C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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C O M P A N Y   N A M E

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

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

110 E. RODRIGUEZ, JR. AVENUE, BAGUMBAYAN, QUEZON CITY

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

C O M P A N Y   I N F O R M A T I O N

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

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

CONTACT PERSON INFORMATION

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

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

CONTACT PERSON's ADDRESS

110 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City

NOTE 1 : *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

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

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 7 and 27)	**₱11,448,785,732**	₱13,172,501,481
Trade and other receivables (Notes 8, 24 and 27)	**2,677,167,803**	3,948,336,866
Merchandise inventories (Note 9)	**29,780,441,610**	29,668,487,299
Other current assets (Note 10)	**1,600,640,211**	1,682,006,173
	45,507,035,356	48,471,331,819
Non Current Assets Held For Sale (Note 13)	**–**	8,318,381,007
Noncurrent Assets		
Debt and equity instrument financial assets (Notes 11 and 27)	**45,462,702,738**	26,411,044,047
Property and equipment (Note 12)	**23,431,450,098**	23,392,381,560
Right-of-use assets (Note 28)	**18,642,589,268**	19,913,623,871
Investment in associates (Note 13)	**1,657,078,023**	1,721,329,651
Intangible assets (Notes 14 and 19)	**22,679,478,871**	22,679,858,042
Deferred tax assets - net (Note 25)	**1,577,582,946**	1,453,142,872
Retirement plan asset (Notes 22 and 23)	**166,454,912**	166,454,912
Other noncurrent assets (Notes 15 and 27)	**2,457,123,100**	2,495,368,160
	116,074,459,956	98,233,203,115
	₱ 161,581,495,312	₱155,022,915,941

LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 16, 24 and 27)	**₱ 23,840,048,774**	₱26,898,586,030
Short-term loans payable (Notes 17 and 27)	**12,139,000,000**	8,129,000,000
Lease liabilities - current portion (Note 28)	**3,519,092,706**	3,586,524,281
Income tax payable	**66,813,671**	144,920,862
Other current liabilities (Note 27)	**524,775,861**	514,002,010
	40,089,731,012	39,273,033,183
Noncurrent Liabilities		
Lease liabilities - net of current portion (Note 28)	**19,216,227,566**	20,458,068,196
Long-term loans payable (Notes 17 and 27)	**11,052,522,752**	13,240,161,663
Deferred tax liabilities - net (Note 25)	**2,062,970,435**	2,065,341,944
Retirement obligation (Notes 22 and 23)	**740,800,090**	608,418,913
	33,072,520,843	36,371,990,716
	73,162,251,855	75,645,023,899
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	**(6,848,892,603)**	(6,410,402,228)
Other comprehensive income (loss) (Notes 11, 13 and 23)	**7,730,991,785**	2,266,083,092
Equity reserve (Note 18)	**(742,678,028)**	(742,678,028)
Retained earnings (Note 18)		
Appropriated	**14,405,752,847**	16,405,752,847
Unappropriated	**27,309,445,782**	21,416,540,368
Total equity attributable to equity holders of the Parent Company	**84,199,312,040**	75,279,988,308
Non-controlling interest in consolidated subsidiaries	**4,219,931,417**	4,097,903,734
	88,419,243,457	79,377,892,042
	₱161,581,495,312	₱155,022,915,941

See accompanying Notes to Consolidated Financial Statements.

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

	Three Months Ended June 30 (Unaudited)		Six Months Ended June 30 (Unaudited)	
	2024	2023	**2024**	2023
SALES - Net of sales discounts and returns (Notes 6, 20 and 24)	**₱47,823,357,006**	₱46,384,750,974	**₱93,710,251,190**	₱90,977,935,196
COST OF MERCHANDISE SOLD (Notes 6 and 9)	**36,253,224,134**	35,385,776,139	**71,229,045,606**	69,449,543,813
GROSS PROFIT (Note 6)	**11,570,132,872**	10,998,974,835	**22,481,205,584**	21,528,391,383
ROYALTY, RENT AND OTHER REVENUE (Notes 6, 20, and 29)	**283,635,343**	244,951,748	**647,822,267**	580,220,343
GROSS PROFIT INCLUDING OTHER REVENUE (Note 6)	**11,853,768,215**	11,243,926,583	**23,129,027,851**	22,108,611,726
OPERATING EXPENSES (Notes 21, 22, 23, 28 and 29)	**(9,649,208,497)**	(9,189,989,966)	**(19,039,384,037)**	(18,231,073,924)
OTHER INCOME (CHARGES)				
Interest income (Notes 7, 11 and 15)	**41,910,264**	60,436,622	**91,994,116**	165,680,427
Equity in net earnings in associates (Note 13)	**(89,182,668)**	(150,486,100)	**(234,920,462)**	(279,758,026)
Dividend income (Note 11)	**666,374,485**	569,664,562	**709,484,579**	612,658,331
Foreign currency exchange gains (loss) - net	**41,457,608**	17,991,385	**51,574,696**	(73,192,346)
Interest expense (Notes 17 and 28)	**(768,197,278)**	(778,891,385)	**(1,523,500,832)**	(1,519,218,187)
Others (Notes 11, 13, 19 and 28)	**65,324,544**	(18,488,371)	**4,450,245,195**	(36,822,774)
	(42,313,045)	(299,773,287)	**3,544,877,292**	(1,130,652,575)
INCOME BEFORE INCOME TAX	**2,162,246,673**	1,754,163,330	**7,634,521,106**	2,746,885,227
PROVISION FOR INCOME TAX (Note 25)				
Current	**310,836,359**	336,689,271	**670,774,004**	661,344,884
Deferred	**(17,130,731)**	19,950,581	**(120,703,702)**	4,733,009
	293,705,628	356,639,852	**550,070,302**	666,077,893
NET INCOME	**1,868,541,045**	1,397,523,478	**7,084,450,804**	2,080,807,334
OTHER COMPREHENSIVE INCOME (LOSS)				
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)	**59,440,619**	8,638,286	**140,030,674**	123,296,564
Share in change in translation adjustment in investment entities (Notes 11 and 13)	**87,118,651**	3,140,487	**117,684,333**	(28,018,734)
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)	**351,216,435**	1,406,833,964	**5,207,193,686**	4,082,871,193
	497,775,705	1,418,612,737	**5,464,908,693**	4,178,149,023
TOTAL COMPREHENSIVE INCOME	**₱2,366,316,750**	₱2,816,136,215	**₱12,549,359,497**	₱6,258,956,357

	Three Months Ended June 30 (Unaudited)		Six Months Ended June 30 (Unaudited)	
	2024	2023	**2024**	2023
Net income attributable to:				
Equity holders of the Parent Company	**₱1,718,566,629**	₱1,261,836,266	**₱6,799,910,814**	₱1,798,538,913
Non-controlling interest in consolidated subsidiaries	**149,974,416**	135,687,212	**284,539,990**	282,268,421
	₱1,868,541,045	₱1,397,523,478	**₱7,084,450,804**	₱2,080,807,334
Total comprehensive income attributable to:				
Equity holders of the Parent Company	**₱2,216,342,334**	₱2,680,449,003	**₱12,264,819,507**	₱5,976,687,936
Non-controlling interest in consolidated subsidiaries	**149,974,416**	135,687,212	**284,539,990**	282,268,421
	₱2,366,316,750	₱2,816,136,215	**₱12,549,359,497**	₱6,258,956,357
Basic/Diluted Earnings Per Share (Note 26)	**₱1.18**	₱0.86	**₱4.67**	₱1.22

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									
						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	Non-controlling Interest in Consolidated Subsidiaries (Note 18)	Total
					For the Six Months Ended June 30, 2024 (Unaudited)					
Balance at beginning of year	₱1,576,489,360	₱40,768,202,897	(₱6,410,402,228)	₱2,266,083,092	(₱742,678,028)	₱16,405,752,847	₱21,416,540,368	₱75,279,988,308	₱4,097,903,734	₱79,377,892,042
Net income	–	–	–	–	–	–	6,799,910,814	6,799,910,814	284,539,990	7,084,450,804
Other comprehensive income	–	–	–	5,464,908,693	–	–	–	5,464,908,693	–	5,464,908,693
Total comprehensive income	–	–	–	5,464,908,693	–	–	6,799,910,814	12,264,819,507	284,539,990	12,549,359,497
Dividends declared	–	–	–	–	–	–	(2,907,005,400)	(2,907,005,400)	(147,512,307)	(3,054,517,707)
Reversal of Appropriations	–	–	–	–	–	(2,000,000,000)	2,000,000,000	–	–	–
Purchase of treasury shares (Note 18)	–	–	(438,490,375)	–	–	–	–	(438,490,375)	–	(438,490,375)
Acquisition of non-controlling interest (Note 2)	–	–	–	–	–	–	–	–	(15,000,000)	(15,000,000)
Balance at end of period	₱1,576,489,360	₱40,768,202,897	(₱6,848,892,603)	₱7,730,991,785	(₱742,678,028)	₱14,405,752,847	₱27,309,445,782	₱84,199,312,040	₱4,219,931,417	₱88,419,243,457
					For the Six Months Ended June 30, 2023 (Unaudited)					
Balance at beginning 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
Net income	–	–	–	–	–	–	1,798,538,913	1,798,538,913	282,268,421	2,080,807,334
Other comprehensive income	–	–	–	4,178,149,023	–	–	–	4,178,149,023	–	4,178,149,023
Total comprehensive income	–	–	–	4,178,149,023	–	–	1,798,538,913	5,976,687,936	282,268,421	6,258,956,357
Dividends declared	–	–	–	–	–	–	(2,944,699,580)	(2,944,699,580)	(363,545,816)	(3,308,245,396)
Purchase of treasury shares	–	–	(452,106,095)	–	–	–	–	(452,106,095)	–	(452,106,095)
Balance at end of period	₱1,576,489,360	₱40,768,202,897	(₱5,877,430,277)	₱3,760,470,267	(₱742,678,028)	₱17,277,752,847	₱18,246,010,526	₱75,008,817,592	₱4,063,454,286	₱79,072,271,878

See accompanying Notes to Consolidated Financial Statements.

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

	Six Months Ended June 30 (Unaudited)	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	**₱7,634,521,106**	₱2,746,885,227
Adjustments for:		
Depreciation and amortization (Notes 12, 14 and 28)	**3,590,110,643**	3,644,989,392
Interest expense (Notes 17 and 28)	**1,523,500,832**	1,519,218,187
Retirement expense (Notes 22 and 23)	**132,381,177**	84,746,212
Provision for inventory obsolescence (Note 9)	**55,428,529**	14,570,499
Provision for (reversal of) expected credit losses (Note 8)	**(288,105)**	(8,358,806)
Unrealized foreign currency exchange loss (gain) - net	**(51,574,696)**	73,192,346
Others	**(4,505,673,724)**	(39,374,279)
Equity in net earnings in associates (Note 13)	**234,920,462**	279,758,026
Dividend income (Note 11)	**(709,484,579)**	(612,658,331)
Interest income (Notes 7, 11 and 15)	**(91,994,116)**	(165,680,427)
Operating income before working capital changes	**7,811,847,529**	7,537,288,046
Decrease (increase) in:		
Trade and other receivables	**855,765,959**	837,853,159
Merchandise inventories	**(167,382,840)**	(2,063,797,427)
Other current assets	**81,365,962**	(175,080,754)
Increase (decrease) in:		
Trade and other payables	**(3,360,821,855)**	(2,972,492,450)
Other current liabilities	**10,773,851**	12,470,503
Net cash flows generated from operations	**5,231,548,606**	3,176,241,077
Interest received	**97,984,748**	165,680,427
Income tax paid	**(748,881,195)**	(671,823,012)
Net cash flows (used in) provided by operating activities	**4,580,652,159**	2,670,098,492
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Investment in associates (Note 13)	**(515,831,343)**	(414,285,315)
Debt and equity instrument financial assets (Note 11)	**(232,750,000)**	(19,478,601,036)
Property and equipment (Note 12)	**(1,994,940,471)**	(3,557,749,476)
Proceeds from disposals of debt and equity instrument financial assets (Note 11)	**389,625,843**	2,946,154,752
Dividends received (Note 11)	**1,018,958,535**	335,830,543
Acquisition of non-controlling interest (Note 2)	**(15,000,000)**	–
Decrease (increase) in other noncurrent assets	**38,245,060**	(60,327,502)
Net cash flows provided by (used in) investing activities	**(1,311,692,376)**	(20,228,978,034)

	Six Months Ended June 30 (Unaudited)	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan availments (Notes 17 and 30)	**₱9,396,760,400**	₱24,965,594,718
Interest paid (Notes 17 and 30)	**(757,173,800)**	(684,488,570)
Dividends paid	**(3,054,517,707)**	(3,308,245,396)
Purchase of treasury shares (Note 18)	**(438,490,375)**	(452,106,095)
Payment of loans (Notes 17 and 30)	**(7,586,760,400)**	(9,887,550,000)
Lease payments (Notes 28 and 30)	**(2,549,606,980)**	(2,621,467,170)
Net cash flows used in financing activities	**(4,989,788,862)**	8,011,737,487
EFFECTS OF FOREIGN EXCHANGE RATE ON CASH AND CASH EQUIVALENTS	**(2,886,670)**	(20,732,413)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(1,723,715,749)**	(9,567,874,468)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	**13,172,501,481**	17,766,987,346
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 7)	**₱11,448,785,732**	₱8,199,112,878

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 June 30, 2024, the Parent Company is 33.99% owned by JE Holdings, Inc., 24.95% by PCD Nominee Corporation and 21.81% by Dairy Farm International Holdings, Ltd. through its subsidiary GCH Investments Pte. Ltd., and the rest by the public.

