	Count	–	–	2
Employee Turnover GRI 401-1				
Total Employee Turnover	Count	–	–	5,874
Voluntary Turnover Rate	%	14	9	19
By Gender				
Male employee turnover	Count	–	–	1,621
Female employee turn-over	Count	–	–	4,253

By Age Group				
Under 30 years old	Count	–	–	3,546
30 – 50 years old	Count	–	–	2,272
Over 50 years old	Count	–	–	56

Employee Benefits GRI 401-2, GRI 401-3

Rate of benefits utilization of female employees				
SSS	%	100	100	100
Philhealth	%	100	100	100
PAG-IBIG	%	100	100	100
Parental Leave	%	0.11	0.24	0.42
Vacation Leave	%	72	83	51
Sick Leave	%	50	67	25
Medical Benefits	%	27	63	21
Rate of benefits utilization of male employees				
SSS	%	100	100	100
Philhealth	%	100	100	100
PAG-IBIG	%	100	100	100
Parental Leave	%	0	0.86	0.53
Vacation Leave	%	26%	26	45
Sick Leave	%	19%	21	18

Medical Benefits	%	10%	26	15

Occupational Health and Safety GRI 403-9, GRI 403-10

Safe Man-Hours	Hours	42,034,368	51,419,640	12,822,656
No. of work-related injuries	Count	10	0	7
No. of work-related fatalities	Count	0	0	1[6]
No. of work-related ill-health	Count	0	0	0
No. of safety drills	Count	0	0	0

Employee Training and Development GRI 404-1

Total training hours provided to employees	Hours	123,905.0	124,307.6	158,706.9
Female employees	Hours	95,021.0	83,770.2	125,011.4
Male employees	Hours	28,884.0	40,537.5	33,477.4
Average training hours provided to employees	Hours/ employee	6.7	6.1	11.6
Female employees	Hours/ employee	9.7	5.5	11.6
Male employees	Hours/ employee	11.7	6.4	11.4

Diversity and Equal Opportunity GRI 405-1

Percentage of female workers in the workforce	%	70.9	71.2	71.1
Percentage of male workers in the workforce	%	29.1	28.8	28.9
Percentage of female workers in executive-level positions	%	57.1	63.0	56.8
Percentage of male workers in executive-level positions	%	42.9	37.0	43.2
Percentage of female workers in managerial and supervisory roles	%	64.8	66.9	63.5

Percentage of male workers in managerial and supervisory roles	%	35.2	33.1	36.5
Percentage of female workers in rank-and-file positions	%	74.7	74.2	74.9
Percentage of male workers in rank-and-file positions	%	25.3	25.8	25.1
Number of employees from indigenous communities and/ or vulnerable sectors [7]	Count	23	23	23

Labor Management Relations GRI 2-30

Percentage of employees covered with Collective Bargaining Agreements [8]	%	–	7.5	5.9

[6]The fatality encountered happened to an employee of Rose Pharmacy, who died due to a road accident going to work (following her regular route going to work).

[7]Vulnerable sector includes the 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). The count of employees declared are the PWDs from Southstar Drug (SSD)

[8]Some employees in Rose Pharmacy are covered with CBA. Data gathering for Rose Pharmacy started in 2021 and RRHI acquired Rose Pharmacy last 2020.

Governance				
Governance Disclosures	**Unit**	**2020**	**2021**	**2022**
Anti-corruption **GRI 205-2, GRI 205-3**				
Training on Anti-corruption Policies and Procedures				
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	%	100	100	100
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	%	100	100	100
Percentage of directors and management that have received anti-corruption training*	%	73	73	80
Percentage of employees that have received anti-corruption training	%	100	100	100
Incidents of Corruption				
Number of incidents in which directors were removed or disciplined for corruption	Count	0	0	0
Number of incidents in which employees were dismissed or disciplined for corruption	Count	0	0	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	Count	0	0	0

Global Reporting Initiative (GRI) Content Index

Statement of Use	Robinsons Retail Holdings, Inc. has reported the information cited in this GRI content index for the period January 1 to December 31, 2022, with reference to the GRI Standards.
GRI 1 Used	GRI 1: Foundation 2021

GRI Standard	Disclosure	Location (Page Number)
General Disclosures		
GRI 2: General Disclosures 2021	**The organization and its reporting practices**	
	2-1 Organizational details	1, 10, 246
	2-2 Entities included in the organization's sustainability reporting	2
	2-3 Reporting period, frequency, and contact point	2, 246
	2-4 Restatements of information	46, 47, 123, 124
	Activities and workers	
	2-6 Activities, value chain, and other business relationships	39, 49-52, 57-59, 65-66, 69-71, 73-74, 76-82
	2-7 Employees	40, 125
	Governance	
	2-9 Governance structure and composition	86-88, 92-93, 95, 101
	2-10 Nomination and selection of the highest governance body	112
	2-11 Chair of the highest governance body	86
	2-12 Role of the highest governance body in overseeing the management of impacts	93-95, 102, 112
	2-13 Delegation of responsibility for managing impacts	93-95, 99
	2-14 Role of the highest governance body in sustainability reporting	102
	2-15 Conflicts of interest	107, 108, 109
	2-16 Communication of critical concerns	104
	2-17 Collective knowledge of the highest governance body	95
	2-18 Evaluation of the performance of the highest governance body	112
	2-19 Remuneration policies	112
	2-20 Process to determine remuneration	101, 112

	Strategy, policies, and practices	
	2-22 Statement on sustainable development strategy	28-29
	2-25 Processes to remediate negative impacts	104, 106-107
	2-26 Mechanisms for seeking advice and raising concerns	109-111
	2-27 Compliance with laws and regulations	124, 130
	2-28 Membership associations	119
	Stakeholder Engagement	
	2-29 Approach to stakeholder engagement	14-15
	2-30 Collective bargaining agreements	129
	Material Topics	
GRI 3: Material Topics 2021	3-1 Process to determine material topics	12-13
	3-2 List of material topics	13
Energy and Emissions Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	45-46
GRI 302: Energy 2016	302-1 Energy consumption within the organization	46, 123
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	46, 123
GRI 305: Emissions 2016	305-2 Energy indirect (Scope 2) GHG emissions	46, 123
Materials and Waste Management		
GRI 3: Material Topics 2021	3-3 Management of material topics	46-47, 54, 55
GRI 301: Materials 2016	301-1 Materials used by weight or volume	47, 123
GRI 306: Waste 2020	306-3 Waste generated	47, 124
GRI 306: Waste 2020	306-4 Waste diverted from disposal	47, 124
Supply Chain Sustainability		
GRI 3: Material Topics 2021	3-3 Management of material topics	44-45
Local Sourcing		
GRI 3: Material Topics 2021	3-3 Management of material topics	52-53
Product and Service Innovation		
GRI 3: Material Topics 2021	3-3 Management of material topics	54, 60, 61, 62, 63, 67, 71, 75

Product Quality and Safety		
GRI 3: Material Topics 2021	3-3 Management of material topics	54, 61
Customer Service		
GRI 3: Material Topics 2021	3-3 Management of material topics	48
Data Security		
GRI 3: Material Topics 2021	3-3 Management of material topics	48
Talent Development		
GRI 3: Material Topics 2021	3-3 Management of material topics	42-44
GRI 404: Training and Education 2016	404-1 Average hours of training per year per employee	128
Diversity, Equity, and Inclusion		
GRI 3: Material Topics 2021	3-3 Management of material topics	40
GRI 405: Diversity and Equal Opportunity 2016	405-1 Diversity of governance bodies and employees	41, 128-129
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	40, 126-127
Compensation and Benefits		
GRI 3: Material Topics 2021	3-3 Management of material topics	42
GRI 401: Employment 2016	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	42, 127-128
GRI 401: Employment 2016	401-3 Parental leave	42, 127
Health and Well-being		
GRI 3: Material Topics 2021	3-3 Management of material topics	42
GRI 403: Occupational Health and Safety 2018	403-9 Work-related injuries	128
GRI 403: Occupational Health and Safety 2018	403-10 Work-related ill health	128
Economic Performance		
GRI 3: Material Topics 2021	3-3 Management of material topics	39
GRI 201: Economic Performance 2016	201-1 Direct economic value generated and distributed	39, 122

Financial Statements

SGV
Building a better working world

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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

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Robinsons Retail Holdings, Inc. and Subsidiaries (the Group), which comprise the consolidated statements of financial position as at December 31, 2022 and 2021, 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, 2022, 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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2022 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 Group 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 ₱27.47 billion which comprise 19% of its total assets as of December 31, 2022, as disclosed in Note 9 of the consolidated financial statements. The Group has 2,310 owned stores and warehouses throughout the country as of December 31, 2022. 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 including 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 rollforward 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, 2022 and 2021, the Group's trademarks amounted to ₱7.92 billion, and goodwill arising from business combinations amounted to ₱14.73 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 to the consolidated financial statements.

Audit Response

We involved our internal specialist in evaluating the methodologies and the assumptions used and performed a recalculation of the value-in-use and EV/EBITDA multiple provided. For value-in-use, we compared the key assumptions used, such as revenue growth rate and gross margin, 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 intangible asset 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, 2022, 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, 2022 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 the consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is John T. Villa.

SYCIP GORRES VELAYO & CO.

John T. Villa
Partner
CPA Certificate No. 94065
Tax Identification No. 901-617-005
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 94065-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. 08-001998-076-2020, December 3, 2020, valid until December 2, 2023
PTR No. 9566015, January 3, 2023, Makati City

March 27, 2023

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

	December 31	
	2022	2021
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7 and 27)	**₱17,766,987,346**	₱16,170,113,685
Trade and other receivables (Notes 8, 24, 27 and 29)	**3,527,552,514**	2,666,782,371
Merchandise inventories (Note 9)	**27,469,818,076**	25,089,664,818
Other current assets (Note 10)	**2,434,118,767**	2,989,394,827
	51,198,476,703	46,915,955,701
Noncurrent Assets Held For Sale (Note 13)	**8,318,381,007**	–
Noncurrent Assets		
Debt and equity instrument financial assets (Notes 11 and 27)	**8,965,043,768**	11,625,932,652
Property and equipment (Note 12)	**22,647,559,783**	17,620,046,547
Right-of-use assets (Note 28)	**22,154,925,469**	22,639,146,437
Investment in associates (Note 13)	**1,635,146,466**	8,896,140,540
Intangible assets (Notes 14 and 19)	**22,645,616,385**	22,672,126,571
Deferred tax assets - net (Note 25)	**1,272,895,980**	1,349,858,212
Retirement plan asset (Notes 22 and 23)	**290,531,620**	52,783,819
Other noncurrent assets (Notes 15 and 27)	**2,397,560,807**	2,462,292,120
	82,009,280,278	87,318,326,898
	₱141,526,137,988	₱134,234,282,599

LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 16, 24 and 27)	**₱27,490,345,252**	₱21,215,751,761
Short-term loans payable (Notes 17 and 27)	**8,409,000,000**	7,734,000,000
Lease liabilities - current portion (Note 28)	**3,500,576,587**	2,965,059,293
Income tax payable	**154,839,061**	228,549,613
Other current liabilities (Note 27)	**542,609,390**	382,355,834
	40,097,370,290	32,525,716,501
Noncurrent Liabilities		
Lease liabilities - net of current portion (Note 28)	**22,523,077,675**	22,867,675,695
Deferred tax liabilities - net (Note 25)	**2,052,932,515**	2,026,461,753
Retirement obligation (Notes 22 and 23)	**279,090,496**	301,711,029
	24,855,100,686	25,195,848,477
	64,952,470,976	57,721,564,978
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	**(5,425,324,182)**	(3,616,057,963)
Other comprehensive income (loss) (Notes 11, 13 and 23)	**(417,678,756)**	442,697,037
Equity reserve	**(742,678,028)**	(995,284,977)
Retained earnings (Note 18)		
Appropriated	**17,277,752,847**	23,965,752,847
Unappropriated	**19,392,171,193**	9,827,278,268
Total equity attributable to equity holders of the Parent Company	**72,428,935,331**	71,969,077,469
Non-controlling interest in consolidated subsidiaries	**4,144,731,681**	4,543,640,152
	76,573,667,012	76,512,717,621
	₱141,526,137,988	₱134,234,282,599

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2022	2021	2020
SALES - Net of sales discounts and returns (Notes 6, 20 and 24)	**₱178,821,069,060**	₱153,327,360,466	₱151,070,260,790
COST OF MERCHANDISE SOLD (Notes 6 and 9)	**136,538,881,790**	118,101,349,532	118,172,338,279
GROSS PROFIT (Note 6)	**42,282,187,270**	35,226,010,934	32,897,922,511
ROYALTY, RENT AND OTHER REVENUE (Notes 6, 20, 24, 28 and 29)	**1,159,343,047**	869,963,952	1,618,219,672
GROSS PROFIT INCLUDING OTHER REVENUE (Note 6)	**43,441,530,317**	36,095,974,886	34,516,142,183
OPERATING EXPENSES (Notes 21, 22, 23, 28 and 29)	**(34,743,107,151)**	(30,036,523,571)	(28,736,744,849)
OTHER INCOME (CHARGES)			
Interest income (Notes 6, 7 and 11)	**389,738,492**	446,828,491	676,545,269
Equity in net earnings in associates (Notes 6 and 13)	**13,706,659**	292,071,188	196,514,026
Dividend income (Notes 6, 11 and 13)	**293,940,980**	76,941,788	27,347,725
Foreign currency exchange gains (loss) - net (Note 6)	**357,092,695**	230,024,576	(170,615,372)
Interest expense (Notes 6, 17 and 28)	**(1,988,135,849)**	(1,960,893,202)	(2,326,256,810)
Others (Notes 11, 14, 19 and 28)	**222,449,586**	124,654,828	235,944,534
	(711,207,437)	(790,372,331)	(1,360,520,628)
INCOME BEFORE INCOME TAX (Note 6)	**7,987,215,729**	5,269,078,984	4,418,876,706
PROVISION FOR INCOME TAX (Note 25)			
Current	**1,636,402,421**	1,122,465,120	1,422,672,062
Deferred	**(85,234,520)**	(703,827,609)	(489,409,753)
	1,551,167,901	418,637,511	933,262,309
NET INCOME	**6,436,047,828**	4,850,441,473	3,485,614,397
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)	**(1,005,054,395)**	141,611,784	168,422,421
Share in changes in fair value of debt financial assets in associates (Note 13)	**96,151,121**	(453,700,424)	95,150,278
Share in changes in translation adjustment in associates (Note 13)	**2,335,822**	19,914,747	34,967,113
Cumulative translation adjustment	**17,501,644**	29,386,402	(56,091,667)
Income tax effect	**(24,621,736)**	108,632,686	(39,035,217)
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)	**(97,596,249)**	7,783,750	20,836,500
Share in actuarial gain (losses) on retirement obligation in associates (Note 13)	**20,190,697**	(745,075)	840,628
Remeasurement gain (losses) on retirement obligation (Note 23)	**241,543,942**	345,526,680	(181,971,717)
Income tax effect	**(65,404,977)**	(173,604,904)	32,263,492
	(814,954,131)	24,805,646	75,381,831
TOTAL COMPREHENSIVE INCOME	**₱5,621,093,697**	₱4,875,247,119	₱3,560,996,228

(Forward)

	Years Ended December 31		
	2022	2021	2020
Net income attributable to:			
Equity holders of the Parent Company	**₱5,847,403,159**	₱4,527,833,319	₱3,216,636,348
Non-controlling interest in consolidated subsidiaries	**588,644,669**	322,608,154	268,978,049
	₱6,436,047,828	₱4,850,441,473	₱3,485,614,397
Total comprehensive income attributable to:			
Equity holders of the Parent Company	**₱4,987,027,366**	₱4,536,235,276	₱3,319,269,860
Non-controlling interest in consolidated subsidiaries	**634,066,331**	339,011,843	241,726,368
	₱5,621,093,697	₱4,875,247,119	₱3,560,996,228
Basic/Diluted Earnings Per Share (Note 26)	**₱3.93**	₱2.95	₱2.05

See accompanying Notes to Consolidated Financial Statements.