The Board of Directors and shareholders of the Parent Company approved to change its registered office address on March 10, 2023 and May 12, 2023, respectively, from 43rd Floor, Robinsons Equitable Tower, ADB Avenue corner Poveda St., Ortigas Center, Pasig City, Metro Manila to 110 E. Rodriguez, Jr. Avenue, Bagumbayan, Quezon City. The change was approved by the SEC on December 7, 2023.

2. Basis of Preparation

Basis of Preparation
The consolidated financial statements have been prepared under the historical cost basis, except for financial assets at fair value through profit or loss (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 June 30, 2024, December 31, 2023 and 2022 and for each of the three (3) years in the period ended December 31, 2023 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					
	2023		2022		2021	
Investee Companies	**Direct**	**Indirect**	Direct	Indirect	Direct	Indirect
Robinson's Supermarket Corporation (RSC)	100.00%	–	100.00%	–	100.00%	–
Robinsons Appliances Corp. (RAC)	–	67.00%	–	67.00%	–	67.00%
Robinsons Ventures Corporation (RVC)	–	65.00%	–	65.00%	–	65.00%
Savers Electronic World, Inc. (SEWI)	–	90.00%	–	90.00%	–	90.00%
Super50 Corporation (Super50)	−	51.00%	−	51.00%	−	51.00%

Investee Companies	2023 Direct	2023 Indirect	2022 Direct	2022 Indirect	2021 Direct	2021 Indirect
(Forward)						
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%	–	80.00%	–	53.60%
Home Plus Trading Depot, Inc. (HPTDI)	–	60.00%	–	60.00%	–	40.20%
Robinsons Lifestyle Stores, Inc. (RLSI)	–	–	–	80.00%	–	80.00%
Sole Fashion, Inc. (SFI)	–	98.00%	–	–	–	–
Consolidated Global Imports, Inc. (CGII)	–	–	–	100.00%	–	100.00%
Robinsons Convenience Stores, Inc. (RCSI/Ministop)	–	–	–	100.00%	–	60.00%
VKD Holdings, Inc. (VHI)	–	–	–	100.00%	–	–
Everyday Convenience Stores, Inc. (ECSI)	100.00%	–	100.00%	–	100.00%	–
Robinsons Daiso Diversified Corp. (RDDC)	90.00%	–	90.00%	–	90.00%	–
RHD Daiso-Saizen, Inc. (RHDDS)	59.40%	–	59.40%	–	59.40%	–
RRHI Trademarks Management, Inc. (RRHI-TMI)	100.00%	–	100.00%	–	100.00%	–
New Day Ventures Limited (NDV Limited)	100.00%	–	100.00%	–	100.00%	–
RHMI Management and Consulting, Inc.	–	–	–	–	100.00%	–
RRHI Management and Consulting, Inc.	–	–	–	–	100.00%	–
RRG Trademarks and Private Labels, Inc.	–	–	–	–	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 ($).

Investments and Acquisitions
On February 29, 2024, RHMI purchased the remaining 25% minority interest in HPTD for a total consideration of ₱15.0 million.

On October 16, 2023, RSC acquired 98% ownership in Sole Fashion Inc. (SFI) for a total consideration of ₱141.54 million. SFI is incorporated in the Philippines to engage in the business of buying, selling, distributing, and marketing, on a wholesale and retail basis insofar as may be permitted by law, ready to wear sporting goods, clothing, footwear, and other related items and merchandise and operate and manage sneaker cleaning kiosks and sports facilities.

On July 1, 2022, RHMI purchased the remaining 33% minority interest in RHIB for a total consideration of ₱117.56 million.

On June 1, 2022, RSC made an additional investment to VHI amounting to ₱236.63 million increasing its share from 30% to 100%. VHI is a holding 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 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 is the exclusive franchisee of Ministop in the Philippines. RCSI 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.

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 2023 and 2022, the Company infused an additional ₱235.1 million and ₱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 2024, 2023 and 2022, the Group, through its subsidiary infused an additional amount of ₱475.83 million, ₱418.09 million and ₱52.39 million respectively. 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).

Mergers
On April 22, 2022 the BOD and stockholders of RSC and RCSI approved the plan of merger with RSC as the surviving company. The articles and plan of merger was approved by the SEC on December 19, 2022 and took effect on July 1, 2023.

On February 10, 2023, shareholders owning or representing at least 2/3 of the total outstanding capital stock of VHI passed and approved the resolutions covering the approval and ratification of the merger of VHI and RSC. On August 17, 2023, the Company received the copy of SEC approval on the merger and took effect on September 1, 2023 with RSC as the surviving entity.

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.

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, 2023. Unless otherwise indicated, adoption of these new standards did not have an impact on the consolidated financial statements of 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 have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the consolidated financial statements.

- 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. The amendments had no impact on the Group's consolidated financial statements because the Group's accounting policies are aligned with the amendments to PAS 8.

- 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).

  The amendments had no impact on the Group's consolidated financial statements because the Group's accounting policies are aligned with the amendments to PAS 12.

- Amendments to PAS 12, *International Tax Reform - Pillar Two Model Rules*

  The amendments introduce a mandatory exception in PAS 12 from recognizing and disclosing deferred tax assets and liabilities related to Pillar Two income taxes.

  The amendments also clarify that PAS 12 applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two Model Rules published by the Organization for Economic Cooperation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes. Such tax legislation, and the income taxes arising from it, are referred to as 'Pillar Two legislation' and 'Pillar Two income taxes', respectively.

  The temporary exception from recognition and disclosure of information about deferred taxes and the requirement to disclose the application of the exception, apply immediately and retrospectively upon adoption of the amendments in June 2023.

Meanwhile, the disclosure of the current tax expense related to Pillar Two income taxes and the disclosures in relation to periods before the legislation is effective are required for annual reporting periods beginning on or after 1 January 2023.

Standards Issued But Not Yet Effective
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, 2024

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

  The amendments clarify:

  - That only covenants with which an entity must comply on or before reporting date will affect a liability's classification as current or non-current.
  - 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 must be applied retrospectively.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

  The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

  The amendments must be applied retrospectively.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

  The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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.

- Amendments to PAS 21, *Lack of Exchangeability*

  The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

  When applying the amendments, an entity cannot restate comparative information.

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 and Sustainability 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.

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4. Summary of Material Accounting Policies

<u>Revenue from Contracts with Customers</u>
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.

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 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 June 30, 2024 and December 31, 2023, 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 June 30, 2024 and December 31, 2023, 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 June 30, 2024 and December 31, 2023, the Group's financial assets at FVTPL includes investments in debt instruments which contain loss absorption feature.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

As of June 30, 2024 and December 31, 2023, the financial liabilities of the Group are classified as other financial liabilities.

Subsequent Measurement
After initial recognition, other financial liabilities are 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 to the Group's Trade and other payables, Short-term loans, Lease liabilities and other obligations that meet the above definition (other than liabilities covered by other accounting standards, such as income tax payable and retirement obligation).

<u>Derecognition of Financial Assets and Liabilities</u>
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.

Financial Liability
A financial liability is derecognized when the obligation under the liability is discharged, cancelled, or expired.

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.

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. Investment in associates is accounted for under the equity method of accounting. 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.

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.

Business Combination and Goodwill

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. 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.

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.

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.

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 follows:

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

An item of property that is both owner-occupied and leased-out under operating lease is treated as property and equipment under the rules of PAS 16 instead of investment property under PAS 40 if the related portion of the property being leased-out is insignificant.

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

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

Trademarks
Trademarks, which were acquired through business combinations in 2012 (SSDI), 2015 (SEWI), 2016 (TGPPI), 2018 (RSCI), 2020 (RPI) and 2023 (SFI) 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
The Group assesses, at each reporting date, whether there is an indication that an asset (e.g., property and equipment, ROU assets, investment in associates and intangible assets.) may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or a CGU’s fair value less costs of disposal and its value-in-use. The recoverable amount 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, in which case, recoverable amount is determined for the CGU to which the asset belongs. When the carrying amount of an asset or CGU 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. 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, 2023 and 2022. 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.

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.

Noncurrent Assets Held For Sale
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 and may be extended if the delay is caused by events or circumstances beyond the entity's control and there is sufficient evidence that the entity remains committed to its plan to sell the asset (or disposal group). 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.

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.

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 Reserves

Equity reserve consists 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, even 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. 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 as follows:

	Years
Land (lease term)	10-25
Warehouses	10-15
Store spaces	6-10
Office spaces	6-10
Building	10

ROU assets are presented separately in the consolidated statement of financial position and are also subject to impairment test 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. 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. 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). Lease payments on short-term leases 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.

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 potentially dilutive ordinary shares for the period ended June 30, 2024, December 31, 2023 and 2022 (Note 26).

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 and CEO. The nature of the operating segment is set out in Note 6.

Linked Transactions
There are circumstances which indicate that multiple arrangements should be accounted for as a single transaction. In determining whether to account for the arrangements as a single transaction, the Group shall consider the terms and conditions of the arrangements and their economic effects. One or more of the following indicate that Group should for the multiple arrangements as a single transaction:

- entered into at the sae time or in contemplation of each other;
- form a single transaction designed to achieve an overall commercial effect;
- the occurrence of one arrangement is dependent on the occurrence of at lease one other arrangement; and
- one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements.

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 and Termination Options - Company as a Lessee
The Group has several lease contracts that include extension and termination options. The Group applies judgment in evaluating whether it is reasonably certain whether or not to exercise the option to renew 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 or to terminate.

Right to Access - Performance Obligation Satisfied Over Time
The Group considered the following in assessing whether the non-refundable upfront franchise fee is a right to access the Uncle John's 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 Uncle John's 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 G2M through Convertible Note
The Group has investments in G2M Solutions Philippines Pte. Ltd. through convertible note which will provide the Group 14.07% 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 (see Note 13).

Determination of Control
The Group determined that it has control or no 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 (e.g., reserved matters);
- Rights arising from other contractual agreements;
- The Group's voting rights and potential voting rights; and
- Redemption features that override any indication of control

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 beginning in the Groups' 2022 consolidated financial statements. The SEC subsequently approved the merger to be effective on January 1, 2024 (see Note 13).

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, 2023 and 2022. 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, 2023 and 2022, below are the CGUs and the carrying amount of trademarks to which these are allocated and tested for annual impairment:

	Measurement basis of recoverable amount	**2023**	2022
RSCI	VIU	**₱3,205,411,607**	₱3,205,411,607
SSDI	VIU	**1,566,917,532**	1,566,917,532
RPI	VIU	**1,514,575,531**	1,514,575,531
TGPPI	EV/EBITDA	**1,264,098,435**	1,264,098,435
SEWI	VIU	**364,914,493**	364,914,493
SFI	VIU	**35,000,000**	–
		₱7,950,917,598	₱7,915,917,598

As of December 31, 2023 and 2022, below are the CGUs and the carrying amount of goodwill to which this is allocated and tested for annual impairment:

	Measurement basis of recoverable amount	Amount
RSCI	VIU	₱9,109,386,061
RPI	VIU	2,343,614,826
TGPPI	EV/EBITDA	1,281,428,830
SSDI	VIU	745,887,131
SEWI	VIU	715,103,869
Eurogrocer Corporation	EV/EBITDA	199,870,222
RHIB	VIU	145,655,320
RTSHPI	VIU	85,161,468
Jayniths Supermarket	EV/EBITDA	71,732,435
HPTDI	VIU	4,248,153
GNC Pharma Corp.	EV/EBITDA	23,250,000
		₱14,725,338,315

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 10.24% to 13.40% for pharmaceutical and non-pharmaceutical group in 2023, (9.63% to 11.67% for 2022) and cash flows beyond the five-year period are extrapolated using a 3.00% to 5.00% in 2023 growth rate (1.00% to 5.00% in 2022) 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 15.0% to 33.0% 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 6.0% and 3.0% to 8.1% in 2023 and 2022, 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.

As such, the Group has selected EV/EBITDA multiples limited to retail entities in the Philippines as the management of the Group believes that these entities reasonably represent each acquired entity after carefully taking into account the future viability of the assumptions used and ability of each entity to attain such position in the future as it relates to the overall growth in the industry and in the country.

In 2023 and 2022, the Group used the EV/EBITDA multiple ranging from 4.6x and 7.06x multiples for pharmaceutical and nonpharmaceutical group, respectively, in 2023 (4.6x to 8.7x multiples and 6.82x multiples for pharmaceutical and nonpharmaceutical group, respectively, in 2022) for impairment testing of goodwill and concluded and satisfied that goodwill from the acquired entities are not impaired.

As of December 31, 2023 and 2022, the recoverable amount of trademark is higher than its carrying value. Management believes that an increase in discount rate by 4.0% and 8.6% as of December 31, 2023 and 2022 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, 2023 and 2022, the recoverable amount of goodwill is higher than its carrying value. Management believes that a decrease in growth rate by 3.9% and 6.39% as of 2023 and 2022, respectively, 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 for the six months ended June 30, 2024 and 2023 amounted to ₱4.56 million and nil, respectively. As of June 30, 2024 and December 31, 2023, allowance for expected credit losses on trade and other receivables amounted to ₱40.49 million and ₱40.78 million, respectively (Note 8).

As of June 30, 2024 and December 31, 2023, the carrying value of the Group's trade and other receivables amounted to ₱2.68 billion and ₱3.95 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 for the six months ended June 30, 2024 and 2023 amounted to ₱55.43 million and ₱14.57 million, respectively (Note 9).

Merchandise inventories amounted to ₱29.78 billion and ₱29.67 billion as of June 30, 2024 and December 31, 2023, respectively (Note 9).

Retirement and Other Benefits
The determination of the obligation and cost of retirement and other benefits is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions are described in Note 23, and include, among others, discount rate and salary rates increase.

As of June 30, 2024 and December 31, 2023, the carrying value of the retirement plan asset amounted to ₱166.45 million. As of June 30, 2024 and December 31, 2023, retirement obligation amounted to ₱740.80 million and ₱608.42 million, respectively.

Recoverability of Deferred Tax Assets
The Group reviews the carrying amounts of deferred taxes at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable income will be available to allow all or part of the deferred tax assets to be utilized. Management has determined based on business forecast of succeeding years that there is enough taxable income against which recognized deferred tax assets will be realized. As of June 30, 2024 and December 31, 2023, the Group has deferred tax assets amounting ₱6.24 billion and ₱6.43 billion, respectively (Note 25).

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:

- *Food Division*

The food division consists of the supermarket banners and convenience store business.

The supermarket division operates under five (5) formats. It has Robinsons Supermarket, Robinsons Easymart, The Marketplace, Shopwise, and No Brand. Robinsons Supermarket is Robinsons Retail's mainstream grocery format and 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. These products are given a specifically allocated section within each of the supermarkets and are made highly visible to consumers. The Marketplace is Robinsons Retail's premium grocery format giving customers imported and gourmet options. Located in 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. Robinsons Easymart is a standalone mini-mart store for everyday needs located right within neighborhoods. Smaller than a typical supermarket, it offers both quality and affordable fresh foods and other household essentials as well as bills payment and mobile loading services with ease of accessibility and convenience. Shopwise is the Group's 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. In 2021, the Korean hard discount store No Brand was reclassified to the supermarket division as it offers mostly grocery and food products to consumers.

The convenience store business pertains to Uncle John's which 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.

- *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 and True Value, 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.

- *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 six (6) 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 Clē de Peau 4) mass merchandise stores under Daiso Japan and Super50, 5) pet retail under Pet Lovers Centre, and 6) lifestyle sneakers under Sole Academy.

June 30, 2024

	Food Division	Department Store Division	DIY Division	Drug Store Division	Specialty Store Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Segment net sales	**₱ 57,008,308,321**	**₱ 6,965,087,101**	**₱5,639,111,999**	**₱17,288,161,580**	**₱6,809,582,189**	**₱–**	**₱–**	**₱93,710,251,190**
Intersegment net sales	–	–	–	–	–	–	–	–
Total net sales	**57,008,308,321**	**6,965,087,101**	**5,639,111,999**	**17,288,161,580**	**6,809,582,189**	–	–	**93,710,251,190**
Segment cost of merchandise sold	**44,163,884,241**	**4,800,142,216**	**3,751,518,304**	**13,631,745,816**	**4,881,755,029**	–	–	**71,229,045,606**
Intersegment cost of merchandise sold	–	–	–	–	–	–	–	–
Total cost of merchandise sold	**44,163,884,241**	**4,800,142,216**	**3,751,518,304**	**13,631,745,816**	**4,881,755,029**	–	–	**71,229,045,606**
Gross profit	**12,844,424,080**	**2,164,944,885**	**1,887,593,695**	**3,656,415,764**	**1,927,827,160**	–	–	**22,481,205,584**
Segment other income	**408,034,804**	**20,100,454**	–	**141,659,943**	**77,677,066**	**350,000**	–	**647,822,267**
Intersegment other income	**157,582,384**	–	–	–	**15,922,630**	–	**(173,505,014)**	–
Total other income	**565,617,188**	**20,100,454**	–	**141,659,943**	**93,599,696**	**350,000**	**(173,505,014)**	**647,822,267**
Gross profit including other income	**13,410,041,268**	**2,185,045,339**	**1,887,593,695**	**3,798,075,707**	**2,021,426,856**	**350,000**	**(173,505,014)**	**23,129,027,851**
Segment operating expenses	**8,612,107,552**	**1,738,884,639**	**1,121,111,537**	**2,300,342,024**	**1,664,791,462**	**12,036,180**	–	**15,449,273,394**
Intersegment operating expenses	**15,922,631**	**56,624,146**	**32,483,277**	**46,058,489**	**22,416,471**	–	**(173,505,014)**	–
Total operating expenses	**8,628,030,183**	**1,795,508,785**	**1,153,594,814**	**2,346,400,513**	**1,687,207,933**	**12,036,180**	**(173,505,014)**	**15,449,273,394**
Earnings before interest, taxes and depreciation and amortization	**4,782,011,085**	**389,536,554**	**733,998,881**	**1,451,675,194**	**334,218,923**	**(11,686,180)**	–	**7,679,754,457**
Depreciation and amortization	**2,141,730,023**	**325,446,374**	**406,141,314**	**394,220,895**	**322,572,037**	–	–	**3,590,110,643**
Earnings (loss) before interest and taxes	**₱ 2,640,281,062**	**₱64,090,180**	**₱327,857,567**	**₱1,057,454,299**	**₱11,646,886**	**(₱11,686,180)**	**₱–**	**₱4,089,643,814**
Capital expenditures	**₱897,592,595**	**₱163,168,930**	**₱137,623,597**	**₱310,575,044**	**₱177,710,042**	**₱–**	**₱–**	**₱1,686,670,208**

June 30, 2023

	Food Division	Department Store Division	DIY Division	Drug Store Division	Specialty Store Division	Parent Company	Intersegment Eliminating Adjustments	Consolidated
Segment net sales	₱54,956,603,973	₱6,832,042,598	₱5,921,018,264	₱16,128,502,509	₱7,139,767,852	₱–	₱–	₱90,977,935,196
Intersegment net sales	–	–	–	–	–	–	–	–
Total net sales	54,956,603,973	6,832,042,598	5,921,018,264	16,128,502,509	7,139,767,852	–	–	90,977,935,196
Segment cost of merchandise sold	42,758,416,326	4,726,815,333	4,037,591,763	12,748,518,776	5,178,201,615	–	–	69,449,543,813
Intersegment cost of merchandise sold	–	–	–	–	–	–	–	–
Total cost of merchandise sold	42,758,416,326	4,726,815,333	4,037,591,763	12,748,518,776	5,178,201,615	–	–	69,449,543,813
Gross profit	12,198,187,647	2,105,227,265	1,883,426,501	3,379,983,733	1,961,566,237	–	–	21,528,391,383
Segment other income	436,254,953	14,508,166	–	95,389,916	34,067,308	–	–	580,220,343
Intersegment other income	162,546,435	–	–	–	23,500,451	–	(186,046,886)	–
Total other income	598,801,388	14,508,166	–	95,389,916	57,567,759	–	(186,046,886)	580,220,343
Gross profit including other income	12,796,989,035	2,119,735,431	1,883,426,501	3,475,373,649	2,019,133,996	–	(186,046,886)	22,108,611,726
Segment operating expenses	8,108,221,141	1,656,795,020	1,258,151,888	2,058,699,837	1,448,694,683	55,521,963	–	14,586,084,532
Intersegment operating expenses	23,502,781	66,178,872	30,425,355	41,405,010	24,534,868	–	(186,046,886)	–
Total operating expenses	8,131,723,922	1,722,973,892	1,288,577,243	2,100,104,847	1,473,229,551	55,521,963	(186,046,886)	14,586,084,532
Earnings before interest, taxes and depreciation and amortization	4,665,265,113	396,761,539	594,849,258	1,375,268,802	545,904,445	(55,521,963)	–	7,522,527,194
Depreciation and amortization	2,114,488,111	335,584,316	427,121,338	354,918,325	412,877,302	–	–	3,644,989,392
Earnings (loss) before interest and taxes	₱2,550,777,002	₱61,177,223	₱167,727,920	₱1,020,350,477	₱133,027,143	(₱55,521,963)	₱–	₱3,877,537,802

Capital expenditures	₱816,495,846	₱155,880,244	₱199,189,516	₱179,566,056	₱98,734,721	₱–	₱–	₱1,449,866,383

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 June 30, 2024 and 2023. 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 ₱11.45 billion and ₱13.17 billion as of June 30, 2024 and December 31, 2023, 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 3.00% to 6.19% as of June 30, 2024, 0.40% to 4.60% and 0.10% to 0.70% as of December 31, 2023 and 2022, respectively.

Interest income arising from cash in banks and cash equivalents amounted to ₱73.21 million, and ₱87.77 million for the six months ended June 30, 2024 and 2023, respectively.

8. Trade and Other Receivables

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade (Notes 24 and 27)	**₱2,089,529,497**	₱3,227,415,708
Nontrade (Notes 24 and 27)	**611,947,911**	741,841,847
Due from franchisees (Notes 27 and 29)	**16,184,508**	19,861,529
	2,717,661,916	3,989,119,084
Less allowance for impairment losses (Notes 27 and 29)	**40,494,113**	40,782,218
	₱2,677,167,803	₱3,948,336,866

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 ₱23.87 million and ₱39.56 million as of June 30, 2024 and December 31, 2023, respectively. The remaining balance consists of operational advances, receivable from lessees and interest receivable arising from short-term investments.

Movement in the allowance for impairment losses is as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	**₱40,782,218**	₱33,788,642
Provision for impairment losses (Note 21)	**4,556,464**	30,537,733
Reversals and write-off	**(4,844,569)**	(23,544,157)
Balance at end of year	**₱40,494,113**	₱40,782,218

9. Merchandise Inventories

The rollforward analysis of this account follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	**₱29,668,487,299**	₱27,469,818,076
Add purchases - net of purchase discounts and allowances	**71,457,393,971**	148,811,462,319
Cost of goods available for sale	**101,125,881,270**	176,281,280,395
Less Cost of merchandise sold	**(71,229,045,606)**	(146,525,751,582)
Allowance for inventory obsolescence	**(116,394,054)**	(87,041,514)
Balance at end of year	**₱29,780,441,610**	₱29,668,487,299

The cost of merchandise inventories charged to the consolidated statements of comprehensive income amounted to ₱71.23 billion and ₱69.45 billion for the six months ended June 30, 2024 and 2023, respectively.