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

	Total Equity Attributable to Equity Holders of the Parent Company								Non-controlling Interest in Consolidated Subsidiaries	
						Retained Earnings				
	Capital Stock (Note 18)	Additional Paid-in Capital (Note 18)	Treasury Stock (Note 18)	Other Comprehensive Income (Loss) (Notes 11, 13,and 23)	Equity Reserve (Note 18)	Appropriated (Note 18)	Unappropriated (Note 18)	Total	(Note 18)	Total
					For the Year Ended December 31, 2022					
Balance at beginning 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**
Net income	–	–	–	–	–	–	**5,847,403,159**	**5,847,403,159**	**588,644,669**	**6,436,047,828**
Other comprehensive income	–	–	–	**(860,375,793)**	–	–	–	**(860,375,793)**	**45,421,662**	**(814,954,131)**
Total comprehensive income	–	–	–	**(860,375,793)**	–	–	**5,847,403,159**	**4,987,027,366**	**634,066,331**	**5,621,093,697**
Purchase of treasury shares	–	–	**(1,809,266,219)**	–	–	–	–	**(1,809,266,219)**	–	**(1,809,266,219)**
Dividends declared (Note 18)	–	–	–	–	–	–	**(2,984,905,600)**	**(2,984,905,600)**	**(452,166,885)**	**(3,437,072,485)**
Appropriations	–	–	–	–	–	**1,528,000,000**	**(1,528,000,000)**	–	–	–
Acquisition of non-controlling interest	–	–	–	–	**252,606,949**	–	–	**252,606,949**	**(593,057,917)**	**(340,450,968)**
Disposal of debt securities	–	–	–	–	–	–	**14,395,366**	**14,395,366**	–	**14,395,366**
Investment by NCI in a subsidiary	–	–	–	–	–	–	–	–	**12,250,000**	**12,250,000**
Reversal of appropriations	–	–	–	–	–	**(8,216,000,000)**	**8,216,000,000**	–	–	–
Balance at end of year	**₱1,576,489,360**	**₱40,768,202,897**	**(₱5,425,324,182)**	**(₱417,678,756)**	**(₱742,678,028)**	**₱17,277,752,847**	**₱19,392,171,193**	**₱72,428,935,331**	**₱4,144,731,681**	**₱76,573,667,012**
					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

See accompanying Notes to Consolidated Financial Statements.

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

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	**₱7,987,215,729**	₱5,269,078,984	₱4,418,876,706
Adjustments for:			
Depreciation and amortization (Notes 6, 12, 14, 21 and 28)	**7,179,629,553**	7,087,772,782	6,987,147,534
Interest expense (Notes 6, 17 and 28)	**1,988,135,849**	1,960,893,202	2,326,256,810
Retirement expense (Notes 22 and 23)	**200,723,439**	283,797,024	184,997,443
Provision for inventory obsolescence (Note 9)	**62,513,748**	61,815,286	123,976,912
Provision for (reversal of) expected credit losses (Notes 8 and 11)	**(3,000,953)**	7,931,961	91,213,750
Dividend income (Notes 6 and 11)	**(293,940,980)**	(76,941,788)	(27,347,725)
Unrealized foreign currency exchange loss (gain) - net (Note 6)	**(357,092,695)**	(230,024,576)	170,615,372
Equity in net earnings in associates (Notes 6 and 13)	**(13,706,659)**	(292,071,188)	(196,514,026)
Interest income (Notes 6, 7 and 11)	**(389,738,492)**	(446,828,491)	(676,545,269)
COVID-19 rent concessions and gain on derecognition of lease liabilty (Note 28)	**(153,255,325)**	(841,561,003)	(1,711,637,199)
Gain on sale of debt instruments at FVOCI (Note 11)	**(74,112,010)**	(21,902,517)	(2,305,843)
Loss on impairment of assets (Notes 10 and 14)	**–**	–	232,381,095
Changes in fair value of debt instruments at fair value through profit or loss (FVTPL) (Note 11)	**–**	–	547,120
Gain on disposal of a subsidiary (Note 19)	**–**	–	(58,900,769)
Operating income before working capital changes	**16,133,371,204**	12,761,959,676	11,862,761,911
Decrease (increase) in:			
Trade and other receivables	**(721,110,560)**	299,206,452	708,043,559
Merchandise inventories	**(2,442,667,006)**	(2,917,040,822)	(1,161,167,314)
Other current assets	**555,276,060**	(333,680,566)	361,662,515
Increase (decrease) in:			
Trade and other payables	**3,919,688,297**	(2,010,029,332)	(2,649,451,219)
Other current liabilities	**160,253,554**	127,074,200	(11,963,668)
Net cash flows generated from operations	**17,604,811,549**	7,927,489,608	9,109,885,784
Interest received	**404,561,437**	440,950,303	667,047,012
Retirement contributions and benefits paid (Note 23)	**(219,547,831)**	(238,300,305)	(395,352,456)
Income tax paid	**(1,710,112,973)**	(945,692,716)	(1,767,169,604)
Net cash flows provided by operating activities	**16,079,712,182**	7,184,446,890	7,614,410,736

(Forward)

	Years Ended December 31		
	2022	2021	2020
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Investment in associates (Note 13)	**(₱965,868,125)**	(₱453,837,730)	(₱411,832,152)
Debt and equity instrument financial assets (Note 11)	**(207,445,970)**	(2,250,616,149)	(2,751,866,909)
Property and equipment (Note 12)	**(5,551,329,355)**	(2,456,934,404)	(1,867,821,170)
Proceeds from disposals of debt and equity instrument financial assets (Note 11)	**2,119,292,329**	5,011,709,237	3,623,828,843
Dividends received (Note 11)	**293,940,980**	76,941,788	27,347,725
Acquisitions from non-controlling interest (Notes 2 and 18)	**(340,450,968)**	–	–
Decrease (increase) in other noncurrent assets	**64,731,313**	(197,600,845)	324,804,291
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
Net cash flows used in investing activities	**(4,587,129,796)**	(270,338,103)	(4,937,182,537)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loan availments (Notes 17 and 30)	**5,395,000,000**	3,550,000,000	9,450,000,000
Additional investments from non-controlling interest (Notes 2 and 18)	**12,250,000**	–	200,000,000
Interest paid (Notes 17 and 30)	**(225,569,729)**	(159,266,022)	(146,433,977)
Purchase of treasury shares	**(1,821,678,154)**	(2,801,153,087)	(792,720,459)
Dividends paid (Notes 18 and 30)	**(3,437,072,485)**	(3,146,724,424)	(1,920,805,654)
Lease payments (Notes 28 and 30)	**(5,100,560,833)**	(4,130,853,486)	(3,934,601,315)
Payment of loans (Notes 17 and 30)	**(4,720,000,000)**	(5,400,000,000)	(4,500,000,000)
Net cash flows used in financing activities	**(9,897,631,201)**	(12,087,997,019)	(1,644,561,405)
EFFECTS OF FOREIGN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	**1,922,476**	5,583,356	12,837,814
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**1,596,873,661**	(5,168,304,876)	1,045,504,608
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**16,170,113,685**	21,338,418,561	20,292,913,953
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱17,766,987,346**	₱16,170,113,685	₱21,338,418,561

See accompanying Notes to Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
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, 2022, the Parent Company is 33.21% owned by JE Holdings, Inc., 24.64% by PCD Nominee Corporation and 21.31% 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 43rd Floor, Robinsons Equitable Tower, ADB Avenue corner Poveda St., 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 retirement 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, 2022 and 2021 and for each of the three (3) years in the period ended December 31, 2022 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					
	2022		2021		2020	
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%	–	100.00%	–	–
Robinsons Appliances Corp. (RAC)	–	67.00%	–	67.00%	–	67.00%
Robinsons Ventures Corporation (RVC)	–	65.00%	–	65.00%	–	65.00%
Robinsons Convenience Stores, Inc. (RCSI/Ministop)	–	100.00%	–	60.00%	–	60.00%
Savers Electronic World, Inc. (SEWI)	–	90.00%	–	90.00%	–	90.00%
Super50 Corporation (Super50)	–	51.00%	–	51.00%	–	51.00%
VKD Holdings, Inc. (VHI)	–	100.00%	–	–	–	–
Jose M. Barretto, Sr. Holdings Corporation (JMBHC)	–	–	–	–	–	100.00%

(Forward)

Investee Companies	Effective Percentages of Ownership 2022 Direct	2022 Indirect	2021 Direct	2021 Indirect	2020 Direct	2020 Indirect
South Star Drug, Inc. (SSDI)	–	90.00%	–	90.00%	–	90.00%
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%	–	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)	–	80.00%	–	53.60%	–	53.60%
Home Plus Trading Depot, Inc. (HPTDI)	–	60.00%	–	40.20%	–	40.20%
Robinsons Lifestyle Stores, Inc. (RLSI)	–	80.00%	–	80.00%	–	80.00%
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%	–
RRHI Management and Consulting, Inc.	–	–	100.00%	–	100.00%	–
RRG Trademarks and Private Labels, Inc.	–	–	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%	–

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 ($).

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
In February 2022, NDV acquired 20% ownership in Super Pumped Pte. Ltd. (Super Pumped) for a total consideration ₱61.61 million. Super Pumped is incorporated in Singapore.

In February 2022, RSC acquired Ministop Japan's (MSJ) 40% stake in RCSI, increasing its share from 60% to 100%. RCSI, which is the exclusive franchisee of Ministop in the Philippines, has subsequently rebranded its convenience store business to Uncle John's following the exit of Ministop Japan.

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. In 2022, RSC acquired the remaining 70% ownership in VKD Holdings, Inc. for a total selling price of ₱236.63 million.

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). In 2022, the Company infused an additional ₱356.5 million to GoTyme.

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. In 2022, The Group, through its subsidiary infused an additional amount of ₱52.39 million. 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 Rustan Supercenters, Inc. (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 2022 and 2021, the Group made additional cash infusion to G2M amounting to ₱445.33 million and ₱33.89 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 February 4, 2022, G2M purchased from the Group the convertible note for a total consideration of $4.0 million.

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 February 11, 2022, the BOD and stockholders of CGII and RSC approved the Plan of Merger 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 July 13, 2022, the SEC approved the Plan of Merger.

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 2/3 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**

New Standards, Interpretations and Amendments
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new standards effective as at January 1, 2022. Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of the Group.

- 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.

- 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 Company.

<u>Standards Issued But Not Yet Effective</u>
Pronouncements issued but not yet effective are listed below. Unless otherwise indicated, the Company does not expect that the future adoption of the said pronouncements will 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, 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.

- 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.

Effective 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.

  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 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.

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 operated 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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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, 2022 and 2021, 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. The Group uses its building significantly for its own use and certain portion to earn rentals. As the Group could not dispose the portions separately and

the portion used to generate rentals is insignificant in relation to the entire building, the whole building is substantially owner-occupied and used, hence classified as property and equipment.

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.

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. The Group applies PFRS 5 to an investment (or portion thereof) in an associate that meets the criteria to be classified as held for sale. Any retained portion not classified as held for is accounted for using the equity method until the disposal of portion that is classified as held for sale takes place. After such disposal, the Group accounts for any retained interest in accordance with PFRS 9 unless the retained interest continues to be an associate, in which case equity method is still applied.

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, 2022 and 2021. 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.

<u>Noncurrent Assets Held For Sale</u>
The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Noncurrent assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Costs to sell are the incremental costs directly attributable to the disposal of an asset (disposal group), excluding finance costs and income tax expense.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset or disposal group is available for immediate sale in its present condition. Actions required to complete the sale should indicate that it is unlikely that significant changes to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the plan to sell the asset and the sale expected to be completed within one year from the date of the classification. Assets and liabilities classified as held for sale are presented separately in the consolidated statement of financial position.

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 their estimated useful life and the lease term.

ROU assets are presented separately in the consolidated statement of financial position and are also subject to impairment test in accordance with PAS 36.

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 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, 2022, 2021 and 2020 (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 Whether Acquisition of Group of Assets Qualifies 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 Options - Company as a Lessee
The Group has lease contracts that include extension options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal (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.

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 Investments 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).

Determining Whether Investment in Associate Qualifies as Asset Held for Sale
In view of the September 30, 2022 decision by the BOD to approve the merger of its associate with another bank (see Note 13), the Group exercised judgment in determining whether or not the asset qualifies at that point in time as an asset held for sale in accordance with PFRS 5. The Group assessed that the recognition criteria as indicated in the policy of the Group in Note 4, have been met in view of the facts discussed in Note 13. The Group expects to complete the sale within one year from initial recognition subject to customary regulatory approvals. Accordingly, the related investment in RBC was reclassified as noncurrent asset held for sale in the Groups' 2022 consolidated financial statements.

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, 2022 and 2021. 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, 2022 and 2021, below are the CGUs to 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, 2022 and 2021, below are the CGUs to which goodwill is allocated and tested for annual impairment:

	Basis	**2022**	2021
RSCI	VIU	**₱9,109,386,061**	₱9,109,386,061
RPI	EV/EBITDA	**2,343,614,826**	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	**4,248,153**	30,000,000
GNC Pharma Corp.	EV/EBITDA	**23,250,000**	23,250,000
		₱14,725,338,315	₱14,751,090,162

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 flows projections is 10.91% and 9.63% to 11.67% for pharmaceutical and non-pharmaceutical group respectively 2022, (5.76% to 11.40% for 2021) and cash flows beyond the five-year period are extrapolated using a 1.00% to 5.00% in 2022 growth rate (1.00% to 5.00% in 2021) 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 3.0% to 8.1% and 2.3% to 6.0% in 2022 and 2021, respectively. 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. The fair value was determined by reference to Level 2 comparable entities with similar terms and nature at the close of business on the reporting date.

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. This valuation technique has been applied consistently in all periods presented.

In 2022 and 2021, the Group used the EV/EBITDA multiple ranging from 4.6x to 8.7x multiples and 6.82x multiples for pharmaceutical and nonpharmaceutical group, respectively, in 2022 (8.1x to 9.40x multiples and 9.72x multiples for pharmaceutical and nonpharmaceutical group, respectively, in 2021) for impairment testing of goodwill and concluded and satisfied that goodwill from the acquired entities are not impaired.

As of December 31, 2022 and 2021, the recoverable amount of trademark is higher than its carrying value. Management believes that a decrease in discount rate by 8.6% and 5.16% as of December 31, 2022 and 2021 would cause the carrying value of the trademarks to equal the recoverable amount. The discount rate is the assumption to which the recoverable amount of CGU is most sensitive to.

As of December 31, 2022 and 2021, the recoverable amount of goodwill is higher than its carrying value. Management believes that a decrease in growth rate by 6.39% and 8.5% as of 2022 and 2021 would cause the carrying value of the CGU including goodwill to equal the recoverable amount. The growth rate is the assumption to which the recoverable amount of CGU is most sensitive to.

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 and other 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 2022, 2021 and 2020 amounted to ₱3.32 million, ₱3.28 million and ₱92.43 million, respectively. As of December 31, 2022 and 2021, allowance for expected credit losses on trade and other receivables amounted to ₱33.79 million and ₱46.90 million, respectively (see Note 8).

As of December 31, 2022 and 2021, the carrying value of the Group’s trade and other receivables amounted to ₱3.53 billion and ₱2.67 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 ₱62.51 million in 2022, ₱61.82 million in 2021 and ₱123.98 million in 2020.

Merchandise inventories amounted to ₱27.47 billion and ₱25.09 billion as of December 31, 2022 and 2021, 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 2020, the Group recognized impairment on assets amounting to ₱232.38 million (Notes 12 and 14).

As of December 31, 2022 and 2021, the carrying value of the Group's property and equipment amounted to ₱22.65 billion and ₱17.62 billion, respectively (Note 12), ROU assets amounted to ₱22.15 billion and ₱22.64 billion, respectively (Note 28), investment in associates amounted to ₱1.64 billion and ₱8.90 billion, respectively (Note 13) and trademarks and franchise with definite useful life amounted to ₱4.36 million and ₱5.12 million, respectively (Note 14).

Recoverability of Deferred Tax Assets
The Group reviews the carrying amounts of deferred tax asset at each reporting date and reduces them 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, 2022, and 2021, the Group has deferred tax assets amounting ₱6.85 billion and ₱6.98 billion, respectively.

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 five (5) formats. It has Robinsons Supermarket, Robinsons Easymart, The Marketplace, Shopwise, 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*
  DIY brands of Handyman Do it Best, True Value, and True Home, 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*
  Uncle John's is a 24 - hour convenience store chain in the Philippines. 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 stores such as Benefit, Shiseido and Clé de Peau Beauté 4) mass merchandise stores under Daiso Japan, Arcova and Super50, 5) pet retail under Pet Lovers Centre.

2022

	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	**₱101,120,155,448**	**₱15,030,869,386**	**₱12,403,416,128**	**₱6,072,231,136**	**₱29,485,500,238**	**₱14,708,896,724**	**₱–**	**₱–**	**₱178,821,069,060**
Intersegment net sales	–	–	–	–	–	–	–	–	–
Total net sales	**101,120,155,448**	**15,030,869,386**	**12,403,416,128**	**6,072,231,136**	**29,485,500,238**	**14,708,896,724**	–	–	**178,821,069,060**
Segment cost of merchandise sold	**79,167,642,319**	**10,485,277,605**	**8,551,868,702**	**4,007,822,692**	**23,507,146,239**	**10,819,124,233**	–	–	**136,538,881,790**
Intersegment cost of merchandise sold	–	–	–	–	–	–	–	–	–
Total cost of merchandise sold	**79,167,642,319**	**10,485,277,605**	**8,551,868,702**	**4,007,822,692**	**23,507,146,239**	**10,819,124,233**	–	–	**136,538,881,790**
Gross profit	**21,952,513,129**	**4,545,591,781**	**3,851,547,426**	**2,064,408,444**	**5,978,353,999**	**3,889,772,491**	–	–	**42,282,187,270**
Segment other income	**669,013,009**	**24,722,036**	**126,616**	**256,505,622**	**182,525,364**	**20,111,435**	**6,338,965**	–	**1,159,343,047**
Intersegment other income	**170,694,115**	–	–	–	–	**49,729,316**	–	**(220,423,431)**	–
Total other income	**839,707,124**	**24,722,036**	**126,616**	**256,505,622**	**182,525,364**	**69,840,751**	**6,338,965**	**(220,423,431)**	**1,159,343,047**
Gross profit including other income	**22,792,220,253**	**4,570,313,817**	**3,851,674,042**	**2,320,914,066**	**6,160,879,363**	**3,959,613,242**	**6,338,965**	**(220,423,431)**	**43,441,530,317**
Segment operating expenses	**14,223,406,486**	**3,241,891,035**	**2,272,756,261**	**1,740,333,978**	**3,451,875,171**	**2,614,216,968**	**18,997,699**	–	**27,563,477,598**
Intersegment operating expenses	**49,729,316**	**49,097,586**	**33,259,462**	–	**57,810,746**	**30,526,321**	–	**(220,423,431)**	–
Total operating expenses	**14,273,135,802**	**3,290,988,621**	**2,306,015,723**	**1,740,333,978**	**3,509,685,917**	**2,644,743,289**	**18,997,699**	**(220,423,431)**	**27,563,477,598**
Earnings before interest, taxes and depreciation and amortization	**8,519,084,451**	**1,279,325,196**	**1,545,658,319**	**580,580,088**	**2,651,193,446**	**1,314,869,953**	**(12,658,734)**	–	**15,878,052,719**
Depreciation and amortization	**3,643,721,836**	**683,538,836**	**908,127,001**	**442,081,154**	**683,632,338**	**818,528,388**	–	–	**7,179,629,553**
Earnings (loss) before interest and taxes	**4,875,362,615**	**595,786,360**	**637,531,318**	**138,498,934**	**1,967,561,108**	**496,341,565**	**(12,658,734)**	–	**8,698,423,166**
Interest income	**37,760,979**	**4,836,907**	**28,799,823**	**316,553**	**6,661,998**	**11,862,002**	**299,500,230**	–	**389,738,492**
Equity in net earnings of an associate	–	–	–	–	–	–	**13,706,659**	–	**13,706,659**
Dividend income	–	–	–	–	–	–	**293,940,980**	–	**293,940,980**
Foreign exchange gain (loss) - net	**(15,956,476)**	**10,511,741**	**240,041**	–	**(151,756)**	**122,140**	**362,327,005**	–	**357,092,695**
Interest expense	**(1,096,235,655)**	**(161,115,010)**	**(181,289,394)**	**(71,063,144)**	**(280,460,062)**	**(197,972,584)**	–	–	**(1,988,135,849)**
Others	**108,632,936**	–	**33,732,955**	**4,314,113**	**(62,135,398)**	**64,198,350**	**73,706,630**	–	**222,449,586**
Income before income tax	**₱3,909,564,399**	**₱450,019,998**	**₱519,014,743**	**₱72,066,456**	**₱1,631,475,890**	**₱374,551,473**	**₱1,030,522,770**	**₱–**	**₱7,987,215,729**
Assets and liabilities									
Segment assets	**₱53,451,198,933**	**₱7,575,078,521**	**₱9,658,767,663**	**₱2,869,855,480**	**₱20,226,821,550**	**₱8,509,129,656**	**₱28,113,523,840**	**₱11,121,762,345**	**₱141,526,137,988**
Investment in subsidiaries - at cost	**4,662,839,856**	**3,888,568,592**	**117,564,707**	–	–	–	**24,130,589,151**	**(32,799,562,306)**	–
Total segment assets	**₱58,114,038,789**	**₱11,463,647,113**	**₱9,776,332,370**	**₱2,869,855,480**	**₱20,226,821,550**	**₱8,509,129,656**	**₱52,244,112,991**	**(₱21,677,799,961)**	**₱141,526,137,988**
Total segment liabilities	**₱37,266,515,789**	**₱7,152,494,621**	**₱4,082,617,671**	**₱1,896,222,908**	**₱11,439,936,225**	**₱5,149,712,270**	**₱107,280,002**	**(₱2,142,308,510)**	**₱64,952,470,976**
Other segment information:	–	–	–	–	–	–	–	–	–
Capital expenditures	**₱6,644,952,869**	**₱609,197,471**	**₱250,756,693**	**₱53,774,885**	**₱456,163,847**	**₱248,927,789**	**₱–**	**₱–**	**₱8,263,773,554**

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	417,536,599	23,756,375	2	208,662,201	128,794,407	91,214,368	–	–	869,963,952
Intersegment other income	193,224,934	–	–	–	–	–	–	(193,224,934)	–
Total other income	610,761,533	23,756,375	2	208,662,201	128,794,407	91,214,368	-	(193,224,934)	869,963,952
Gross profit including other income	19,641,101,012	2,815,322,269	3,632,624,328	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	2,195,041,622	2,059,397,517	1,446,703,566	3,000,261,511	2,135,678,490	42,645,898	–	23,060,524,378
Intersegment operating expenses	-	5,531,451	18,513,605	–	42,694,543	14,711,746	–	(193,224,934)	(111,773,589)
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	7,460,305,238	614,749,196	1,554,713,206	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	4,045,859,181	(56,234,341)	530,931,296	(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 (los–) - 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	21,902,517	–	124,654,829
Income before income tax	₱3,065,593,715	(217,513,214)	₱319,113,443	(297,529,911)	₱1,481,831,975	(82,906,266)	₱1,000,489,243	₱–	₱5,269,078,985
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 (los–) - 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

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 2022, 2021 and 2020. 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 ₱17.77 billion and ₱16.17 billion as of December 31, 2022 and 2021, 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 0.40% to 4.60%, 0.10% to 0.70% and 0.12% to 3.20% in 2022, 2021 and 2020, respectively.

Interest income arising from cash in banks and cash equivalents amounted to ₱94.9 million, ₱44.46 million and ₱163.56 million in 2022, 2021 and 2020, respectively.

8. Trade and Other Receivables

This account consists of:

	2022	2021
Trade (Notes 24 and 27)	**₱2,915,553,193**	₱2,023,826,043
Nontrade (Notes 24 and 27)	**586,457,967**	593,869,990
Due from franchisees (Notes 27 and 29)	**59,329,996**	95,989,313
	3,561,341,156	2,713,685,346
Less allowance for impairment losses (Notes 27 and 29)	**33,788,642**	46,902,975
	₱3,527,552,514	₱2,666,782,371

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 ₱39.56 million and ₱56.38 million as of December 31, 2022, and 2021, respectively. The remaining balance consists of receivable from lessees and interest receivable arising from short-term investments and debt securities.

Movement in the allowance for impairment losses for trade receivables is as follows:

	2022	2021
Balance at beginning of year	**₱46,902,975**	₱55,725,821
Provision for impairment losses (Note 21)	**3,329,780**	3,278,945
Reversals and write-off	**(16,444,113)**	(12,101,791)
Balance at end of year	**₱33,788,642**	₱46,902,975

9. **Merchandise Inventories**

The rollforward analysis of this account follows:

	2022	2021
Balance at beginning of year	**₱25,089,664,818**	₱22,234,439,282
Add purchases - net of purchase discounts and allowances	**139,079,284,034**	121,111,545,136
Cost of goods available for sale	**164,168,948,852**	143,345,984,418
Cost of merchandise sold	**(136,538,881,790)**	(118,101,349,532)
Allowance for inventory obsolescence	**(160,248,986)**	(154,970,068)
Balance at end of year	**₱27,469,818,076**	₱25,089,664,818

Merchandise inventories recognized at cost as of December 31, 2022 and 2021 amounted to ₱27.47 billion and ₱25.09 billion, respectively, while cost of merchandise inventories whose NRV is at nil as of December 31, 2022 and 2021 amounted to ₱160.25 million and ₱154.68 million, respectively.

The cost of merchandise inventories charged to the consolidated statements of comprehensive income amounted to ₱136.54 billion, ₱118.10 billion and ₱118.17 billion in 2022, 2021 and 2020, respectively.

Movements in the allowance for obsolescence is as follows:

	2022	2021
Balance at beginning of year	**₱154,970,068**	₱144,040,855
Provisions	**62,513,748**	61,815,286
Write-off	**(57,234,830)**	(50,886,073)
Balance at end of year	**₱160,248,986**	₱154,970,068

There are no merchandise inventories pledged as security for liabilities as of December 31, 2022 and 2021.