Movement in the allowance for shrinkage, obsolescence and other losses is as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	**₱87,041,514**	**₱160,248,986**
Provisions	**55,428,529**	**4,774,615**
Reversals	**(26,075,989)**	**(77,982,087)**
Balance at end of year	**₱116,394,054**	**₱87,041,514**

There are no merchandise inventories pledged as security for liabilities as of June 30, 2024 and December 31, 2023.

10. Other Current Assets

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Input VAT – net	**₱578,866,879**	₱842,133,164
Prepayments	**1,021,773,332**	839,873,009
	₱1,600,640,211	₱1,682,006,173

Input VAT will be applied against output VAT in the succeeding periods. 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:

		June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Debt securities			
FVOCI with recycling	(a)	**₱2,017,898,228**	₱2,212,805,414
FVTPL	(b)	**527,616,127**	598,121,797
		2,545,514,355	2,810,927,211
Equity securities at FVOCI without recycling		**42,917,188,383**	23,600,116,836
		₱45,462,702,738	₱26,411,044,047

Debt Securities

a. The Group's debt securities consist of Peso and Dollar-denominated bond securities with fixed coupon rate per annum ranging from 4.10% to 9.50% and term of five (5) to ten (10) years.

Rollforward analysis of debt securities at FVOCI with recycling as of June 30, 2024 and December 31, 2023 follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Amortized cost:		
At beginning of year	**₱2,909,483,252**	₱8,014,035,816
Disposals	**(389,625,843)**	(5,054,098,209)
Foreign exchange gain	**54,461,366**	(50,454,355)
At end of period	**2,574,318,775**	2,909,483,252
Amortization of discount on debt securities	**(2,888,627)**	(3,115,244)
Change in fair value of financial assets:		
At beginning of year	**(692,823,259)**	(519,288,808)
Changes in fair value recognized in OCI	**116,014,715**	(278,457,898)
Transfer to profit or loss	**24,015,959**	104,923,447
At end of period	**(552,792,585)**	(692,823,259)
Allowance for expected credit losses	**(739,335)**	(739,335)
	₱2,017,898,228	₱2,212,805,414

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.

Interest income arising from debt instrument financial assets amounted to ₱15.98 million and ₱77.90 million for the six months ended June 30, 2024 and 2023, respectively.

b. The Group's debt securities at FVTPL as of June 30, 2024 and December 31, 2023 amounting to ₱527.62 million and ₱598.12 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).

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
At beginning of year	**₱598,121,797**	₱294,988,235
Additions	**−**	277,400,000
Disposals	**(89,801,017)**	−
Translation adjustment	**19,295,347**	25,733,562
	₱527,616,127	₱598,121,797

In 2024, the Group derecognized its investments in Wholeselect Technology Pte. Ltd. and Quick Commerce Technologies lnc. Pte. Ltd. in the amount of ₱58.66 million and ₱46.93 million respectively.

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 period ended June 30, 2024 and and December 31, 2023 follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost:		
At beginning and end of year	**₱20,676,041,036**	₱1,197,500,000
Additions	**14,109,877,861**	19,478,601,036
Disposals	**−**	(60,000)
	34,785,918,897	20,676,041,036
Change in fair value of equity instrument financial assets:		
At beginning of year	**2,924,075,800**	(51,492,499)
Changes in fair value	**5,207,193,686**	2,975,566,259
Disposals	**−**	2,040
At end of period	**8,131,269,486**	2,924,075,800
	₱42,917,188,383	₱23,600,116,836

Dividend income earned by the Group amounted to ₱709.48 million and ₱612.66 million for the six months ended June 30, 2024 and 2023, respectively.

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balances at the beginning of year	**₱2,231,957,667**	(₱570,076,182)
Change in fair value during the year - OCI	**5,323,208,401**	2,697,110,401
Transfers to profit or loss	**24,015,959**	104,923,448
Balances at the end of period	**₱7,579,182,027**	₱2,231,957,667

Investment in Bank of the Philippine Islands (BPI)
The Board of Directors of the Parent Company, at its special meeting held on January 5, 2023, approved and confirmed the purchase of an aggregate of 4.4% effective equity interest in Bank of the Philippine Islands ("BPI") through a combination of investments in common shares of BPI and redeemable preferred shares of a holding company with an equity interest in BPI. The transactions were entered into on January 5, 2023 following the agreements signed by the Company, the seller of the shares acquired, and the investee holding company, all on the same date. On January 13, 2023, the Parent Company entered into a new shareholders agreement with the other shareholder of the investee holding company.

The redeemable preferred shares has an option to the Parent Company to have its investment in the holding company redeemed after 2 years, in exchange for either cash or BPI shares representing a 1.1% direct ownership in BPI.

The Parent Company paid for the said investments aggregating to ₱19.48 billion on January 13, 2023. Following the said agreements, the Parent Company gained a 3.3% direct interest in BPI and a 1.1% effective interest in BPI through its investment in the holding company at the time of purchase.

Property Dividends declared by BPI
On March 15, 2023, BPI declared property dividends from its treasury shares with an entitlement ratio of 0.0896395563 share for every one (1) common shares held by a stockholder, with any fractional share paid in cash. On June 13, 2023, the SEC approved the property dividend declared by BPI. On June 21, 2023, the Parent Company received the 13,329,307 property dividend shares from BPI.

Merger Between BPI and RBC
On December 15, 2023, the Bangko Sentral ng Pilipinas ("BSP") notified BPI and RBC of the approval by the Monetary Board under Resolution No. 1633 dated December 14, 2023 of the merger between RBC and BPI, with BPI as the surviving entity, subject to compliance with the conditions stated therein.

On December 29, 2023, the Securities and Exchange Commission (SEC) approved the merger between BPI and RBC, with BPI as the surviving bank.

As a result of the receipt of all corporate and regulatory approvals, RBC and BPI have merged, effective January 1, 2024, with BPI as the surviving entity. Post-merger, RRHI will directly and indirectly own approximately 6.5% of BPI, with 2.4% coming from the Merger Shares. BPI will issue a total of 125,599,249 common shares to RRHI in relation to the Merger ("Merger Share"). The investment purchased last January 13, 2023 representing 4.4% ownership was diluted to 4.1% due to additional shares issued by BPI as a result of the merger.

As a result of the merger, the Group recognized a one-time gain in the amount of ₱4.66 billion coming from the difference of the book value of investment in RBank and fair value of BPI shares received.

Fair value adjustments recognized as OCI amounted to ₱8.15 billion and ₱4.03 billion in June 2024 and 2023 respectively. Dividend income arising from the Parent Company's investments in BPI amounted to ₱0.62 billion and ₱0.53 billion in June 2024 and 2023.

12. **Property and Equipment**

June 30, 2024 (Unaudited)

	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	**₱5,031,983,102**	**₱3,466,189,050**	**₱20,892,510,319**	**₱11,518,803,908**	**₱6,984,288,778**	**₱253,308,684**	**₱5,006,527,533**	**₱53,153,611,374**
Additions	**1,866,917**	**46,597,991**	**784,644,843**	**344,174,350**	**289,644,431**	**9,006,657**	**210,735,019**	**1,686,670,208**
Transfers	**–**	**–**	**(8,112,278)**	**6,297,540**	**–**	**–**	**1,814,738**	**–**
Disposals and reclassifications	**–**	**25,023,302**	**(717,323,085)**	**(93,325,287)**	**(103,322,380)**	**(29,206,857)**	**(69,564,487)**	**(987,718,794)**
At end of year	**5,033,850,019**	**3,537,810,343**	**20,951,719,799**	**11,775,950,511**	**7,170,610,829**	**233,108,484**	**5,149,512,803**	**53,852,562,788**
Accumulated depreciation and amortization								
At beginning of year	**–**	**1,578,918,424**	**13,099,464,031**	**7,501,146,387**	**3,987,135,424**	**236,770,766**	**3,357,794,782**	**29,761,229,814**
Depreciation and amortization (Note 21)	**–**	**104,520,790**	**649,365,983**	**396,485,123**	**278,329,688**	**6,050,356**	**206,458,780**	**1,641,210,720**
Disposals and reclassifications	**–**	**(77,112,683)**	**(408,343,685)**	**(108,660,698)**	**(131,004,528)**	**(28,148,093)**	**(228,058,157)**	**(981,327,844)**
At end of period	**–**	**1,606,326,531**	**13,340,486,3291**	**7,788,970,812**	**4,134,460,584**	**214,673,029**	**3,336,195,405**	**30,421,112,690**
	₱5,033,850,019	**₱1,931,483,812**	**₱7,611,233,470**	**₱3,986,979,699**	**₱3,036,150,245**	**₱18,435,455**	**₱1,813,317,398**	**₱23,431,450,098**

December 31, 2023

	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	**₱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**
Additions	**12,570,856**	**245,278,436**	**1,417,650,849**	**1,246,285,642**	**774,010,446**	**804,273**	**475,840,127**	**4,172,440,629**
Transfers	**–**	**–**	**(91,989,956)**	**81,884,123**	**140,119**	**–**	**8,209,239**	**(1,756,475)**
Disposals and reclassifications	**–**	**(6,085,008)**	**(521,956,572)**	**(260,997,976)**	**(41,303,113)**	**(2,335,326)**	**(29,515,465)**	**(862,193,460)**
At end of year	**5,031,983,102**	**3,466,189,050**	**20,892,510,319**	**11,518,803,908**	**6,984,288,778**	**253,308,684**	**5,006,527,533**	**53,153,611,374**
Accumulated depreciation and amortization								
At beginning 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**
Depreciation and amortization (Note 21)	**–**	**221,835,829**	**1,488,189,672**	**746,634,116**	**523,301,014**	**13,431,297**	**405,246,966**	**3,398,638,894**
Disposals and reclassifications	**–**	**–**	**(519,538,906)**	**(247,372,629)**	**(28,976,423)**	**(2,335,326)**	**(36,746,693)**	**(834,969,977)**
At end of year	**–**	**1,578,918,424**	**13,099,464,031**	**7,501,146,387**	**3,987,135,424**	**236,770,766**	**3,357,794,782**	**29,761,229,814**
	₱5,031,983,102	**₱1,887,270,626**	**₱7,793,046,288**	**₱4,017,657,521**	**₱2,997,153,354**	**₱16,537,918**	**₱1,648,732,751**	**₱23,392,381,560**

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.

Cost of fully depreciated property and equipment still in use amounted to ₱15.73 billion and ₱14.09 billion as of June 30, 2024 and December 31, 2023.

There are no property and equipment pledged as security for liabilities as of June 30, 2024 and December 31, 2023.

13. Investment in Associates

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
G2M	**₱989,676,909**	₱944,389,927
HD Retail	**667,401,114**	313,821,971
GoTyme	−	405,062,253
Super Pumped Pte. Ltd.	−	58,055,500
TCCI	−	−
DAVI	−	−
	₱1,657,078,023	₱1,721,329,651

Merger between RBC and BPI
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 2023 and 2022, the Group received dividends from RBC amounting to ₱404.57 million and P122.16 million respectively, and this was recognized as income following the discontinuance of the equity method of accounting.

Relevant amounts related to RBC for 2022 are as follows:

Equity in net eanings	₱516,422,438
Share in fair value changes of financial assets at FVOCI	96,151,121
Share in remeasurement loss on retirement obligation	20,190,697
Share in translation adjustments	2,335,822

On December 15, 2023, the Bangko Sentral ng Pilipinas ("BSP") notified BPI and RBC of the approval by the Monetary Board under Resolution No. 1633 dated December 14, 2023 of the merger between RBC and BPI, with BPI as the surviving entity, subject to compliance with the conditions stated therein.

On December 29, 2023, the Securities and Exchange Commission (SEC) approved the merger between BPI and RBC, with BPI as the surviving bank.

As a result of the receipt of all corporate and regulatory approvals, RBC and BPI have merged, effective January 1, 2024, with BPI as the surviving entity. Post-merger, RRHI will directly and indirectly own approximately 6.5% of BPI, with 2.4% coming from the Merger Shares. BPI will issue a total of 125,599,249 common shares to RRHI in relation to the Merger (“Merger Share”). The investment purchased last January 13, 2023 representing 4.4% ownership was diluted to 4.1% due to additional shares issued by BPI as a result of the merger.

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. As of June 30, 2024, the effective ownership in G2M is at 14.07%.

Carrying value of G2M’s investment as of June 30, 2024 and December 31, 2023 amounted to ₱989.68 million and ₱944.39 million, respectively. Details follow:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost:		
Balance at beginning and end of period	**909,710,295**	909,710,295
Accumulated equity in net earnings:		
Balance at beginning of year	**(59,509,427)**	(28,509,659)
Equity in net loss	**(13,456,629)**	(30,999,768)
Balance at end of period	**(72,966,056)**	(59,509,427)
Share in translation adjustments:	**152,932,670**	94,189,059
	₱989,676,909	₱944,389,927

On February 4, 2022, G2M purchased from the Group the convertible note of Growsari for a total consideration of $4.00 million.

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 ₱1.00 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 and still a start-up entity. In 2023 and 2022, the Parent Company infused additional investments amounting to ₱566.02 million and ₱356.53 million with no changes in ownership interest in GoTyme. As of June 30, 2024, the investment was reclassified to Debt and Equity Instrument Financial Assets as a result of a decrease in ownership interest from 20% to 19%.

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 June 30, 2024 and 2023 amounted to ₱181.46 million and ₱24.87 million, respectively.

In 2024 and 2023, NDV infused additional investments amounting to ₱475.83 million and ₱418.09 million. As of June 30, 2024, the effective ownership in HD Retail is at 23.38%.

Carrying value of HD Retail's investment as of June 30, 2024 and December 31, 2023 amounted to ₱667.40 million and ₱313.82 million, respectively. Details follow:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost:		
Balance at beginning of year	**₱649,560,257**	₱231,471,237
Additional investment (Note 2)	**475,831,343**	418,089,020
Balance at end of year	**1,125,391,600**	649,560,257
Accumulated equity in net earnings:		
Balance at beginning of year	**(360,227,258)**	(117,788,225)
Equity in net loss	**(181,463,833)**	(242,439,033)
Balance at end of year	**(541,691,091)**	(360,227,258)
Share in translation adjustments:	**83,700,605**	24,488,972
	₱667,401,114	₱313,821,971

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. In 2024, the Parent Company has written off its investment in Super Pumped.

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. TCCI is incorporated in the Philippines and is the operator of BeautyMNL, an e-commerce site.
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%. In 2023, the Parent Company has written off its investment in TCCI due to discontinuation of its business.

DAVI
On November 16, 2018, the Parent Company subscribed 40% ownership interest in DAVI of which ₱0.40 million was paid in 2018. Ownership interest in DAVI remains the same despite the additional investments made by the Parent Company. DAVI's principal activities include processing, managing and analyzing data. DAVI is incorporated in the Philippines. On March 15, 2024, RRHI made additional capital infusion to DAVI amounting to ₱40.00 million.

Carrying value of DAVI's investment as of June 30, 2024 and December 31, 2023 amounted to nil. Details follow:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cost:		
Balance at beginning of year	**₱452,000,000**	₱432,000,000
Additional investment	**40,000,000**	20,000,000
Balance at end of year	**492,000,000**	452,000,000
Accumulated equity in net earnings:		
Balance at beginning of year	**(452,000,000)**	(425,190,040)
Equity in net loss	**(40,000,000)**	(26,809,960)
Balance at end of year	**(492,000,000)**	(452,000,000)
	₱–	₱–

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.

The Group assesses impairment on its investments in associates whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. As of June 30, 2024 and December 31, 2023, the Group did not recognize any impairment loss on its investments in associates.

14. Intangible Assets

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Goodwill (Note 19)	**₱14,725,338,315**	₱14,725,338,315
Trademarks (Note 19)	**7,950,917,598**	7,950,917,598
Franchise	**3,222,958**	3,602,129
	₱22,679,478,871	₱22,679,858,042

Goodwill
The Group's goodwill as of June 30, 2024 and December 31, 2023 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):

	Amounts
RSCI (Note 19)	₱9,109,386,061
RPI (Note 19)	2,343,614,826
TGPPI	1,281,428,830
SSDI	745,887,131
SEWI	715,103,869
EC	199,870,222
RHIB	145,655,320
RTSHPI	85,161,468
JRMC	71,732,435
HPTDI	4,248,153
GPC	23,250,000
	₱14,725,338,315

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

	Amounts
RSCI (Note 19)	₱3,205,411,607
RPI (Note 19)	1,514,575,531
SSDI	1,566,917,532
TGPPI	1,264,098,435
SEWI	364,914,493
SFI	35,000,000
	₱7,950,917,598

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:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning balance	**₱3,602,129**	₱4,360,472
Amortization (Note 21)	**(379,171)**	(758,343)
	₱3,222,958	₱3,602,129

15. **Other Noncurrent Assets**

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Security and other deposits	**₱2,407,421,912**	₱2,415,443,907
Construction bonds	**49,701,188**	79,924,253
	₱2,457,123,100	₱2,495,368,160

Security and other deposits mainly consist of advances for the lease of stores which are refundable at the end of the lease term. The present value of these deposits was computed using incremental borrowing rates from 6.78% to 7.68%. Interest income recognized from these security deposits amounted to ₱2.80 million and ₱2.24 million for the period ended June 30, 2024 and December 31, 2023.

16. **Trade and Other Payables**

This account consists of:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Trade	**₱13,410,802,547**	₱16,425,896,482
Nontrade (Note 24)	**8,904,823,571**	9,323,001,492
Others	**1,524,422,656**	1,149,688,056
	₱23,840,048,774	₱26,898,586,030

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, interest payable and due to related parties. The terms and conditions of related party transactions are separately disclosed in Note 24.

<u>Contract Liabilities</u>
The Group identified its gift check outstanding, accrued customer loyalty rewards and deferred revenue, recorded under nontrade payables, as contract liabilities as of June 30, 2024 and December 31, 2023. These represent the Group's obligation to provide goods or services to the customers for which the Group has received consideration from the customers. Substantially, all of the contract liabilities at year-end will be recognized as revenue in the following year.

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Gift check outstanding	**₱219,403,720**	₱235,259,791
Deferred revenue	**61,013**	169,942
	₱219,464,733	₱235,429,733

Below is the rollforward of contract liabilities as of June 30, 2024 and December 31, 2023:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
At the beginning of the year	**₱235,429,733**	₱241,043,947
Deferred during the period	**160,489,900**	548,009,350
Recognized as revenue during the period	**(176,454,900)**	(553,623,564)
At the end of the period	**₱219,464,733**	₱235,429,733

17. **Loans Payable**

Short-term Loans
Details of short-term loans are as follow:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	**₱8,129,000,000**	₱8,409,000,000
Availments	**9,396,760,400**	14,198,909,471
Payments	**(5,386,760,400)**	(14,478,909,471)
Balance at end of period	**₱12,139,000,000**	₱8,129,000,000

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
RSC	**₱7,650,000,000**	₱4,270,000,000
SSDI	**3,339,000,000**	3,089,000,000
RHDDS	**410,000,000**	405,000,000
RRHI	**400,000,000**	–
RPI	**300,000,000**	300,000,000
HPTD	**25,000,000**	35,000,000
SUPER50	**15,000,000**	30,000,000
	₱12,139,000,000	₱8,129,000,000

a.) RSC's short-term loans payable consist of loans availed from a local commercial bank at interest rates of 5.80%- 6.50% per annum in 2024 and 2023. In 2024 and 2023, RSC availed short-term loans amounting to ₱8.34 billion and ₱6.52 billion, respectively. In 2024 and 2023, RSC paid ₱4.84 billion and ₱6.47 billion, respectively. The short-term loans payable of RSC as of June 30, 2024 and December 31, 2023 amounted to ₱7.65 billion and ₱4.27 billion, respectively.

b.) SSDI's short-term loans payable consist of loans availed from local commercial banks at interest rates of 6.00%-6.60% per annum in 2024 and 5.80%-6.50% per annum in 2023. SSDI paid nil and ₱300.00 million in 2024 and 2023, respectively. The short-term loans payable of SSDI as of June 30, 2024 and December 31, 2023 amounted to ₱3.34 billion and ₱3.09 billion, respectively.

c.) RHDDS's short-term loans payable consist of loans availed from a local commercial bank at an interest rates of 6.00%-6.75% per annum in 2024 and 5.9%-6.75% per annum in 2023. The

Company paid ₱30.0 million in 2024. The short-term loans payable as of June 30, 2024 and December 31, 2023 amounted to ₱410.00 million and ₱405.00 million, respectively.

d.) On January 13, 2023, the Parent Company borrowed ₱17.15 billion under Term Loan Facility Agreement with Metropolitan Bank & Trust Company to partially finance the purchase of shares in BPI (Note 11). The loan was released on January 13, 2023 amounting to ₱17.15 billion with interest rate at 6.00% per annum. On April 13, 2023, the Parent Company paid the loan amounting to ₱6.50 billion and the remaining balance was refinanced by long term loan amounting to ₱10.65 billion with interest rate at 6.75% per annum. On June 7, 2023, the Parent Company borrowed ₱1.80 billion under Term Loan Facility Agreement with Metropolitan Bank & Trust Company with interest rate at 6.30% per annum. The Parent Company paid the loan amounting to ₱0.30 billion and ₱1.50 billion on July 10, 2023 and July 17, 2023, respectively.

The Parent Company availed a short-term loan of ₱400.00 million at an interest rate of 6.10% per annum on June 6, 2024.

e.) RPI's short-term loans payable consists of loans availed from a local commercial bank at an interest rate of 6.50% per annum in 2024 and 5.5% - 6.60% per annum in 2023. In 2024 and 2023, RPI availed short-term loan amounting to nil and ₱300.00 million, respectively. In addition, RPI paid nil and ₱250.00 million in 2024 and 2023, respectively. The short-term loans payable as of June 30, 2024 and December 31, 2023 amounted to ₱300.00 million.

f.) HPTD's short-term loans payable consist of loans availed from local commercial banks at an interest rates of 6.35%-6.75% per annum in 2024 and 6.0%-6.75% per annum in 2023. In 2024 and 2023, HPTD availed short-term loan amounting to ₱35.00 million. In 2024 and 2023, HPTD paid ₱45.00 million and ₱15.00 million, respectively. The short-term loans payable as of June 30, 2024 and December 31, 2023 amounted to ₱25.00 million.

g.) SUPER50 availed a short-term loan of ₱35.00 million at an interest rate of 6.60% per annum in 2023. SUPER50 paid ₱15.00 million and ₱5.00 million, respectively in 2024 and 2023. The short-term loans payable as of June 30, 2024 and December 31, 2023 amounted to ₱15.00 million and ₱30.00 million, respectively.

h.) RCSI's short-term loans payable consist of loans availed from a local commercial bank at interest rates of 6.00%- 6.75% per annum in 2024 and 2023. In 2024 and 2023, RCSI availed short-term loan amounting to ₱340.00 million and ₱70.00 million, respectively. In addition, RCSI paid ₱460.00 million in 2024 and ₱220.00 million in 2023. Outstanding balance of short terms loans payable was transferred to RSC upon effectivity of merger between RSC and RCSI.

Long-term Loans
On April 11, 2023, RRHI and RSC availed a long-term loan of ₱10.65 billion and ₱4.84 billion with an interest rate of 6.75% per annum payable after five years. The loan was used to acquire 4.4% ownership in BPI (Note 11). The transaction cost pertaining to documentary stamp tax on long-term loan amounting to ₱116.18 million was capitalized and amortized over the term of loan. Partial payment for the long-term loan amounting to ₱2.15 billion was made on October 13, 2023. Another partial payment for the long-term loan amounting to ₱2.20 billion was made on April 12, 2024.