10. **Other Current Assets**

This account consists of:

	2022	2021
Input VAT - net	**₱1,430,521,725**	₱1,633,710,699
Prepayments	**1,003,597,042**	1,355,684,128
	₱2,434,118,767	₱2,989,394,827

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 are as follows:

		2022	2021
Debt securities			
FVOCI with recycling	(a)	**₱7,524,048,032**	₱10,238,936,637
FVTPL	(b)	**294,988,235**	143,392,265
		7,819,036,267	10,382,328,902
Equity securities at FVOCI without recycling		**1,146,007,501**	1,243,603,750
		₱8,965,043,768	₱11,625,932,652

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, 2022 and 2021 follows:

	2022	2021
Amortized cost:		
At beginning of year	**₱9,722,307,924**	₱12,504,536,668
Additions	**55,850,000**	2,107,223,885
Disposals	**(2,119,292,329)**	(4,989,806,720)
Foreign exchange gain	**355,170,221**	100,354,091
At end of year	**8,014,035,816**	9,722,307,924
Amortization of discount on debt securities	**32,851,079**	40,743,914
Change in fair value of financial assets:		
At beginning of year	**485,765,587**	344,153,803
Changes in fair value recognized in OCI	**(1,029,352,266)**	180,633,620
Transfer to profit or loss	**24,297,871**	(39,021,836)
At end of year	**(519,288,808)**	485,765,587
Allowance for expected credit losses	**(3,550,055)**	(9,880,788)
	₱7,524,048,032	₱10,238,936,637

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.

In 2022, 2021 and 2020, the Group recognized gain on disposal of debt instrument financial assets amounting to ₱74.11 million, ₱21.90 million and ₱2.31 million, respectively.

Interest income arising from debt instrument financial assets amounted to ₱288.83 million, ₱402.34 million and ₱512.99 million in 2022, 2021 and 2020, respectively.

b. The Group's debt securities at FVTPL as of December 31, 2022 and 2021 amounting to ₱294.99 million and ₱143.39 million, respectively pertain to investments in Edamama Pte. Ltd., Wholeselect Technology Pte. Ltd. and Quick Commerce Technologies lnc. Pte. Ltd. through Simple Agreement for Future Equity (SAFE).

	2022	2021
At beginning of year	**₱143,392,265**	₱–
Additions	**151,595,970**	143,392,265
	₱294,988,235	₱143,392,265

Equity Securities

Quoted equity securities pertain to investment in stocks listed in the PSE. The Group elected to classify irrevocably its listed equity investments (mainly AC preferred shares, a domestic listed entity) 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, 2022 and 2021 follows:

	2022	2021
Cost:		
At beginning and end of year	**₱1,197,500,000**	₱1,197,500,000
Change in fair value of equity instrument financial assets:		
At beginning of year	**46,103,750**	38,320,000
Changes in fair value	**(97,596,249)**	7,783,750
At end of year	**(51,492,499)**	46,103,750
	₱1,146,007,501	₱1,243,603,750

Dividend income earned by the Group amounted to ₱293.94 million, ₱76.94 million, and ₱27.35 million in 2022, 2021 and 2020, respectively.

Fair value changes on debt and equity instrument financial assets attributable to the equity holders of the Parent Company follow:

	2022	2021
Balances at the beginning of year	**₱532,574,462**	₱383,178,928
Change in fair value during the year - OCI	**(1,126,948,515)**	188,417,370
Transfers to profit or loss	**24,297,871**	(39,021,836)
Balances at the end of year	**(₱570,076,182)**	₱532,574,462

12. **Property and Equipment**

December 31, 2022

	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**	**₱2,983,595,031**	**₱18,396,717,340**	**₱9,844,850,992**	**₱5,483,654,315**	**₱258,219,449**	**₱4,090,056,833**	**₱42,113,868,258**
Additions	**3,962,637,948**	**243,967,555**	**2,005,470,993**	**718,613,086**	**825,867,839**	**993,337**	**506,222,796**	**8,263,773,554**
Disposals and reclassifications	**–**	**(566,964)**	**(313,382,335)**	**(111,831,959)**	**(58,080,828)**	**(4,373,049)**	**(44,285,997)**	**(532,521,132)**
At end of year	**5,019,412,246**	**3,226,995,622**	**20,088,805,998**	**10,451,632,119**	**6,251,441,326**	**254,839,737**	**4,551,993,632**	**49,845,120,680**
Accumulated depreciation and amortization								
At beginning of year	**–**	**1,212,808,458**	**11,016,332,018**	**6,378,880,208**	**3,026,608,065**	**193,473,849**	**2,665,719,113**	**24,493,821,711**
Depreciation and amortization (Note 21)	**–**	**144,841,101**	**1,355,374,632**	**710,196,405**	**489,425,186**	**13,827,511**	**372,676,010**	**3,086,340,845**
Disposals and reclassifications	**–**	**(566,964)**	**(240,893,385)**	**(87,191,713)**	**(23,222,418)**	**18,373,435**	**(49,100,614)**	**(382,601,659)**
At end of year	**–**	**1,357,082,595**	**12,130,813,265**	**7,001,884,900**	**3,492,810,833**	**225,674,795**	**2,989,294,509**	**27,197,560,897**
	₱5,019,412,246	**₱1,869,913,027**	**₱7,957,992,733**	**₱3,449,747,219**	**₱2,758,630,493**	**₱29,164,942**	**₱1,562,699,123**	**₱22,647,559,783**

December 31, 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	₱2,780,236,657	₱18,024,186,552	₱9,881,220,810	₱4,790,062,844	₱235,767,036	₱3,710,037,799	₱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	(590,874,183)	(294,818,362)	57,216,437	17,615,420	(14,002,925)	(821,352,140)
At end of year	1,056,774,298	2,983,595,031	18,396,717,340	9,844,850,992	5,483,654,315	258,219,449	4,090,056,833	42,113,868,258
Accumulated depreciation and amortization								
At beginning of year	–	991,006,636	10,358,562,388	5,911,677,989	2,534,898,905	178,417,185	2,329,958,674	22,304,521,777
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	(18,789,790)	(812,091,847)
At end of year	–	1,212,808,458	11,016,332,018	6,378,880,208	3,026,608,065	193,473,849	2,665,719,113	24,493,821,711
	₱1,056,774,298	₱1,770,786,573	₱7,380,385,322	₱3,465,970,784	₱2,457,046,250	₱64,745,600	₱1,424,337,720	₱17,620,046,547

In December 2021, RSC acquired ownership in VHI for a total consideration of ₱40.87 million equivalent to 30% ownership. On June 1, 2022, the Company purchased the remaining 70% of VHI for a total consideration of ₱236.6 million. The transaction is treated as an acquisition of assets.

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 2022 and 2021, the Group disposed property and equipment with net book value of ₱149.92 million and ₱9.26 million, respectively. Cost of fully depreciated property and equipment still in use amounted to ₱12.52 billion and ₱10.59 billion as of December 31, 2022 and 2021, respectively.

There are no property and equipment pledged as security for liabilities as of December 31, 2022 and 2021.

13. **Investment in Associates**

This account consists of investments in shares of stocks as follow (Note 2):

	2022	2021
G2M	**₱881,200,636**	₱406,154,409
GoTyme	**342,153,153**	200,000,000
TCCI	**235,406,514**	257,340,548
HD Retail	**113,683,012**	160,775,321
Superpumped Ltd.	**55,893,191**	–
DAVI	**6,809,960**	147,723,845
RBC	–	7,683,280,929
VKD Holdings	–	40,865,488
	₱1,635,146,466	₱8,896,140,540

The details of the investment in common stock of RBC follow:

	2022	2021
Cost:		
At beginning and end of year	**₱5,950,238,902**	₱5,950,238,902
Accumulated equity in net earnings:		
Balance at beginning of year	**2,100,220,505**	1,606,623,011
Equity in net earnings	**516,422,438**	493,597,494
Balance at end of year	**2,616,642,943**	2,100,220,505
Share in fair value changes of financial assets of RBC:		
Balance at beginning of year	**(364,228,122)**	89,472,302
Share in fair value changes of financial assets at FVOCI	**96,151,121**	(453,700,424)
Balance at end of year	**(₱268,077,001)**	(₱364,228,122)

(Forward)

	2022	2021
Share in translation loss adjustments:		
Balance at beginning of year	**₱10,531,251**	(₱9,383,496)
Share in translation adjustments	**2,335,822**	19,914,747
Balance at end of year	**12,867,073**	10,531,251
Share in remeasurement gain (losses) on retirement obligation:		
Balance at beginning of year	**(13,481,607)**	(12,736,532)
Share in remeasurement loss on retirement obligation	**20,190,697**	(745,075)
Balance at end of year	**6,709,090**	(13,481,607)
	8,318,381,007	₱7,683,280,929
Transfer to noncurrent asset held for sale (Note 5)	**(8,318,381,007)**	–
	₱–	₱7,683,280,929

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 as of December 31, 2021 follows:

Total assets	₱179,821,507,669
Total liabilities	161,335,379,911
Net income	1,233,993,734
Other comprehensive income (loss)	(1,134,251,060)

The consolidated statements of comprehensive income follows:

	2022	2021	2020
Total operating income	**₱7,762,498,589**	₱9,512,327,791	₱8,790,116,183
Total operating expenses and tax	**6,458,376,220**	8,278,334,057	7,855,529,266
Net income	**1,304,122,369**	1,233,993,734	934,586,917
Other comprehensive income (loss)	**376,748,628**	(1,134,251,060)	237,875,695
Total comprehensive income	**₱1,680,870,997**	₱99,742,674	₱1,172,462,612
Group's share of profit for the year	**₱516,422,438**	₱493,597,494	₱373,834,767

The reconciliation of the net assets of RBC to the carrying amounts of the interest in RBC recognized in the consolidated financial statements as of December 31, 2021 follows:

Net assets of RBC	₱18,486,127,758
Proportionate ownership in the associate	40%
Total share in net assets	7,394,451,103
Carrying amount of the investment	7,683,280,929
Goodwill subsumed in carrying amount of investment	₱288,829,826

Fair value changes on financial assets and remeasurement losses on retirement obligation of associates attributable to the equity holders of the Parent Company follows:

	2022	2021
Changes in fair value of financial assets of associates:		
Balances at the beginning of year	**(₱364,228,122)**	₱89,472,302
Change in fair value during the year	**96,151,121**	(453,700,424)
Balances at end of year	**(268,077,001)**	(364,228,122)
Remeasurement gain (losses) on retirement obligation of associates:		
Balances at the beginning of year	**(13,481,607)**	(12,736,532)
Remeasurement gain (loss) during the year	**20,190,697**	(745,075)
Balances at end of year	**6,709,090**	(13,481,607)
	(₱261,367,911)	(₱377,709,729)

In relation to the ownership interest of the Group in RBC, the BOD of RRHI at its meeting held on September 30, 2022, approved the execution of an agreement among Bank of the Philippine Islands (BPI), RRHI and JG Summit Capital Services Corporation (JG Capital) for the merger of BPI and RBC, with BPI as the surviving entity, subject to the shareholders and regulatory approvals (i.e., Philippine Competition Commission, Bangko Sentral ng Pilipinas, Philippine Deposit Insurance Corporation, and Securities and Exchange Commission). Upon the effectivity of the merger, both the Parent Company and JG Capital will become shareholders of the merged entity. On January 17, 2023, the aforementioned merger was approved by the stockholders of BPI. In 2022, the parties to the merger were also able to determine the exchange ratio to be used in the share swap.

As a result of events and agreements signed in September 2022, the Group reclassified its investment in RBC from investment in associate to noncurrent asset held for sale, and thereby stopped the equity method of accounting. Management assessed, in accordance with the exchange ratio finalized, that the carrying amount of asset held for sale is lower than its fair value less cost to sell, thus, the amount recognized in the 2022 consolidated statement of financial position is equal to the carrying amount at the time of reclassification and initial recognition. In December 2022, the Group received dividends from RBC amounting to P122.16 million, and this was recognized as income following the discontinuance of the equity method of accounting.

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, 2022 and 2021 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, 2022 and 2021 amounted to ₱257.34 million and ₱298.92 million, respectively. Details follow:

	2022	2021
Cost:		
Balance at beginning and end of year	**₱405,000,000**	₱405,000,000
Accumulated equity in net earnings:		
Balance at beginning of year	**(147,659,452)**	(106,080,150)
Equity in net loss	**(21,934,034)**	(41,579,302)
Balance at end of year	**(169,593,486)**	(147,659,452)
	₱235,406,514	₱257,340,548

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, 2022 and 2021 amounted to ₱6.81 million and ₱147.72 million, respectively. Details follow:

	2022	2021
Cost:		
Balance at beginning and end of year	**₱432,000,000**	₱432,000,000
Accumulated equity in net earnings:		
Balance at beginning of year	**(284,276,155)**	(148,040,963)
Equity in net loss	**(140,913,885)**	(136,235,192)
Balance at end of year	**(425,190,040)**	(284,276,155)
	₱6,809,960	₱147,723,845

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 2022 and 2021, the Group made additional cash infusion to G2M amounting to ₱495.33 million and ₱33.90 million, respectively.

Carrying value of G2M's investment as of December 31, 2022 and 2021 amounted to ₱882.43 million and ₱406.15 million, respectively. Details follow:

	2022	2021
Cost:		
Balance at beginning of year	**₱414,378,261**	₱380,482,581
Additional investment (Note 2)	**495,332,034**	33,895,680
Balance at end of year	**909,710,295**	414,378,261
Accumulated equity in net earnings:		
Balance at beginning of year	**(8,223,852)**	(2,813,282)
Equity in net loss	**(20,285,807)**	(5,410,570)
Balance at end of year	**(28,509,659)**	(8,223,852)
	₱881,200,636	₱406,154,409

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. In 2022, the Group made additional cash infusion to GoTyme amounting to ₱356.53 million.

Carrying value of GoTyme's investment as of December 31, 2022 and 2021 amounted to ₱329.41 million and ₱200.00 million, respectively. Details follow:

	2022	2021
Cost:		
Balance at beginning of year	**₱200,000,000**	₱–
Additional investment (Note 2)	**356,530,333**	200,000,000
Balance at end of year	**556,530,333**	200,000,000
Accumulated equity in net earnings:		
Balance at beginning of year	**–**	–
Equity in net loss	**(214,377,180)**	–
Balance at end of year	**(214,377,180)**	–
	₱342,153,153	₱200,000,000

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 2022 and 2021 amounted to ₱99.49 million and ₱18.30 million, respectively.

Carrying value of HD Retail's investment as of December 31, 2022 and 2021 amounted to ₱107.98 million and ₱160.78 million, respectively. Details follow:

	2022	2021
Cost:		
Balance at beginning of year	**₱179,076,562**	₱–
Additional investment (Note 2)	**52,394,675**	179,076,562
Balance at end of year	**231,471,237**	179,076,562
Accumulated equity in net earnings:		
Balance at beginning of year	**(18,301,241)**	–
Equity in net loss	**(99,486,984)**	(18,301,241)
Balance at end of year	**(117,788,225)**	(18,301,241)
	₱113,683,012	₱160,775,321

VKD Holdings
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. In 2022, RSC acquired the remaining 70% ownership in VHI for a total consideration of ₱236.63 million. The transaction is treated as an acquisition of an asset.