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Principal		
Balances at beginning of the year	**₱13,340,000,000**	₱15,490,000,000
Payments	**(2,200,000,000)**	(2,150,000,000)
Balance at end of period	**11,140,000,000**	13,340,000,000
Deferred financing costs		
Balances at beginning of the year	**(99,838,337)**	(116,175,000)
Amortization	**12,361,089**	16,336,663
Balance at end of period	**(87,477,248)**	(99,838,337)
	₱11,052,522,753	₱13,240,161,663

The balances of the long-term loans as of June 30, 2024 and December 31, 2023 follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
RRHI	**₱6,241,075,676**	₱8,431,954,189
RSC	**4,811,447,076**	4,808,207,474
	₱11,052,522,752	₱13,240,161,663

The long-term loan of RRHI and RSC is subject to certain covenants including maintaining a maximum net debt-to-equity ratio of 2:1. As of June 30, 2024 and December 31, 2023, RRHI and RSC is in compliance with the required ratio.

Total interest expense charged to operations for the six months ended June 30, 2024 and 2023 amounted to ₱749.49 million and ₱684.50 million, respectively.

18. Equity

Capital Stock

The details of this account follow:

	Number of Shares					
	Authorized			**Issued and Outstanding**		
	June 30, 2024	December 31, 2023	December 31, 2022	**June 30, 2024**	December 31, 2023	December 31, 2022
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	**–**	–	–	**(131,083,200)**	(118,891,960)	(97,313,220)
Issued and Outstanding	**1,576,489,360**	1,576,489,360	1,576,489,360	**1,445,406,160**	1,457,597,400	1,479,176,140

	Amount		
	June 30, 2024	December 31, 2023	December 31, 2022
Common stock - ₱1 par value			
Authorized shares	**₱2,000,000,000**	₱2,000,000,000	₱2,000,000,000
Outstanding shares	**1,445,406,160**	1,457,597,400	1,479,176,140
Treasury shares	**6,848,892,603**	6,410,402,228	5,425,324,182

Registration Track Record

On November 11, 2013, the Parent Company listed with the Philippine Stock Exchange (PSE) its common stock wherein it offered 484,750,000 shares to the public at ₱58.00 per share. All shares were sold. Of the total shares sold, 18,871,950 shares were subsequently reacquired by the Parent Company at ₱58.00 per share or an aggregate cost of ₱1,094.57 million. The Parent Company incurred transaction costs incidental to the IPO amounting ₱745.65 million, charged against “Additional paid-in capital”.

On December 9, 2014, the Parent Company sold its treasury shares at ₱69.0 per share or ₱1,309.06 million, incurring transaction costs amounting to ₱8.22 million.

On November 23, 2018, the Parent Company issued 191,489,360 new common shares for the acquisition of RSCI (Notes 1 and 19). The market value of the share amounted to ₱72.05 per share on November 23, 2018. Transaction cost related to the issuance of new shares amounted to ₱64.50 million.

On October 14, 2021, RRHI applied with the PSE the listing of 191,489,360 shares, that was issued to MCBV in 2018, for a total transaction cost of ₱20.00 million. The PSE approved the listing on January 26, 2022.

Treasury stock

On March 9, 2020, the Parent Company’s BOD authorized the buy-back of RRHI’s common shares of up to ₱2.00 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 June 30, 2024 and December 31, 2023, RRHI has repurchased 131.08 million shares for ₱6,848.89 million and 118.89 million shares for ₱6,410.40 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:

	June 30, 2024	December 31, 2023	December 31, 2022
Acquisition of additional shares from non-controlling interest			
Beginning	**(₱742,678,028)**	(₱742,678,028)	(₱995,284,977)
Additions/Deductions	−	−	252,606,949
	(₱742,678,028)	(₱742,678,028)	(₱742,678,028)

Acquisition of Additional Shares from a Non-Controlling Shareholder
On February 29, 2024, RHMI purchased the remaining 25% minority interest in HPTD for a total consideration of ₱15.0 million.

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 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 ₱20.36 billion and ₱24.52 billion as of June 30, 2024 and December 31, 2023, respectively, while the accumulated equity in net income of the associates amounted to ₱1,191.66 million and ₱1,034.04 million as of June 30, 2024 and December 31, 2023, respectively (Note 13).

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

	2024	2023	2022
Date of declaration	**May 10, 2024**	May 12, 2023	April 27, 2022
Dividend per share	**₱2.00**	₱2.00	₱2.00
Total dividends	**₱2,907,005,400**	₱2,944,699,580	₱2,984,905,600
Date of record	**May 27, 2024**	May 26, 2023	May 20, 2022
Date of payment	**June 10, 2024**	June 9, 2023	June 10, 2022

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

	2024	2023	2022
Balance at beginning of year	**₱16,405,752,847**	₱17,277,752,847	₱23,965,752,847
Appropriation	**–**	332,000,000	1,528,000,000
Reversal of appropriation	**(2,000,000,000)**	(1,204,000,000)	(8,216,000,000)
Balance at end of year	**₱14,405,752,847**	₱16,405,752,847	₱17,277,752,847

In 2023, 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	₱202,000,000
WHMI	40,000,000
RAC	90,000,000
	₱332,000,000

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
RTSHPI	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
RTSHPI	59,000,000
	₱888,500,000

Reversal of appropriation
In 2024, the BOD of RSC approved the reversal of appropriated retained earnings amounting to ₱2.00 billion due to completion of certain store expansions and renovations.

In 2023, 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	₱1,000,000,000
WHMI	200,000,000
HEMI	4,000,000
	₱1,204,000,000

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
RTSHPI	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.

Declaration of Dividends of the Subsidiaries

In 2024, the BOD of the below subsidiaries approved the declaration of cash dividends as follows:

Entity	Date of declaration	Amount
RSC	April 1	₱5,000,000,000
RRHI – TMI	April 1	900,000,000
RHMI	April 11	500,000,000
SSDI	June 30	283,456,380
WHI	April 11	50,000,000
RTSHPI	February 22	5,000,000
Total		₱6,738,456,380

Of these amounts, ₱147.51 million relate to non-controlling interest.

In 2023, the BOD of the below subsidiaries approved the declaration of cash dividends as follows:

Entity	Date of declaration	Amount
RRHI - TMI	September 1	₱1,000,000,000
RHMI	March 9	1,000,000,000
SSDI	June 30	288,218,888
TGP	May 5	200,000,000
TGP	July 25	200,000,000
TGP	October 1	100,000,000
TGP	December 9	150,000,000
WHI	March 20	100,000,000
RTSHPI	March 6	5,000,000
Total		₱3,043,218,888

Of these amounts, ₱583.99 million relate to non-controlling interest.

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
RTSHPI	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.

NCI

Acquisition of NCI

In 2024, the Group acquired NCI in HPTD increasing the Group’s ownership stake from 75% to 100%.

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 2024 and 2023, the Group has 45.90% proportion of equity interest held by non-controlling interests attributable to TGPPI, respectively. Accumulated balances of material non-controlling interest amounted to ₱782.02 million, ₱596.56 million and ₱598.03 million in 2024, 2023 and 2022, respectively. Profit allocated to material non-controlling interest amounted to ₱187.18 million, ₱388.52 million and ₱311.08 million in 2024, 2023 and 2022, respectively. Total assets of TGPPI as of June 30, 2024 and December 31, 2023 amounted to ₱2,951.16 million and ₱2,505.31 million, respectively, while total liabilities as of June 30, 2024 and December 31, 2023 amounted to ₱1,247.41 million and ₱1,209.36 million, respectively. Total sales as of June 30, 2024 and December 31, 2023 and 2022 amounted to ₱2,722.71 million, ₱5,421.46 million and ₱5,043.00 million, respectively. Net income as of June 30, 2024 and December 31, 2023 and 2022 amounted to ₱407.80 million, ₱846.44 million and ₱677.74 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, 2023 and 2022.

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

	June 30, 2024	December 31, 2023
Capital stock	**₱1,576,489,360**	₱1,576,489,360
Additional paid-in capital	**40,768,202,897**	40,768,202,897
Treasury stock	**(6,848,892,603)**	(6,410,402,228)
Other comprehensive income	**7,730,991,785**	2,266,083,092
Equity reserve	**(742,678,028)**	(742,678,028)
Retained earnings		
Appropriated	**14,405,752,847**	16,405,752,847
Unappropriated	**27,309,445,782**	21,416,540,368
Total equity attributable to equity holders of the Parent Company	**84,199,312,040**	75,279,988,308
Non-controlling interest in consolidated subsidiaries	**4,219,931,417**	4,097,903,734
	₱88,419,243,457	₱79,377,892,042

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.

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.

Acquisition of RSCI
On March 23, 2018, the BOD of RRHI and MCBV approved the acquisition by RRHI of MCBV's 100% stake in RSCI through a share for share swap involving shares of RSCI in exchange for primary common shares of RRHI equivalent to 12.15% stake. RSCI was incorporated in the Philippines and operates food retail brands "Marketplace by Rustan's", "Rustan's Supermarket", "Shopwise Hypermarket", "Shopwise Express" and "Wellcome".

RRHI agreed to pay MCBV at an agreed price which was settled by the issuance of 191.49 million new RRHI common shares as consideration for the value of the net assets of RSCI. RRHI engaged an independent financial advisor to review the transaction and render a fairness opinion on the transaction and the consideration payable by RRHI. The independent financial advisor completed its review and concluded that the acquisition of the net assets is fair and reasonable and in the interest of RRHI shareholders as a whole.

The acquisition was completed on November 23, 2018 as agreed in the Shareholders Agreement which is seven days after the confirmation by the SEC of the valuation of the entire issued share capital of RSCI to be exchanged for the primary shares of RRHI on November 16, 2018.

Approvals (i) and (ii) were obtained on May 28, 2018 and August 16, 2018, respectively. On November 23, 2018, the market value of RRHI shares amounted to ₱72.05 per share. Transaction costs related to the issuance of new shares amounted to ₱64.50 million was charged to 'Additional paid-in capital'.

In 2019, the Group finalized the purchase price allocation and the fair value computation of goodwill. There were no adjustments to the provisional amounts that were made during the measurement period. The final purchase price allocation resulted in goodwill of ₱9.11 billion. The goodwill of ₱9.11 billion comprises the fair value of expected synergies arising from acquisition.

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 ₱3.33 billion and ₱3.32 billion for the six months ended June 30, 2024 and 2023, respectively.

Disaggregated revenue information
Set out below is the disaggregation of the Company's revenue from contracts with customers:

	For the Six Months Ended June 30, 2024					
Segments	**Food**	**Department Store**	**DIY**	**Drug Store**	**Specialty Store**	**Total**
Type of goods or service						
Sale of goods – retail	**₱56,575,680,115**	**₱6,965,087,101**	**₱5,639,111,999**	**₱14,557,545,068**	**₱6,809,582,189**	**₱90,547,006,472**
Sale of merchandise to franchisees	**432,628,206**	**–**	**–**	**2,730,616,512**	**–**	**3,163,244,718**
Franchise revenue	**108,929**	**–**	**–**	**20,686,668**	**–**	**20,795,597**
Royalty fee and others	**56,989,695**	**–**	**–**	**61,587,957**	**–**	**118,577,652**
	₱57,065,406,945	**₱6,965,087,101**	**₱5,639,111,999**	**₱17,370,436,205**	**₱6,809,582,189**	**₱93,849,624,439**
Timing of revenue recognition						
Goods transferred at point in time	**₱57,008,308,321**	**₱6,965,087,101**	**₱5,639,111,999**	**₱17,288,161,580**	**₱6,809,582,189**	**₱93,710,251,190**
Services transferred over time	**57,098,624**	**–**	**–**	**82,274,625**	**–**	**139,373,249**
	₱57,065,406,945	**₱6,965,087,101**	**₱5,639,111,999**	**₱17,370,436,205**	**₱6,809,582,189**	**₱93,849,624,439**

Segments	Food	Department Store	DIY	Drug Store	Specialty Store	Total
	For the Six Months Ended June 30, 2023					
Type of goods or service						
Sale of goods – retail	₱54,441,647,256	₱6,832,042,598	₱5,921,018,264	₱13,467,684,269	₱7,139,767,852	₱87,802,160,239
Sale of merchandise to franchisees	514,956,717	–	–	2,660,818,240	–	3,175,774,957
Franchise revenue	1,070,536	–	–	14,559,499	–	15,630,035
Royalty fee	75,369,805	–	–	54,008,970	–	129,378,775
	₱55,033,044,314	₱6,832,042,598	₱5,921,018,264	₱16,197,070,978	₱7,139,767,852	₱91,122,944,006
Timing of revenue recognition						
Goods transferred at point in time	₱54,956,603,973	₱6,832,042,598	₱5,921,018,264	₱16,128,502,509	₱7,139,767,852	₱90,977,935,196
Services transferred over time	76,440,341	–	–	68,568,469	–	145,008,810
	₱55,033,044,314	₱6,832,042,598	₱5,921,018,264	₱16,197,070,978	₱7,139,767,852	₱91,122,944,006

21. **Operating Expenses**

This account consists of:

	Six Months Ended June 30 (Unaudited)	
	2024	2023
Rental and utilities (Notes 24 and 28)	**₱5,074,133,202**	₱5,033,104,077
Personnel costs and contracted services (Notes 22 and 23)	**5,994,741,910**	5,552,625,006
Depreciation and amortization (Notes 12, 14 and 28)	**3,590,110,643**	3,644,989,392
Transportation and travel	**1,040,759,155**	1,061,624,057
Supplies	**532,735,549**	560,399,120
Repairs and maintenance	**451,753,337**	443,749,717
Advertising	**801,192,763**	612,918,817
Bank and credit charges	**519,665,217**	399,502,341
Royalty expense (Note 29)	**59,857,367**	52,824,105
Commission expense	**126,821,091**	67,091,483
Others	**847,613,803**	802,245,809
	₱19,039,384,037	₱18,231,073,924

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

Depreciation and amortization pertains to:

	Six Months Ended June 30 (Unaudited)	
	2024	2023
Property and equipment (Note 12)	**₱1,641,210,720**	₱1,593,036,233
Trademarks, franchise and license fees (Note 14)	**379,171**	379,171
Amortization of ROU assets (Note 28)	**1,948,520,752**	2,051,573,988
	₱3,590,110,643	₱3,644,989,392

22. **Personnel Costs and Contracted Services**

This account consists of:

	Six Months Ended June 30 (Unaudited)	
	2024	2023
Salaries, allowances and benefits (Note 21)	**₱3,967,181,544**	₱3,502,653,442
Contracted services (Note 21)	**2,027,560,366**	2,049,971,564
	₱5,994,741,910	₱5,552,625,006

Details of salaries, allowances and benefits:

	Six Months Ended June 30 (Unaudited)	
	2024	2023
Salaries, wages and allowances	**₱3,834,800,367**	₱3,417,907,230
Retirement expense (Note 23)	**132,381,177**	84,746,212
	₱3,967,181,544	₱3,502,653,442

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.

The Group computes the actuarial valuation every year by hiring the services of a professional third party qualified actuary.

The Group is a member of the Plan which is administered separately by the Trustee, RBC, Metrobank Corporation and Bank of the Philippine Islands, so named under the Trust Agreement. The Trustee is under the supervision of the Retirement Working Committee (the Committee) of the Plan. The Committee shall have all the powers necessary or useful in the discharge of its duties, including but not limited, to implement and administer the plan, propose changes and determine the rights of the members of the plan. However, changes or revisions in the Plan shall be approved by the Executive Retirement Committee.

The Committee may seek the advice of counsel and appoint an investment manager or managers to manage the Retirement Fund, an independent accountant to audit the Fund and an actuary to value the Plan.

The Plan was amended effective April 1, 2019. The effect of the change in retirement plan is reflected as past service cost and recognized immediately in the 2019 retirement expense. In 2019, certain number of employees of RSCI were involuntarily separated. The settlement gain, as a result of the event, is also reflected in the retirement expense.

Under the existing regulatory framework, Republic Act (RA) No. 7641 requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

The components of retirement expense under "Operating expenses" account in the consolidated statements of comprehensive income are as follow:

	Six Months Ended June 30 (Unaudited)	
	2024	2023
Current service cost	**₱132,631,312**	₱ 84,895,676
Net interest cost	**(250,135)**	(149,464)
Retirement expense	**₱132,381,177**	₱84,746,212

Net retirement obligation as of June 30, 2024 and December 31, 2023 recognized in the consolidated statements of financial position follow:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Present value of defined benefit obligation	**₱2,263,154,693**	₱2,130,773,516
Fair value of plan assets	**(1,688,809,515)**	(1,688,809,515)
Net retirement obligation	**₱574,345,178**	₱441,964,001

As of June 30, 2024, RHIB, RHMI, WHI, HEMI, RTSHPI, RVC, RAC and RDSI have net plan asset position totalling to ₱166.45 million while RSC, TGPPI, SSDI, RPI, S50, SEWI, have net retirement obligation totalling to ₱740.80 million. As of December 31, 2023, RHIB, RHMI, WHI, HEMI, RTSHPI, RVC, RAC and RDSI have net plan asset position totalling to ₱166.45 million while RSC, TGPPI, SSDI, RPI, S50, SEWI, have net retirement obligation totalling to ₱608.42 million.

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	**₱441,964,001**	(₱11,441,124)
Remeasurement loss	**–**	336,299,975
Retirement expense	**132,381,177**	316,808,554
Actual contribution	**–**	(194,824,865)
Benefits paid from direct payments	**–**	(4,878,539)
Balance at end of year	**₱574,345,178**	₱441,964,001

Remeasurement effects recognized in OCI:

	June 30, 2024 Unaudited)	December 31, 2023 (Audited)
Remeasurement losses on:		
Retirement obligation	**₱–**	**₱275,009,379**
Retirement plan assets	**–**	**61,290,596**
	₱–	**₱336,299,975**

Changes in the present value of defined benefit obligation follow:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	**₱2,130,773,516**	₱1,474,339,187
Current service cost	**132,631,312**	192,679,999
Remeasurement (gain) loss arising from:		
Changes in financial assumptions	**–**	274,711,808
Changes in demographic assumptions	**–**	37,796,173
Experience adjustments	**–**	(4,141,070)
Interest cost	**(250,135)**	105,094,298
Past service income	**–**	126,854,914
Benefits paid	**–**	(76,561,793)
Balance at end of period	**₱2,263,154,693**	₱2,130,773,516

Movements in the fair value of plan assets follow:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of year	**₱1,688,809,515**	₱1,485,780,311
Actual contribution	**–**	194,824,865
Interest income included in net interest cost	**–**	107,820,658
Remeasurement loss	**–**	(27,933,064)
Benefits paid	**–**	(71,683,255)
Balance at end of period	**₱1,688,809,515**	₱1,688,809,515

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash and cash equivalents		
Savings deposit	**₱195,800,819**	₱195,800,819
Investments in government securities		
Fixed rate treasury notes	**9,611,618**	9,611,618
Retail treasury bonds	**400,749**	400,749
Treasury bills	**512,597**	512,597
Investments in UITF	**1,481,300,143**	1,481,300,143
Other receivables	**1,231,839**	1,231,839
Accrued trust fee payable	**(51,531)**	(51,531)
Others	**3,281**	3,281
	₱1,688,809,515	₱1,688,809,515

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

	2023
Discount rates	**6.1% - 7.3%**
Salary increase rates	**2.0% - 5.9%**

The carrying amounts disclosed above reasonably approximate fair values at each reporting period. The actual return on plan assets amounted to ₱61.29 million, ₱28.55 million and ₱260.12 million in 2023, 2022 and 2021, respectively.

The Group expects to contribute ₱142.13 million to the defined benefit plan in 2024.

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

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Balances at the beginning of year	**₱229,077,716**	₱474,020,307
Remeasurement losses during the year	–	(244,942,591)
Balances at end of period	**₱229,077,716**	₱229,077,716

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**
2023	**Salary increase**		
		+1.00%	**₱277,594,050**
		-1.00%	**(176,868,841)**
	Discount rates		
		+1.00%	**(165,563,886)**
		-1.00%	**268,054,836**

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:

	2023
Less than 1 year	**₱208,645,960**
More than 1 year but less than 5 years	**586,015,997**
More than 5 years but less than 10 years	**1,293,269,771**
More than 10 years but less than 15 years	**2,219,863,386**
More than 15 years but less than 20 years	**3,083,168,280**
More than 20 years	**9,477,896,261**

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)	
	June 30	December 31		**June 30**	December 31
	2024	2023	2022	**2024**	2023
Other affiliates under common control					
a. Trade and other receivables					
Sales	**₱16,218,335**	₱39,063,333	₱71,220,826	**₱25,345,991**	₱16,783,483
b. Trade and other payable					
Purchases – net	**(1,755,464,262)**	(3,770,492,535)	(7,625,655,574)	**(348,058,193)**	(406,777,661)
Rent and utilities	**(2,169,109,390)**	(5,417,155,033)	(5,158,480,639)	**(143,804,771)**	(478,702,304)

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

a. As of June 30, 2024 and December 31, 2023, the Group has outstanding balances from its other affiliates arising primarily from sales of merchandise inventories.

b. As of June 30, 2024 and December 31, 2023, 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 2022 includes land amounting to ₱3.53 billion of which ₱2.38 billion is still outstanding as of December 31, 2022 and fully paid in 2023.

c. The Group maintains savings and current accounts and money market placements with RBC. Cash and cash equivalents earns interest at the prevailing bank deposit rates.

Affiliates are related parties by the Group by virtue of common ownership and representations to management where significant influence is apparent.

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 2023, 2022 and 2021 follow:

	2023	2022	2021
Short-term employment benefits	₱220,880,000	₱198,976,002	₱192,258,333
Post-employment benefits	29,522,860	42,108,436	53,888,531
	₱250,402,860	₱241,084,438	₱246,146,864

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, 2023, 2022 and 2021. 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 six months ended June 30 follows:

	2024	2023
Current	**₱670,774,004**	₱661,344,884
Deferred	**(120,703,702)**	4,733,009
	₱550,070,302	₱666,077,893

b. The components of the net deferred tax assets of the Group as of June 30, 2024 and December 31, 2023 pertain to the deferred tax effects of the following:

	June 30, 2024	December 31, 2023
Tax effects of:		
Items recognized in profit or loss:		
Lease liabilities	**₱5,683,830,068**	₱6,011,148,119
NOLCO	**85,834,558**	89,006,020
Unamortized past service cost	**68,578,691**	59,514,899
MCIT	**52,320,949**	48,271,697
Allowance for impairment losses	**71,412,184**	65,902,468
Others	**132,667,517**	47,214,636
Retirement obligation	**106,022,165**	72,926,870
Right-of-use assets	**(4,660,647,316)**	(4,978,405,967)
	1,540,018,816	1,415,578,742

	June 30, 2024	December 31, 2023
Item recognized directly in other comprehensive income:		
Remeasurement loss on retirement obligation	**37,564,130**	37,564,130
	₱1,577,582,946	₱1,453,142,872

c. The components of the net deferred tax liabilities of the Group as of June 30, 2024 and December 31, 2023 represent deferred tax effects of the following:

	June 30, 2024	December 31, 2023
Tax effect of:		
Items recognized in profit or loss:		
Business combination (Note 19)	**₱1,979,723,401**	₱1,979,723,401
Asset revaluation	**21,391,121**	23,762,630
	2,001,114,522	2,003,486,031
Item recognized directly in other comprehensive income:		
Fair value adjustments on investment in an associate	**61,855,913**	61,855,913
	₱2,062,970,435	₱2,065,341,944

d. 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:

	December 31, 2023	December 31, 2022
Tax effects of:		
MCIT	**₱4,414,124**	₱12,963,159
NOLCO	**8,109,856**	19,603,665
Allowance for impairment losses	**–**	48,484,484

e. On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of "Bayanihan to Recover As One Act" which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.