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, 2022 and 2021 amounted to nil. Details follows:

	2022	2021
Shares of stock - at equity:		
At beginning of year	**₱105,000,000**	₱105,000,000
Return of investment	**(105,000,000)**	–
At end of year	–	105,000,000
Accumulated equity in net earnings:		
At beginning of year	**(105,000,000)**	(105,000,000)
Gain on reversal of accumulated equity in net loss	**105,000,000**	–
At end of year	–	–
	₱–	₱–

On February 4, 2022, G2M purchased from the Group the convertible note for a total consideration of $4.0 million. Gain on reversal of accumulated equity is presented under "Other income (charges)" in the consolidated statements of comprehensive income.

Super Pumped
In February 2022, NDV acquired 20% ownership in Super Pumped Pte. Ltd. (Super Pumped) for a total consideration ₱61.61 million. Super Pumped is incorporated in Singapore. Carrying value of

Super Pumped's investment as of December 31, 2022 amounted to ₱55.89 million. NDV's share in the net loss of Super Pumped for 2022 amounted to ₱5.72 million.

As of December 31, 2022, total assets and total liabilities of the associates except RBC amounted to ₱9.17 billion and ₱2.39 billion, respectively. 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. In 2022 and 2021, net loss of the associates except RBC amounted to ₱2,107.55 million and ₱1,047.21 million, respectively.

14. Intangible Assets

This account consists of:

	2022	2021
Goodwill (Note 19)	**₱14,725,338,315**	₱14,751,090,162
Trademarks (Note 19)	**7,915,917,598**	7,915,917,598
Franchise	**4,360,472**	5,118,811
	₱22,645,616,385	₱22,672,126,571

Goodwill
The Group's goodwill as of December 31, 2022 and 2021 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):

	2022	2021
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	**4,248,153**	30,000,000
GPC	**23,250,000**	23,250,000
	₱14,725,338,315	₱14,751,090,162

Trademarks
The trademarks were acquired through business combinations and were recognized at fair value at the date of acquisition. Details follow:

	2022	2021
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 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:

	2022	2021
Beginning balance	**₱5,118,811**	₱5,877,144
Amortization (Note 21)	**(758,339)**	(758,333)
Ending balance	**₱4,360,472**	₱5,118,811

15. **Other Noncurrent Assets**

This account consists of:

	2022	2021
Security and other deposits	**₱2,337,728,937**	₱2,376,771,232
Construction bonds	**59,831,870**	85,520,888
	₱2,397,560,807	₱2,462,292,120

Security and other deposits mainly consist of advances for the lease of stores which are refundable at the end of the lease term. These are carried at amortized cost.

16. **Trade and Other Payables**

This account consists of:

	2022	2021
Trade	**₱14,613,653,620**	₱13,236,213,592
Nontrade (Note 24)	**11,791,754,628**	6,765,084,789
Others	**1,084,937,004**	1,214,453,380
	₱27,490,345,252	₱21,215,751,761

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 mainly consist of liabilities relating to short-term rentals, and suppliers of services such as security and safety, utilities and repairs and maintentnace, contract liabilities and due to related parties. The terms and conditions of related party transactions are separately disclosed in Note 24.

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, 2022 and 2021. 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.

	2022	2021
Gift check outstanding	**₱239,492,755**	₱230,037,442
Deferred revenue	**1,551,192**	13,450,713
	₱241,043,947	₱243,488,155

Below is the rollforward of contract liabilities as December 31, 2022 and 2021:

	2022	2021
At January 1	**₱243,488,155**	₱177,457,280
Deferred during the year	**537,402,450**	494,858,621
Recognized as revenue during the year	**(539,846,658)**	(428,827,746)
At December 31	**₱241,043,947**	₱243,488,155

17. **Short-term Loans Payable**

Details of short-term loans follow:

	2022	2021
Balance at beginning of year	**₱7,734,000,000**	₱9,584,000,000
Availments	**5,395,000,000**	3,550,000,000
Payments	**(4,720,000,000)**	(5,400,000,000)
Balance at end of year	**₱8,409,000,000**	₱7,734,000,000

The balances of short-term loans of the subsidiaries are as follows:

	2022	2021
RSC	**₱3,750,000,000**	₱2,000,000,000
SSDI	**3,389,000,000**	3,609,000,000
RCSI	**620,000,000**	970,000,000
RHDDS	**385,000,000**	400,000,000
RPI	**250,000,000**	450,000,000
HPTD	**15,000,000**	25,000,000
RDDC	–	200,000,000
SUPER50	–	50,000,000
RHIB	–	30,000,000
	₱8,409,000,000	₱7,734,000,000

a.) RSC's short-term loans payable consist of loans availed from a local commercial bank at interest rates of 2.55% - 5.80% per annum in 2022 and 2.00% - 2.90% per annum in 2021. In 2022 and 2021, RSC availed short-term loans amounting to ₱4.75 billion and ₱2.00 billion, respectively. In 2022 and 2021, RSC paid ₱3.00 billion and ₱4.20 million, respectively. The short-term loans payable of RSC as of December 31, 2022 and 2021 amounted to ₱3.75 billion and ₱2.00 billion, respectively.

b.) SSDI's short-term loans payable consist of loans availed from local commercial banks at interest rates of 2.30% - 5.80% per annum in 2022 and 2.25% - 3.45% per annum in 2021. In 2022, SSDI availed short-term loans amounting to ₱150.00 million. In addition, SSDI paid ₱370.00 million and ₱500.00 million in 2022 and 2021, respectively. The short-term loans payable of SSDI as of December 31, 2022 and 2021 amounted to ₱3.39 billion and ₱3.61 billion, respectively.

c.) RCSI's short-term loans payable consist of loans availed from a local commercial bank at interest rates of 2.40% - 5.00% per annum in 2022 and 2.40% - 3.00% per annum in 2021. In 2022 and 2021, RCSI availed short-term loan amounting to ₱100.00 million and ₱850.00 million, respectively. In addition, RCSI paid ₱450.00 million in 2022 and ₱650.00 million in 2021. The short-term loans payable as of December 31, 2022 and 2021 amounted to ₱620.00 million and ₱970.00 million, respectively.

d.) RHDDS's short-term loans payable consist of a loan availed from a local commercial bank at an interest rates of 2.40%-5.90% per annum in 2022 and 2.40%-3.00% per annum in 2021. RHDDS availed loans in the amount of ₱180.00 million and paid ₱195.00 million in 2022 The short-term loans payable as of December 31, 2022 and 2021 amounted to ₱385.00 million and ₱400.00 million, respectively.

e.) RPI's short-term loans payable consists of loans availed from a local commercial bank at an interest rate of 2.40% - 5.50% per annum in 2022 and 2.40% - 2.90% per annum in 2021. In 2022 and 2021, RPI availed short-term loan amounting to ₱200.00 million and ₱450.00 million, respectively. In addition, RPI paid ₱400.00 million in 2022. The short-term loans payable as of December 31, 2022 and 2021 amounted to ₱250.00 million and ₱450.00, respectively.

f.) HPTD's short-term loans payable consist of loans availed from local commercial banks at an interest rates of 2.40% - 5.70% per annum in 2022 and 2.40% - 3.00% per annum in 2021. In 2022, HPTD availed short-term loan amounting to ₱15.00 million. In 2022 and 2021, HPTD paid ₱25.00 million and ₱25.00 million, respectively. The short-term loans payable as of December 31, 2022 and 2021 amounted to ₱15.00 million and ₱25.00 million, respectively.

g.) RDDC's short-term loans payable consists of loans availed from a local commercial bank at an interest rate of 2.40% per annum in 2022 and 2.40% - 2.50% per annum in 2021. RDDC paid loans in the amount of ₱200.00 million in 2022. The short-term loans payable as of December 31, 2022 and 2021 amounted to nil and ₱200.00 million, respectively.

h.) SUPER50's short-term loans payable consists of loans availed from a local commercial bank at an interest rate of 2.40% - 5.00% per annum in 2022 and 2.40% per annum in 2021. In 2021, SUPER50 availed short-term loan amounting to ₱50.00 million. In 2022, SUPER50 paid its short-term loan amounting to ₱50.00 million. The short-term loans payable as of December 31, 2022 and 2021 amounted to nil and ₱50.00 million, respectively.

i.) RHIB's short-term loans payable consists of loans availed from a local commercial bank at an interest rate of 2.40% in 2022 and 2.40% - 3:00% per annum per annum in 2021. In 2022 and 2021, RHIB paid ₱30.00 million and ₱25.00 million, respectively. The short-term loans payable as of December 31, 2022 and 2021 amounted to nil and ₱30.00 million, respectively.

Total interest expense charged to operations amounted to ₱225.57 million, ₱159.27 million and ₱146.43 million in 2022, 2021 and 2020, 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:

	Number of Shares					
	Authorized			Issued and Outstanding		
	2022	2021	2020	**2022**	2021	2020
Issued	**1,576,489,360**	1,576,489,360	1,576,489,360	**1,576,489,360**	1,576,489,360	1,576,489,360
Less: Treasury stock	**–**	–	–	**(97,313,220)**	(64,479,160)	(13,028,930)
Issued and Outstanding	**1,576,489,360**	1,576,489,360	1,576,489,360	**1,479,176,140**	1,512,010,200	1,563,460,430

	Amount		
	2022	2021	2020
Common stock - ₱1 par value			
Authorized shares	**₱2,000,000,000**	₱2,000,000,000	₱2,000,000,000
Outstanding shares	**1,479,176,140**	1,512,010,200	1,563,460,430
Treasury shares	**5,425,324,182**	3,616,057,963	810,018,635

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 were issued to Mulgrave Corporation B.V (MCBV) in 2018, for a total transaction cost of ₱20.16 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 ₱2.00 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 ₱2.00 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, 2022 and 2021, RRHI has repurchased 97.31 million shares for ₱5,425.32 million and 64.48 million shares for ₱3,616.06 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:

	2022	2021	2020
Acquisition of additional shares from non-controlling interest			
Beginning	**(₱995,284,977)**	(₱995,284,977)	(₱995,284,977)
Additions/Deductions	**252,606,949**	–	–
Ending	**(742,678,028)**	(995,284,977)	(995,284,977)
Acquisition of subsidiary under common control			
Beginning	**–**	–	5,508,177
Additions/Deductions	**–**	–	(5,508,177)
Ending	**–**	–	–
	(₱742,678,028)	(₱995,284,977)	(₱995,284,977)

Acquisition of Additional Shares from a Non-Controlling Shareholder

On February 22, 2022, RSC acquired Ministop Japan's (MSJ) 40% stake in RCSI for a consideration of ₱209.39 million, increasing its share from 60% to 100%. The Group recognized equity reserve from the acquisition amounting to ₱225.47 million representing the difference between the consideration and the net book value of NCI.

On July 1, 2022, the Group bought the remaining 33% ownership in RHIB from an NCI for a total consideration of ₱117.56 million. The Group recognized equity reserves in the amount of ₱27.13 million representing the difference between the consideration and the net book value of NCI.

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. The Group recognized equity reserve from the acquisition amounting to ₱1.36 million.

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. The Group recognized equity reserve from the acquisition amounting to ₱17.98 million.

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. The Group recognized equity reserve from the acquisition amounting to ₱51.46 million.

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. The Group recognized equity reserve from the acquisition amounting to ₱1.02 billion. 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.

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.

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 ₱20.76 billion and ₱25.44 billion as of December 31, 2022 and 2021, respectively, while the accumulated equity in net income of the associates amounted to ₱1,672.62 million and ₱1,536.76 million as of December 31, 2022 and 2021, respectively (Note 13).

Dividend Declaration
Details of the Parent Company's dividend declarations follow:

	2022	2021	2020
Date of declaration	**April 27, 2022**	April 27, 2021	May 13, 2020
Dividend per share	**₱2.00**	₱1.83	₱1.00
Total dividends	**₱2,984,905,600**	₱2,813,524,076	₱1,572,931,450
Date of record	**May 20, 2022**	May 20, 2021	June 03, 2020
Date of payment	**June 10, 2022**	June 10, 2021	June 30, 2020

Appropriation of Retained Earnings
Rollforward analysis of appropriated retained earnings follows:

	2022	2021	2020
Balance at beginning of year	**₱23,965,752,847**	₱27,852,852,847	₱26,944,852,847
Appropriation	**1,528,000,000**	888,500,000	948,000,000
Reversal of appropriation	**(8,216,000,000)**	(4,775,600,000)	(40,000,000)
Balance at end of year	**₱17,277,752,847**	₱23,965,752,847	₱27,852,852,847

In 2022, 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 follows:

Entity	Amount
RRHI	₱530,000,000
RHMI	407,000,000
WHMI	54,000,000
RTSH	30,000,000
RDSI	162,000,000
RAC	345,000,000
	₱1,528,000,000

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 follows:

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 on top of the previously appropriated retained earnings amounting to ₱26.94 billion in previous years. The appropriated retained earnings 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 follows:

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

Reversal of appropriation
In 2022, 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
RSC	₱7,000,000,000
RRHI	530,000,000
RHMI	278,000,000
RDSI	162,000,000
WHMI	11,000,000
RAC	235,000,000
Total	₱8,216,000,000

On 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.

Declaration of Dividends of the Subsidiaries

In 2022, the BOD of the below subsidiaries approved the declaration of cash dividends as follows:

Entity	Date of declaration	Amount
RSC	April 1	₱2,500,000,000
RSC	December 9	4,500,000,000
RRHI - TMI	April 27	700,000,000
RRHI - TMI	December 1	740,000,000
RHMI	February 14	300,000,000
SEWI	August 2	230,000,000
TGP	March 28	200,000,000
TGP	July 1	200,000,000
TGP	September 1	200,000,000
TGP	November 15	150,000,000
RTSH	March 29	5,000,000
Total		₱9,725,000,000

Of these amounts, ₱452.17 million relate to non-controlling interest.

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. Of these amounts, ₱332.20 million relate to non-controlling interest.

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. Of these amounts, ₱308.70 million relate to non-controlling interest.

NCI

Acquisition of NCI

In 2022, the Group acquired NCI in RCSI and VKD Holding increasing the Group's ownership stake from 60% to 100% and 70% to 100%, respectively.

Investment from NCI

In August 2022, an NCI made an investment in SUPER50 amounting to ₱12.25 million. In September 2020, an NCI made an investment in SSDI amounting to ₱200.0 million.

Material Partly-Owned Subsidiary
In 2022 and 2021, 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 ₱598.03 million, ₱577.47 million and ₱583.35 million in 2022, 2021 and 2020, respectively. Profit allocated to material non-controlling interest amounted to ₱311.08 million, ₱325.31 million and ₱283.85 million in 2022, 2021 and 2020, respectively. Total assets of TGPPI as of December 31, 2022 and 2021 amounted to ₱2,080.22 million and ₱1,848.15 million, respectively, while total liabilities as of December 31, 2022 and 2021 amounted to ₱974.80 million and ₱669.63 million, respectively. Total sales in 2022, 2021 and 2020 amounted to ₱5,043.00 million, ₱4,940.03 million and ₱4,825.95 million, respectively. Net income in 2022, 2021 and 2020 amounted to ₱677.74 million, ₱648.99 million and ₱580.50 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, 2022 and 2021.

The Group considers the following as its main sources of capital:

	2022	2021
Capital stock	**₱1,576,489,360**	₱1,576,489,360
Additional paid-in capital	**40,768,202,897**	40,768,202,897
Treasury stock	**(5,425,324,182)**	(3,616,057,963)
Other comprehensive income	**(417,678,756)**	442,697,037
Equity reserve	**(742,678,028)**	(995,284,977)
Retained earnings		
Appropriated	**17,277,752,847**	23,965,752,847
Unappropriated	**19,392,171,193**	9,827,278,268
Total equity attributable to equity holders of the Parent Company	**72,428,935,331**	71,969,077,469
Non-controlling interest in consolidated subsidiaries	**4,144,731,681**	4,543,640,152
	₱76,573,667,012	₱76,512,717,621

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	1,386,996,369
Other current assets	99,567,541
Property and equipment	243,897,875
ROU assets	685,580,674
Deferred tax assets	125,891,598
Trademarks arising from acquisition	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	780,263,614
Retirement obligation	251,473,028
Deferred tax liability	454,372,659
	2,400,409,742
Net assets acquired	1,989,424,954
Goodwill from the acquisition	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

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 ₱6.58 billion, ₱5.73 billion and ₱4.44 billion in 2022, 2021 and 2020, 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, 2022						
Segments	**Supermarket**	**Department Store**	**DIY**	**Convenience Store**	**Drug Store**	**Specialty Store**	**Total**
Type of goods or service							
Sale of goo–s - retail	**₱101,120,155,448**	**₱15,035,649,818**	**₱12,403,416,128**	**₱5,060,637,309**	**₱29,485,500,238**	**₱14,704,116,292**	**₱177,809,475,233**
Sale of merchandise to franchisees	–	–	–	**1,011,593,827**	**–**	–	**1,011,593,827**
Franchise revenue	–	–	–	**250,641,591**	**25,562,643**	–	**276,204,234**
Royalty fee	–	–	–	**172,871,514**	**56,652,518**	–	**229,524,032**
	₱101,120,155,448	**₱15,035,649,818**	**₱12,403,416,128**	**₱6,495,744,241**	**₱29,567,715,399**	**₱14,704,116,292**	**₱179,326,797,326**
Timing of revenue recognition							
Goods transferred at point in time	**₱101,120,155,448**	**₱15,035,649,818**	**₱12,403,416,128**	**₱6,072,231,136**	**₱29,485,500,238**	**₱14,704,116,292**	**₱178,821,069,060**
Services transferred over time	–	–	–	**423,513,105**	**82,215,161**	–	**505,728,266**
	₱101,120,155,448	**₱15,035,649,818**	**₱12,403,416,128**	**₱6,495,744,241**	**₱29,567,715,399**	**₱14,704,116,292**	**₱179,326,797,326**

	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 goo–s - 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	–	–	–	140,352,386	19,649,952	–	160,002,338
Royalty fee	–	–	–	4,253,611	58,944,810	–	63,198,421
	₱88,630,077,986	₱9,325,871,483	₱11,501,454,806	₱5,059,876,572	₱26,746,374,745	₱12,286,905,633	₱153,550,561,225
Timing of revenue recognition							
Goods transferred at point in time	₱88,630,077,986	₱9,325,871,483	₱11,501,454,806	₱4,915,270,575	₱26,667,779,983	₱12,286,905,633	₱153,327,360,466
Services transferred over time	–	–	–	144,605,997	78,594,762	–	223,200,759
	₱88,630,077,986	₱9,325,871,483	₱11,501,454,806	₱5,059,876,572	₱26,746,374,745	₱12,286,905,633	₱153,550,561,225

	For the year ended December 31, 2020						
Segments	**Supermarket**	**Department Store**	**DIY**	**Convenience Store**	**Drug Store**	**Specialty Store**	**Total**
Type of goods or service							
Sale of goo–s - 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

21. Operating Expenses

This account consists of:

	2022	2021	2020
Personnel costs and contracted services (Notes 22 and 23)	**₱10,154,653,022**	₱9,802,346,518	₱9,164,608,686
Rental and utilities (Notes 24 and 28)	**9,585,433,406**	6,863,041,043	6,144,201,142
Depreciation and amortization (Notes 12, 14 and 28)	**7,179,629,553**	7,087,772,782	6,987,147,534
Transportation and travel	**2,138,028,174**	1,713,359,868	1,877,331,677
Supplies	**1,136,793,920**	1,014,592,585	948,089,911
Advertising	**1,197,347,138**	679,976,957	534,776,923
Repairs and maintenance	**1,059,598,027**	890,438,363	719,396,515
Bank and credit charges	**783,285,209**	694,435,937	695,843,837
Commission expense	**219,867,997**	211,860,822	86,616,534
Royalty expense (Note 29)	**81,488,630**	121,319,030	116,986,146
Tolling fee	**39,541,655**	35,922,832	21,935,172
Others	**1,167,440,420**	921,456,834	1,439,810,772
	₱34,743,107,151	₱30,036,523,571	₱28,736,744,849

Others consist mainly of taxes and licenses, insurance and professional fees.

Depreciation and amortization pertains to:

	2022	2021	2020
Property and equipment (Note 12)	**₱3,086,340,845**	₱3,001,391,781	₱3,034,375,446
Trademarks, franchise and license fees (Note 14)	**758,339**	758,333	25,570,661
Amortization of ROU assets (Note 28)	**4,092,530,369**	4,085,622,668	3,927,201,427
	₱7,179,629,553	₱7,087,772,782	₱6,987,147,534

22. Personnel Costs and Contracted Services

This account consists of:

	2022	2021	2020
Salaries, allowances and benefits (Note 21)	**₱6,184,460,843**	₱5,956,205,160	₱5,299,306,985
Contracted services (Note 21)	**3,970,192,179**	3,846,141,358	3,865,301,701
	₱10,154,653,022	₱9,802,346,518	₱9,164,608,686

Details of salaries, allowances and benefits:

	2022	2021	2020
Salaries, wages and allowances	**₱5,983,737,404**	₱5,672,408,136	₱5,114,309,542
Retirement expense (Note 23)	**200,723,439**	283,797,024	184,997,443
	₱6,184,460,843	₱5,956,205,160	₱5,299,306,985

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 recogniz- 65 -iabilitiestey in the 2019 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 follows:

	2022	2021	2020
Current service cost	**₱202,090,464**	₱282,641,430	₱194,010,535
Net interest cost	**6,435,223**	16,227,113	10,341,246
Past service income	**(7,802,248)**	(15,071,519)	(19,354,338)
Retirement expense	**₱200,723,439**	₱283,797,024	₱184,997,443

Net retirement obligation (plan asset) as of December 31, 2022 and 2021 recognized in the consolidated statements of financial position follow:

	2022	2021
Present value of defined benefit obligation	**₱1,474,339,187**	₱1,538,372,980
Fair value of plan assets	**(1,485,780,311)**	(1,289,445,770)
Net retirement obligation (plan asset)	**(₱11,441,124)**	₱248,927,210

As of December 31, 2022, RHIB, HPTD, RHMI, WHMI, HEMI, TV, RSC, RVC, RCSI, RAC and RDSI have net plan asset position totalling to ₱290.53 million while TGP, SSDI, RPI, S50, SEWI have net retirement obligation totalling to ₱279.09 million. As of December 31, 2021, RHIB, HPTD, TV, RSC, RVC, RCSI and RAC have net plan asset position totalling to ₱52.78 million while RHMI, WHMI, HEMI, TGP, SSDI, RPI, S50, SEWI and RDDC have net retirement obligation totalling to ₱301.71 million.

The movements in net retirement obligation recognized in the consolidated statements of financial position follow:

	2022	2021
Balance at beginning of year	**₱248,927,210**	₱548,957,171
Remeasurement gain	**(241,543,942)**	(345,526,680)
Retirement expense	**200,723,439**	283,797,024
Actual contribution	**(207,994,424)**	(198,155,825)
Benefits paid from direct payments	**(11,553,407)**	(40,144,480)
Balance at end of year	**(₱11,441,124)**	₱248,927,210

Remeasurement effects recognized in OCI:

	2022	2021
Remeasurement gains (losses) on:		
Retirement obligation	**₱282,219,904**	₱662,218,799
Retirement plan assets	**(40,675,962)**	(316,692,119)
	₱241,543,942	₱345,526,680

Movements of cumulative remeasurement effect recognized in OCI:

	2022	2021
Balance at beginning of year	**(₱104,878,091)**	(₱450,404,771)
Actuarial loss (gain)	**(282,219,904)**	662,218,799
Return on assets excluding amount included in net interest cost	**40,675,962**	(316,692,119)
Total remeasurement	**(346,422,033)**	(104,878,091)
Income tax effect	**86,605,508**	26,219,523
	(₱259,816,525)	(₱78,658,568)

Changes in the present value of defined benefit obligation follow:

	2022	2021
Balance at beginning of year	**₱1,538,372,980**	₱1,923,209,144
Current service cost	**202,090,464**	282,641,430
Remeasurement (gain) loss arising from:		
Changes in financial assumptions	**(225,050,070)**	(456,294,122)
Changes in demographic assumptions	**(83,559,573)**	(121,712,466)
Experience adjustments	**26,389,739**	(84,212,211)
Interest cost	**75,658,159**	72,797,653
Past service income	**(7,802,248)**	(15,071,519)
Benefits paid	**(51,760,264)**	(62,984,929)
Balance at end of year	**₱1,474,339,187**	₱1,538,372,980

Movements in the fair value of plan assets follow:

	2022	2021
Balance at beginning of year	**₱1,289,445,770**	₱1,374,251,973
Actual contribution	**207,994,424**	198,155,825
Interest income included in net interest cost	**69,222,936**	56,570,540
Remeasurement loss	**(40,675,962)**	(316,692,119)
Benefits paid	**(40,206,857)**	(22,840,449)
Balance at end of year	**₱1,485,780,311**	₱1,289,445,770

The fair value of net plan assets of the Group by each class as at the end of the reporting period are as follows:

	2022	2021
Cash and cash equivalents		
Savings deposit	**₱140,438,426**	₱17,808,781
Investments in government securities		
Fixed rate treasury notes	**9,409,324**	63,935,598
Retail treasury bonds	–	12,419,901
Investments in UITF	**1,335,076,399**	1,039,205,851
Other receivables	**901,376**	156,133,553
Accrued trust fee payable	**(45,214)**	(57,914)
	₱1,485,780,311	₱1,289,445,770

The principal assumptions used in determining pensions for the Group's plan are shown below:

	2022	2021
Discount rates	**7.0% - 7.4%**	4.93% - 5.20%
Salary increase rates	**2.0% - 4.0%**	2.50% - 5.70%

The carrying amounts disclosed above reasonably approximate fair values at each reporting period. The actual return on plan assets amounted to ₱28.55 million, ₱260.12 million and ₱55.96 million in 2022, 2021 and 2020, respectively.

The Group expects to contribute ₱237.68 million to the defined benefit plan in 2023.

Remeasurement effects attributable to the equity holders of the Parent Company follow:

	2022	2021
Balances at the beginning of year	**₱343,303,004**	₱78,916,050
Remeasurement losses during the year	**176,513,291**	264,386,954
Balances at end of year	**₱519,816,295**	₱343,303,004

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 on Defined Benefit Obligation
2022	**Salary increase**		
		+1.00%	**₱158,017,669**
		-1.00%	**(136,470,089)**
	Discount rates		
		+1.00%	**(127,078,022)**
		-1.00%	**149,031,719**
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

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:

	2022	2021
Less than 1 year	**₱194,532,015**	₱120,247,349
More than 1 year but less than 5 years	**451,879,557**	417,226,812
More than 5 years but less than 10 years	**965,236,288**	838,952,538
More than 10 years but less than 15 years	**1,556,377,396**	1,351,565,673
More than 15 years but less than 20 years	**2,265,958,706**	2,071,912,612
More than 20 years	**7,054,648,150**	6,449,332,793

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)	
	2022	2021	2020	**2022**	2021
Other affiliates under common control					
a. Trade and other receivables					
Sales	**₱71,220,826**	₱42,197,527	₱2,105,106,040	**₱–**	₱5,469,587
Royalty income	**–**	–	740,475,141	**–**	–
b. Trade and other payable					
Purchases - net	**(7,625,655,574)**	(3,409,328,464)	(3,276,056,450)	**(2,598,303,943)**	(374,937,415)
Rent and utilities	**(5,158,480,639)**	(4,036,187,235)	(3,328,644,890)	**(944,864,210)**	(623,001,387)

Below are the Group's transactions with its related parties:

a. As of December 31, 2022 and 2021, 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, 2022 and 2021, 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. Purchases for the year includes land amounting to ₱3.53 billion of which ₱2.38 billion is still outstanding as of December 31, 2022. The unpaid portion is a noncash investing activity.

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.

d. 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 2022, 2021 and 2020 follow:

	2022	2021	2020
Short-term employee benefits	**₱198,976,002**	₱192,258,333	₱182,790,525
Post-employment benefits	**42,108,436**	53,888,531	38,966,507
	₱241,084,438	₱246,146,864	₱221,757,032

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, 2022, 2021 and 2020. 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:

	2022	2021	2020
Current	**₱1,636,402,421**	₱822,538,268	₱1,422,672,062
Deferred	**(85,234,520)**	(403,900,757)	(489,409,753)
	₱1,551,167,901	₱418,637,511	₱933,262,309

b. The components of the net deferred tax assets of the Group as of December 31, 2022 and 2021 pertain to the deferred tax effects of the following:

	2022	2021
Tax effects of:		
Items recognized in profit or loss:		
Lease liabilities	**₱6,505,913,566**	₱6,458,183,747
NOLCO	**123,155,533**	256,938,894
Unamortized past service cost	**79,570,350**	69,941,799
MCIT	**29,066,368**	47,205,672
Allowance for impairment losses	**72,581,283**	86,864,369
Others	**4,200,528**	29,226,140
Retirement obligation	**35,987,623**	34,727,127
Right-of-use assets	**(5,538,731,367)**	(5,659,786,609)
	1,311,743,884	1,323,301,139
Item recognized directly in other comprehensive income:		
Remeasurement loss (gain) on retirement obligation	**(38,847,904)**	26,557,073
	₱1,272,895,980	₱1,349,858,212

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.

a. The components of the net deferred tax liabilities of the Group as of December 31, 2022 and 2021 represent deferred tax effects of the following:

	2022	2021
Tax effect of:		
Items recognized in profit or loss:		
Business combination (Note 19)	**₱1,979,723,402**	₱1,979,723,401
Asset revaluation	**11,353,200**	9,504,175
	1,991,076,602	1,989,227,576
Item recognized directly in other comprehensive income:		
Fair value adjustments on investment in an associate	**61,855,913**	37,234,177
	₱2,052,932,515	₱2,026,461,753

b. The Group has the following deductible temporary differences that are available for offset against future taxable income or tax payable for which deferred tax assets have not been recognized:

	2022	2021
Tax effects of:		
Allowance for impairment losses	**₱48,484,484**	₱75,799,932
NOLCO	**19,603,665**	210,769,709
MCIT	**12,963,159**	49,928,585
Lease liabilities	–	65,473,132
Retirement asset	–	10,454,704

c. 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.

RRHI, RHIB, HPTD, RCSI, RDDC, RVC, TMI and VKD has incurred NOLCO before taxable year 2020 and after 2021which 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	Balance	Expiry Year
2022	₱52,758,155	₱–	₱–	₱52,758,155	2025
2019	181,771,572	170,550,888	11,220,684	–	2022
	₱234,529,727	₱170,550,888	₱11,220,684	₱52,758,155	

As of December 31, 2021, RRHI, RHIB, HPTD, RCSI, RDSI, RDDC, RVC, TMI and VKD 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	Balance	Expiry Year
2021	₱516,450,474	₱32,826,752	₱483,623,722	2026
2020	474,091,916	392,448,563	81,643,353	2025
	₱990,542,390	₱425,275,315	₱565,267,075	

d. 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
2022	₱17,213,887	₱–	₱–	₱17,213,887	2025
2021	19,305,555	9,475,638	–	9,829,917	2024
2020	55,575,712	40,589,989	–	14,985,723	2023
2019	60,537,258	41,074,671	19,462,587	–	2022
Total	₱152,632,412	₱91,140,298	₱19,462,587	₱42,029,527	

e. The reconciliation of statutory income tax rate to the effective income tax rate follows:

	2022	2021	2020
Statutory income tax rate	**25.00%**	25.00%	30.00%
Add (deduct) tax effects of:			
Nondeductible interest expense	**0.03**	2.12	3.31
Nondeductible expense	–	–	1.91
Effect of OSD	**(0.08)**	–	–
Nontaxable income subject to final tax	**(1.13)**	(1.18)	–
Derecognized DTA for NOLCO	**(0.52)**	–	(0.02)
Dividend income	**(0.54)**	(0.37)	(0.19)
Change in unrecognized deferred tax assets	**(0.13)**	(0.81)	(0.20)
Expired MCIT and NOLCO	–	(0.45)	(0.47)
Franchise income	–	(0.37)	(0.76)
Interest income subject to final tax	**(1.22)**	(8.48)	(5.74)
Nontaxable income not subject to final tax	**(1.99)**	(1.60)	(6.72)
CREATE impact	–	(5.91)	–
Effective income tax rate	**19.42%**	7.95%	21.12%

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 consolidated 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 consolidated 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:

	2022	2021	2020
Net income attributable to equity holders of the Parent Company	**₱5,847,403,159**	₱4,527,833,319	₱3,216,636,348
Weighted average number of common shares	**1,489,082,013**	1,535,225,570	1,570,606,945
Basic and Diluted EPS	**₱3.93**	₱2.95	₱2.05

	2022	2021	2020
No. of shares at the beginning of year	**1,535,225,570**	1,570,606,945	1,576,489,360
Weighted average number of treasury shares	**(46,143,557)**	(35,381,375)	(5,882,415)
Weighted average number of common shares	**1,489,082,013**	1,535,225,570	1,570,606,945

The Parent Company has no dilutive potential common shares in 2022, 2021 and 2020.

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.

Interest Rate Risk
Interest rate risk is the risk that the value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has minimal interest rate risk because the interest-bearing loans are short-term in nature and bear fixed interest rates.

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 (₱)**	
	2022	2021	**2022**	2021
USD	**+3.16%**	+1.17%	**₱137,835,755**	₱56,999,406
	-3.16%	-1.17%	**(137,835,755)**	(56,999,406)

The Group used foreign exchange rate of ₱55.75:USD1 and ₱50.99:USD1 as of December 31, 2022, and 2021, 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 3.16% and 1.17% in 2022 and 2021, 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 2022 and 2021 are as follows:

	2022		2021	
	USD	**PHP**	USD	PHP
Cash and cash equivalents	**$13,497,178**	**₱752,535,159**	$10,043,757	₱512,231,607
Receivables	**1,217,382**	**67,875,133**	1,262,773	64,401,423
FVOCI with recycling	**63,522,513**	**3,541,697,712**	84,545,108	4,311,800,508
Total	**$78,237,073**	**₱4,362,108,004**	$95,851,638	₱4,888,433,538

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, 2022 and 2021. 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 2022 and 2021.

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, 2022 and 2021.

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
2022		
	+14.38%	**₱10,905,463**
	-14.38%	**(10,905,463)**
2021	+18.67%	60,027,877
	-18.67%	(60,027,877)

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 14.38% and 18.67% in 2022 and 2021, 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 comprehensive 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, 2022 and 2021 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, 2022

	On Demand	**One (1) year**	**More than One (1) year**	**Total**
Financial Assets				
Amortized cost				
Cash and cash equivalents	**₱17,766,987,346**	**₱–**	**₱–**	**₱17,766,987,346**
Trade receivables	**33,788,642**	**2,881,764,552**	**–**	**2,915,553,194**
Nontrade receivables	**–**	**586,457,967**	**–**	**586,457,967**
Due from franchisees	**–**	**59,329,996**	**–**	**59,329,996**
Other noncurrent assets:				
Security and other deposits	**–**	**–**	**2,337,728,937**	**2,337,728,937**
Construction bonds	**–**	**–**	**59,831,870**	**59,831,870**
FVOCI	**–**	**–**	**8,670,055,533**	**8,670,055,533**
FVTPL	**–**	**–**	**294,988,235**	**294,988,235**
	₱17,800,775,988	**₱3,527,552,515**	**₱11,362,604,575**	**₱32,690,933,078**
Financial Liabilities				
Other financial liabilities				
Trade and other payables*	**₱–**	**₱26,968,991,101**	**₱–**	**₱26,968,991,101**
Short-term loans payable	**–**	**8,409,000,000**	**–**	**8,409,000,000**
Lease liabilities	**–**	**3,500,576,587**	**22,523,077,675**	**26,023,654,262**
Other current liabilities	**–**	**542,609,390**	**–**	**542,609,390**
	₱–	**₱39,421,177,078**	**₱22,523,077,675**	**₱61,944,254,753**

**Excluding statutory liabilities amounting ₱521,354,151.*

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*	₱–	₱20,647,316,301	₱–	₱20,647,316,301
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
	₱–	₱33,557,156,086	₱30,385,069,576	₱63,942,225,662

**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 ₱xx million and ₱703.05 million in 2022 and 2021, 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, 2022 and 2021.

<u>2022</u>

	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)	**₱16,700,667,375**	**₱–**	**₱–**	**₱16,700,667,375**
Trade receivables	**2,881,764,552**	**–**	**33,788,642**	**2,915,553,194**
Nontrade receivables	**586,457,967**	**–**		**586,457,967**
Due from franchisees	**59,329,996**	**–**		**59,329,996**
Other noncurrent assets:				
Security and other deposits	**2,337,728,937**	**–**	**–**	**2,337,728,937**
Construction bond	**59,831,870**	**–**	**–**	**59,831,870**
FVOCI	**8,670,055,533**	**–**	**–**	**8,670,055,533**
	₱31,295,836,230	**₱–**	**₱33,788,642**	**₱31,329,624,872**

2021

	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)	₱15,467,064,816	₱–	₱–	₱15,467,064,816
Trade receivables	1,976,923,068	–	46,902,975	2,023,826,043
Nontrade receivables	593,869,990	–	–	593,869,990
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	₱–	₱46,902,975	₱32,125,582,669

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 and other 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 ₱6.33 million and (₱4.65 million) in 2022 and 2021, respectively (Note 11).

Trade and Other 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 and other 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, 2022 and 2021 follows:

2022

	General Approach			Simplified
	Stage 1	Stage 2	Stage 3	Approach
Amortized cost				
Cash and cash equivalents	**₱16,700,667,375**	₱–	₱–	₱–
Trade receivables	–	–	–	**2,915,553,194**
Due from franchisees	–	–	–	**59,329,996**
Nontrade receivables	**586,457,967**	–	–	–
Security and other deposits	**2,397,560,807**	–	–	–
FVOCI	**8,670,055,533**	–	–	–
Total gross carrying amounts	**28,354,741,682**	–	–	**2,974,883,190**
Less allowance	**3,550,055**	–	–	**33,788,642**
	₱28,351,191,627	₱–	₱–	**₱2,941,094,548**

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	593,869,990	–	–	–
Security and other deposits	2,462,292,120	–	–	–
FVOCI	11,625,932,652	–	–	–
Total gross carrying amounts	30,149,159,578	–	–	2,119,815,356
Less allowance	9,880,788	–	–	46,902,975
	₱30,139,278,790	₱–	₱–	₱2,072,912,381

In 2022 and 2021, there were no movements between stages 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 bonds were discounted using the effective interest rates at reporting date.
- Debt and equity instrument financial assets amounting to ₱8.96 billion and ₱11.63 billion as at December 31, 2022 and 2021, respectively are 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 liabilities.

	2022		2021	
	Carrying Amounts	**Fair Values**	Carrying Amounts	Fair Values
Financial Assets				
Security deposits, other deposits and construction bond	**₱2,397,560,807**	**₱1,959,187,913**	₱2,462,292,120	₱2,250,277,013

In 2022 and 2021, 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. 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, 2022 and 2021 as follows:

	2022	2021
Beginning balance	**₱22,639,146,437**	₱25,038,299,389
Additions	**4,485,965,925**	2,092,716,686
Derecognition	**(877,656,524)**	(406,246,970)
Amortization of ROU assets (Note 21)	**(4,092,530,369)**	(4,085,622,668)
	₱22,154,925,469	₱22,639,146,437

Set out below are the carrying amounts of lease liabilities and the movements for the years ended December 31, 2022 and 2021 as follows:

	2022	2021
Beginning balance (Note 30)	**₱25,832,734,988**	₱27,327,440,734
Accretion of interest expense	**1,762,566,120**	1,801,627,179
Additions (Note 30)	**4,559,825,836**	2,046,947,132
Derecognition	**(1,030,911,849)**	(464,580,394)
COVID-19 rent concessions	–	(747,846,177)
Lease payments	**(5,100,560,833)**	(4,130,853,486)
	26,023,654,262	25,832,734,988
Less current portion of lease liabilities	**3,500,576,587**	2,965,059,293
Noncurrent portion of lease liabilities	**₱22,523,077,675**	₱22,867,675,695

The following are the amounts recognized in profit or loss for the years ended December 31, 2022, 2021 and 2020 as follows:

	2022	2021	2020
Amortization of ROU assets (Note 21)	**₱4,092,530,369**	₱4,085,622,668	₱3,927,201,427
Interest expense on lease liabilities	**1,762,566,120**	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)	**2,635,290,008**	1,118,056,727	889,996,049
	₱8,490,386,497	₱7,005,306,574	₱6,997,020,309

Shown below is the maturity analysis of the undiscounted lease payments as of December 31, 2022 and 2021:

	2022	2021
Within one (1) year	**₱4,930,419,510**	₱4,793,483,951
After one (1) year but not more than five (5) years	**17,412,657,203**	18,677,600,783
More than five (5) years	**13,000,220,022**	11,707,468,793
	₱35,343,296,735	₱35,178,553,527

The Company's additions to ROU assets and lease liabilities are considered non-cash activities. The Company recorded gain on derecognition of lease liability amounting to ₱153.26 million, ₱93.71 million and 153.26 million and ₱925.56 million in 2022, 2021 and 2020, respectively due to the pre-termination of leases on stores presented under "Other income (charges)" in the consolidated statements of comprehensive income.

Group as a Lessor
The Group has entered into operating leases on its building. Income from these leases amounting to ₱581.14 million, ₱414.86 million, and ₱345.67 million in 2022, 2021 and 2020, respectively, 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 ₱7.25 million, ₱46.63 million and ₱55.37 million in 2022, 2021 and 2020, respectively (Note 21). Royalty payable to Ministop included under "Other current liabilities" as of December 31, 2022 and 2021 amounted to ₱46.75 million and ₱53.03 million, respectively (Note 16).

   In February 2022, the Group through RSC, acquired the remaining 40.0% stake of Ministop Japan in RCSI, which resulted in RSC increasing its share in RCSI from 60.0% to 100%. RCSI has subsequently rebranded its convenience store business to Uncle John's following the exit of Ministop Japan.

b) The Group has franchise agreements which mainly include providing store facilities and equipment to franchisees. Other services rendered by Uncle John's 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 ₱172.87 million, ₱140.35 million and ₱916.24 million in 2021, 2020 and 2019, respectively.

   As of December 31, 2022 and 2021, amounts due from franchisees amounted to ₱59.33 million and ₱95.99 million, respectively. No provision for impairment losses on due from franchisees was recognized in 2022, 2021 and 2020 (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 ₱17.62 million, ₱8.36 million and ₱8.03 million in 2022, 2021 and 2020, 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 ₱69.09 million, ₱47.81 million and ₱46.94 million in 2022, 2021 and 2020, 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 ₱7.95 million and ₱1.59 million for 2022 and 2021, respectively, representing 0.5% of the net revenue arising from sale of "NO BRAND" products and EMART sourced products in the Philippines.

f.) The Group has other licenses and franchises to carry various global brands.

30. Changes in Liabilities Arising from Financing Activities

2022

	January 1, 2022	Net Cash Flows	Dividend Declaration	Noncash	Others	December 31, 2022
Lease liabilities	**₱25,832,734,988**	**(₱5,100,560,833)**	**₱–**	**₱1,762,566,120**	**₱3,528,913,987**	**₱26,023,654,262**
Short-term loans payable	**7,734,000,000**	**675,000,000**	–	–	–	**8,409,000,000**
Interest payable	–	**(225,569,729)**	–	**225,569,729**	–	–
Dividends payable	–	**(3,437,072,485)**	**3,437,072,485**	–	–	–
Treasury stock	**(3,616,057,963)**	**(1,821,678,154)**	–	**12,411,935**	–	**(5,425,324,182)**
Non-controlling interest	**4,543,640,152**	**12,250,000**	–	–	**(411,158,471)**	**4,144,731,681**
Total liabilities from financing activities	**₱34,494,317,177**	**(₱9,897,631,201)**	**₱3,437,072,485**	**₱2,000,547,784**	**₱3,117,755,516**	**₱33,152,061,761**

2021

	January 1, 2021	Net Cash Flows	Dividend Declaration	Noncash	Others	December 31, 2021
Lease liabilities	₱27,327,440,734	(₱4,130,853,486)	₱–	₱1,053,781,002	₱1,582,366,738	₱25,832,734,988
Short-term loans payable	9,584,000,000	(1,850,000,000)	–	–	–	7,734,000,000
Interest payable	–	(159,266,022)		159,266,022	–	–
Dividends payable	–	(3,146,724,424)	3,146,724,424	–	–	–
Treasury stock	(810,018,635)	(2,801,153,087)	–	(4,886,241)	–	(3,616,057,963)
Non-controlling interest	4,537,828,657	–	–	–	5,811,495	4,543,640,152
Total liabilities from financing activities	₱40,639,250,756	(₱12,087,997,019)	₱3,146,724,424	₱1,208,160,783	₱1,588,178,233	₱34,494,317,177

In 2022 and 2021, noncash include accretion of interest expense on lease liabilities and COVID-19 rent concessions amounting to ₱1.76 billion and ₱1.05 billion, respectively.

In 2022 and 2021, others include new leases and derecognition of the Group amounted to ₱3.57 billion and ₱1.58 billion, 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

The Board of Directors of the Company (RRHI), at its special meeting held on January 5, 2023, approved and confirmed the purchase of the 4.4% effective equity interest of Arran Investment Pte. Ltd. ("Arran") (an affiliate of GIC Private Limited "GIC") in the Bank of the Philippine Islands ("BPI"). Through Redeemable Preferred Shares ("Preferred Shares"), GIC via Arran currently owns 21.9% of Liontide Holdings, Inc. ("Liontide"), which in turn has a 20.0% equity interest in BPI.

As part of the transaction, Arran will redeem a portion of its preferred shares in Liontide. The underlying 148,698,943 BPI shares, representing 3.3% equity interest, will then be purchased directly by the Parent Company. Simultaneously, Parent Company will acquire 10,384,903 redeemable preferred shares in Liontide, which is redeemable to 49,566,314 BPI shares, representing 1.1% equity interest. A Share Purchase Agreement between the Parent Company, Arran, Liontide, and BPI for the Parent Company to acquire was executed on January 5, 2023.

On January 13, 2023, the Parent Company paid a total amount of ₱14.80 billion to Liontide representing 148,698,943 shares or 3.3% of BPI shares at 99.5 per share.

On January 13, 2023, Arran also completed the sale of 10,384,903 Preferred Shares in Liontide to the Parent Company for a total amount of ₱4.68 billion. The preferred shares is redeemable equivalent to

49,566,314 BPI shares or 1.1% equity. A new Shareholders Agreement among the Parent Company, Liontide and Ayala Corporation was entered into on the same date.

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.

Recovery in discretionary formats from the effects of the pandemic continued in 2022 as less stringent mobility restrictions was imposed during the year. As of December 2022, most of the country is under Alert level 1 which is the lowest level of restriction under the Government guidelines.

As of December 31, 2022, the Group continues to monitor the pandemic, as the virus may still result into variants that can harm consumers and industry. However, the Group is cautiously optimistic that it will be able to remain resilient against 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 27, 2023.

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INDEPENDENT AUDITOR'S REPORT
ON SUPPLEMENTARY SCHEDULES

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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, 2022 and 2021, and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 27, 2023. Our audits were made for the purpose of forming an opinion on the basic consolidated 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.

John T. Villa
Partner
CPA Certificate No. 94065
Tax Identification No. 901-617-005
BOA/PRC Reg. No. 0001, August 25, 2021, valid until April 15, 2024
SEC Partner Accreditation No. 94065-SEC (Group A)
Valid to cover audit of 2021 to 2025 financial statements of SEC covered institutions
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BIR Accreditation No. 08-001998-076-2020, December 3, 2020, valid until December 2, 2023
PTR No. 9566015, January 3, 2023, Makati City

March 27, 2023

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, 2022

Unappropriated Retained Earnings of the Parent Company, January 1, 2022		₱5,547,853,909
Net income based on the face of audited financial statements		8,827,932,975
Provision for deferred income tax through profit or loss		3,339,787
Less: Non-actual/unrealized income net of tax		
Equity in net income of an associate		–
Unrealized foreign exchange gain - net, except those attributable to cash and cash equivalents		–
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		–
Adjustment due to deviation from PFRS/GAAP - loss		–
Loss on fair value adjustment of investment properties		–
Net income actual/realized		8,831,272,762
Add (less):		
Dividend declarations during the year	(2,894,905,600)	
Appropriation of Retained Earnings during the year	(530,000,000)	
Reversal of appropriation	530,000,000	
Treasury shares	(5,425,324,182)	(8,320,229,782)
Total Parent Company Unappropriated Retained Earnings Available For Dividend Distribution, December 31, 2022		₱6,058,896,889

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

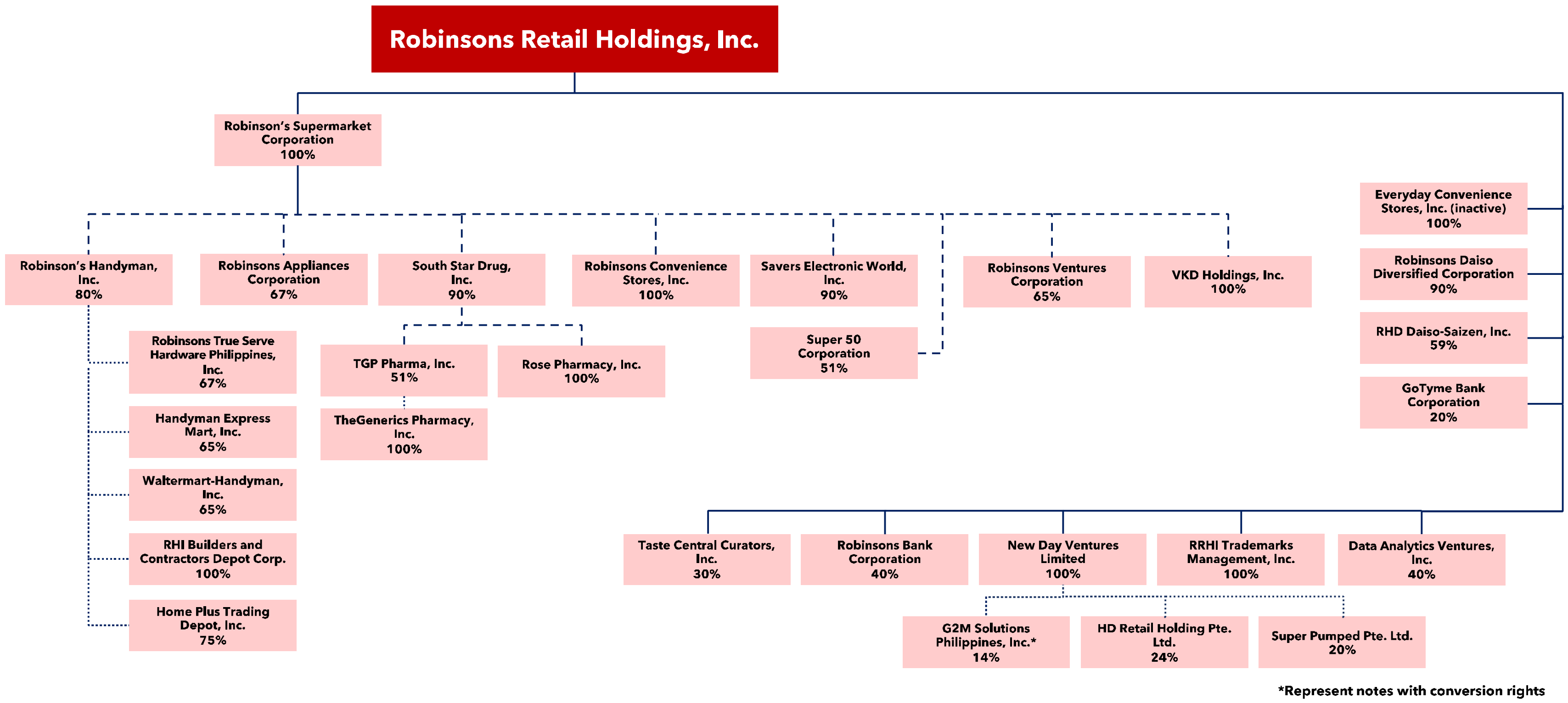
MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

DECEMBER 31, 2022

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, 2022:

FY 2022



ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS

DECEMBER 31, 2022

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	₱6,262,938,829	₱6,101,108,447	₱6,101,108,447	₱288,828,030
Other debt and equity securities	3,091,989,250	2,863,935,321	2,863,935,321	171,783,264
	₱9,354,928,079	₱8,965,043,768	₱8,965,043,768	₱460,611,294

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, 2022

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, 2022

Entity with Receivable Balance	Balance at Beginning of Period	Net Movement	Write-offs	Current	Noncurrent	Balance at end of period
Robinsons Retail Holdings, Inc.	₱206,002,676	(₱184,424,676)	‘	₱21,578,000		₱21,578,000
Robinsons Convenience Stores, Inc.	39,106,088	9,846,628		48,952,716		48,952,716
Robinson’s Supermarket Corporation	644,165,770	(325,734,021)		318,431,749		318,431,749
Robinsons Handyman, Inc.	61,989,029	204,598,801		266,587,830		266,587,830
RHD Daiso - Saizen, Inc.	542,403,060	(41,846,225)		500,556,835		500,556,835
	₱1,493,666,623	(₱337,559,493)		₱1,156,107,130		₱1,156,107,130

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE D: LONG TERM DEBT

DECEMBER 31, 2022

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, 2022

Name of related party	Balance at beginning of period	Balance at end of period
Robinsons Land Corporation	₱367,404,342	₱2,592,266,408
Universal Robina Corporation	623,001,387	944,864,210
JG Summit Holdings, Inc.	7,533,073	6,037,535
	₱997,938,802	₱3,543,168,153

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS

DECEMBER 31, 2022

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, 2022

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	1,479,176,140	–	491,299,997	215,835,374	772,040,764
	2,000,000,000	1,479,176,140	–	491,299,997	215,835,374	772,040,764

See Note 18 of the Consolidated Financial Statements

SyCip Gorres Velayo & Co.
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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, 2022 and 2021 and for each of the three years in the period ended December 31, 2022, and have issued our report thereon dated March 27, 2023. 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, 2022 and 2021 and for each of the three years in the period ended December 31, 2022 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.

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March 27, 2023

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

AS OF DECEMBER 31, 2022 and 2021

Financial Soundness Indicator	**2022**	2021
i. Liquidity ratio:		
Current ratio	**1.48**	1.44
ii. Profitability ratio:		
Gross profit margin	**0.24**	0.23
Return on assets	**0.05**	0.04
Return on equity	**0.08**	0.06
iii. Stability ratio:		
Solvency ratio	**0.21**	0.21
Debt to equity ratio	**0.85**	0.75
Asset to equity ratio	**1.85**	1.75
Interest rate coverage ratio	**4.38**	3.69

**See attached reporting computation.*

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS OF DECEMBER 31, 2022 AND 2021

	2022	2021
Current assets	**₱59,516,857,710**	₱46,915,955,701
Current liabilities	**40,097,370,290**	32,525,716,501
Current ratio (x)	**1.48**	1.44
Gross profit	**42,282,187,270**	35,226,010,934
Net sales	**178,821,069,060**	153,327,360,466
Gross profit margin (%)	**0.24**	0.23
After tax net profit	**6,436,047,828**	4,850,441,473
Depreciation and amortization	**7,179,629,553**	7,087,772,782
	13,615,677,381	11,938,214,255
Total liabilities	**64,952,470,976**	57,721,564,978
Solvency ratio (x)	**0.21**	0.21
Total liabilities	**64,952,470,976**	57,721,564,978
Total equity	**76,597,696,640**	76,512,717,621
Debt to equity ratio (x)	**0.85**	0.75
Total assets	**141,526,137,988**	134,253,723,185
Total equity	**76,573,667,012**	76,532,158,207
Asset to equity ratio (x)	**1.85**	1.75
Earnings before interest and taxes	**8,698,423,166**	7,229,972,186
Interest expense	**1,988,135,849**	1,960,893,202
Interest rate coverage ratio (x)	**4.38**	3.69
Net income	**6,436,047,828**	4,850,441,473
Average total assets	**137,880,210,293**	137,915,232,791
Return on assets (%)	**0.05**	0.04
Net income	**6,436,047,828**	4,850,441,473
Average total equity	**76,543,192,326**	77,051,475,938
Return on equity (%)	**0.08**	0.06

ROBINSONS RETAIL
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