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	Expired	Balance	Expiry Year
2021	₱516,450,474	(₱333,900,917)	(₱4,309,975)	₱178,239,582	2026
2020	₱474,091,916	(392,448,563)	₱–	₱81,643,353	2025
	₱990,542,390	(₱726,349,480)	(₱4,309,975)	₱259,882,935	

RRHI, HPTD, HEMI, RTSHPI, RDSI, RDDC, RVC, SEWI, TMI and VKD has incurred NOLCO which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years, as follows:

Inception Year	Amount	Applied	Expired	Balance	Expiry Year
2023	₱1,056,980,501	₱–	₱–	₱1,056,980,501	2026
2022	52,758,155	–	(320,665)	52,437,490	2025
	₱1,109,738,656	₱–	(₱320,665)	₱1,109,417,991	

f. Details of the Group's MCIT related to RRHI, RSC, RVC, RHIB, HPTD, RDSI, RDDC, RTSHPI, RHMI, HEMI, and SEWI follow:

Inception Year	Amount	Applied	Expired	Balance	Expiry Year
2023	₱39,529,233	(₱4,935,776)	₱–	₱34,593,457	2026
2022	17,213,887	(8,084,846)	–	9,129,041	2025
2021	19,305,555	(10,342,232)	–	8,963,323	2024
2020	55,575,712	(45,356,109)	(10,219,603)	–	2023
Total	₱131,624,387	(₱68,718,963)	(₱10,219,603)	₱52,685,821	

On June 20, 2023, the Bureau of Internal Revenue issued Revenue Memorandum Circular (RMC) No. 69-2023 reverting the Minimum Corporate Income Tax (MCIT) rate to 2% of gross income effective July 1, 2023 pursuant to Republic Act (RA) No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises (CREATE)" Act. MCIT rate was previously reduced from 2% to 1% effective July 1, 2020 to June 30, 2023 upon the effectivity of CREATE Act in 2021.

Consequently, the Company recognized MCIT using the effective rate of 1.5% in 2023 in accordance with RMC 69-2023.

26. **Earnings Per Share**

The following table presents information necessary to calculate EPS on net income attributable to equity holders of the Parent Company:

	Six Months Ended June 30 (Unaudited)	
	2024	2023
Net income attributable to equity holders of the Parent Company	**₱6,799,910,814**	₱1,798,538,913
Weighted average number of common shares	**1,455,553,647**	1,475,300,415
Basic and Diluted EPS	**₱4.67**	₱1.22

	June 30, 2024 (Unaudited)	June 30, 2023 (Unaudited)
No. of shares at the beginning of year	**₱1,457,597,400**	₱1,479,176,140
Weighted average number of shares issued during the year	**–**	–
Weighted average number of treasury shares	**(2,043,753)**	(3,875,725)
Weighted average number of common shares	**₱1,455,553,647**	₱1,475,300,415

The Parent Company has no dilutive potential common shares in 2024 and 2023.

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's exposure to the risk for changes in market interest relates primarily to the Group's long-term debt obligation with a floating interest rate. The Group has minimal interest rate risk because the interest-bearing loans are short-term in nature and bear fixed interest rates.
The table below demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings):

	Increase (decrease) in basis points	Effect on profit before tax
Peso floating rate borrowing	+0.25%	(₱33,350,000)
	-0.25%	33,350,000

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 exchange currency rate		**Effect on income before income tax (₱)**	
	June 30, 2024	December 31, 2023	**June 30, 2024**	December 31, 2023
USD	**+1.02%**	+1.36%	**₱2,557,897**	**₱9,563,232**
	-1.02%	-1.36%	**(2,557,897)**	**(9,563,232)**

The Group used foreign exchange rate of ₱58.61:USD1 and ₱55.37:USD1 as of June 30, 2024 and December 31, 2023, respectively, in converting its dollar-denominated financial assets to peso.

The sensitivity analyses shown above are based on the assumption that the movements in US dollars will more likely be limited to the upward or downward fluctuation of 1.02% and 1.36% as of June 30, 2024 and December 31, 2023, 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 as of June 30, 2024 and December 31, 2023 are as follows:

	June 30, 2024		December 31, 2023	
	USD	**PHP**	USD	PHP
Cash and cash equivalents	**$1,070,327**	**₱62,731,865**	$3,674,011	₱203,429,989
Receivables	**165,153**	**9,679,617**	269,108	14,900,510
FVOCI with recycling	**3,032,648**	**177,743,499**	8,710,178	482,282,556
Total	**$4,268,128**	**₱250,154,981**	$12,653,297	₱700,613,055

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 June 30, 2024 and December 31, 2023. 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 as of June 30, 2024 and December 31, 2023.

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 June 30, 2024 and December 31, 2023.

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
June 30, 2024	**+9.77%**	**₱2,447,000,077**
	-9.77%	**(2,447,000,077)**
December 31, 2023	+9.91%	₱1,397,991,155
	-9.91%	(1,397,991,155)

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 9.77% and 9.91% as of June 30, 2024 and December 31, 2023, respectively.

For quoted securities, the Group, used as basis of these assumptions, the annual percentage change in PSE composite index.

The impact of sensitivity of equity prices on the Group's equity already excludes the impact on transactions affecting the consolidated statements of consolidated income.

Liquidity Risk
Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments.

The Group seeks to manage its liquidity profile to be able to finance its capital expenditures and operations. The Group maintains a level of cash and cash equivalents deemed sufficient to finance operations. As part of its liquidity risk management, the Group regularly evaluates its projected and actual cash flows.

The table below shows the maturity profile of the financial instruments of the Group as of June 30, 2024 and December 31, 2023 based on the remaining period at the reporting date to their contractual maturities and are also presented based on contractual undiscounted repayment obligations.

June 30, 2024 (Unaudited)

	On Demand	One (1) year	More than One (1) year	Total
Financial Assets				
Amortized cost				
Cash and cash equivalents	**₱7,164,023,486**	**4,284,762,246**	**₱–**	**11,448,785,732**
Trade receivables	**40,494,113**	**2,049,035,384**	–	**2,089,529,497**
Nontrade receivables	–	**611,947,911**	–	**611,947,911**
Due from franchisees	–	**16,184,508**	–	**16,184,508**
Other noncurrent assets:				
Security and other deposits	–	–	**2,407,421,912**	**2,407,421,912**
Construction bonds	–	–	**49,701,188**	**49,701,188**
FVOCI	–	–	**44,935,086,611**	**44,935,086,611**
FVTPL	–	–	**527,616,127**	**527,616,127**
	7,204,517,599	**6,961,930,049**	**47,919,825,838**	**62,086,273,486**
Financial Liabilities				
Other financial liabilities				
Trade and other payables*	**₱–**	**₱23,623,956,620**	**₱–**	**₱23,623,956,620**
Short-term loans payable	–	**12,139,000,000**	–	**12,139,000,000**
Long-term loan payable	–	–	**11,140,000,000**	**11,140,000,000**
Lease liabilities	–	**3,519,092,706**	**19,216,227,566**	**22,735,320,272**
Other current liabilities	–	**524,775,861**	–	**524,775,861**
	₱–	**₱39,806,825,187**	**₱30,356,227,566**	**₱70,163,052,753**

**Excluding statutory liabilities amounting ₱216,092,154*

December 31, 2023 (Audited)

	On Demand	One (1) year	More than One (1) year	Total
Financial Assets				
Amortized cost				
Cash and cash equivalents	₱10,775,659,803	₱2,396,841,678	₱–	₱13,172,501,481
Trade receivables	40,782,218	3,186,633,490	–	3,227,415,708
Nontrade receivables	–	741,841,847	–	741,841,847
Due from franchisees	–	19,861,529	–	19,861,529
Other noncurrent assets:				
Security and other deposits	–	–	2,464,913,510	2,464,913,510
Construction bonds	–	–	79,924,252	79,924,252
FVOCI	–	–	25,812,922,248	25,812,922,248
FVTPL	–	–	598,121,799	598,121,799
	₱10,816,442,021	₱6,345,178,544	₱28,955,881,809	₱46,117,502,374
Financial Liabilities				
Other financial liabilities				
Trade and other payables*	₱–	₱26,653,693,151	₱–	₱26,653,693,151
Short-term loans payable	–	8,129,000,000	–	8,129,000,000
Long-term loan payable	–	–	13,340,000,000	13,340,000,000
Lease liabilities	–	3,586,524,281	29,276,706,655	32,863,230,936
Other current liabilities	–	514,002,010	–	514,002,010
	₱–	₱38,883,219,442	₱42,616,706,655	₱81,499,926,097

**Excluding statutory liabilities amounting to ₱244,892,879.*

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 ₱2,028.64 million and ₱1,001.03 million as of June 30, 2024 and December 31, 2023, 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 ₱59.49 billion and ₱20.83 billion as of June 30, 2024 and December 31, 2023, 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 June 30, 2024 and December 31, 2023.

June 30, 2024 (Unaudited)

	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)	**₱9,420,150,214**	**₱–**	**₱–**	**₱9,420,150,214**
Trade receivables	**2,049,035,384**	–	**40,494,113**	**2,089,529,497**
Nontrade receivables	**611,947,911**	–	–	**611,947,911**
Due from franchisees	**16,184,508**	–	–	**16,184,508**
Other noncurrent assets:				
Security and other deposits	**2,407,421,912**	–	–	**2,407,421,912**
Construction bond	**49,701,188**	–	–	**49,701,188**
FVOCI with recycling	**44,935,086,611**	–	**739,335**	**44,935,825,946**
	₱59,489,527,728	**₱–**	**₱41,233,448**	**₱59,530,761,176**

December 31, 2023 (Audited)

	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)	₱12,171,474,617	₱–	₱–	₱12,171,474,617
Trade receivables	3,186,633,490	–	40,782,218	3,227,415,708
Nontrade receivables	741,841,847	–	–	741,841,847
Due from franchisees	19,861,529	–	–	19,861,529
Other noncurrent assets:				
Security and other deposits	2,415,443,907	–	–	2,415,443,907
Construction bond	79,924,253	–	–	79,924,253
FVOCI with recycling	2,212,805,414	–	739,335	2,213,544,749
	₱20,827,985,057	₱–	₱41,521,553	₱20,869,506,610

Impairment of Financial Assets. The Company has the following financial assets that are subject to the expected credit loss model under PFRS 9:

- Cash and cash equivalents;
- Trade receivables;
- Debt securities at FVOCI; and
- Other debt instruments carried at amortized cost

Other debt instruments carried at amortized cost include accrued interest receivables, refundable security and other deposits, advances to employees and officers and receivable from insurance. These are also subject to impairment requirements of PFRS 9, the identified impairment losses were immaterial.

Cash and Cash Equivalents and Debt Securities at FVOCI. Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The Group invests only on quoted debt securities with very low credit risk. The Group's debt instruments at FVOCI comprised solely of quoted bonds that are have a minimum BBB- credit rating by S&P Global Ratings and, therefore, are considered to be low credit risk investments. The Group recognized recoveries of (provision for) expected credit losses on its debt instruments at FVOCI amounting to nil in for the six months ended June 30, 2024 and 2023 respectively (Note 11).

Trade Receivables. The Group applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. The historical 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 June 30, 2024 and December 31, 2023 follows:

June 30, 2024

	General Approach			Simplified
	Stage 1	Stage 2	Stage 3	Approach
Amortized cost				
Cash and cash equivalents (excluding cash on hand)	**₱9,420,150,214**	**₱–**	**₱–**	**₱–**
Trade receivables	**–**	**–**	**–**	**2,089,529,497**
Due from franchisees	**–**	**–**	**–**	**16,184,508**
Nontrade receivables	**611,947,911**	**–**	**–**	**–**
Security and other deposits	**2,457,123,100**	**–**	**–**	**–**
FVOCI	**44,935,086,611**	**–**	**–**	**–**
Total gross carrying amounts	**57,424,307,836**	**–**	**–**	**2,105,714,005**
Less allowance	**3,550,055**	**–**	**–**	**40,494,113**
	₱57,420,757,781	**₱–**	**₱–**	**₱2,065,219,892**

December 31, 2023

	General Approach			Simplified
	Stage 1	Stage 2	Stage 3	Approach
Amortized cost				
Cash and cash equivalents (excluding cash on hand)	₱12,171,474,617	₱–	₱–	₱–
Trade receivables	–	–	–	3,227,415,708
Due from franchisees	–	–	–	19,861,529
Nontrade receivables	741,841,847	–	–	–
Security and other deposits	2,495,368,160	–	–	–
FVOCI	2,213,544,749	–	–	–
Total gross carrying amounts	17,622,229,373	–	–	3,247,277,237
Less allowance	739,335	–	–	40,782,218
	₱17,621,490,038	₱–	₱–	₱3,206,495,019

As of June 30, 2024 and December 31, 2023, there were no movements between stage 1, 2 and 3.

Fair Values of Financial Assets and Liabilities
The methods and assumptions used by the Group in estimating the fair value of financial asset and other financial liabilities are:

- Due to the short-term nature of the transaction, the fair value of cash and cash equivalents and trade and other receivables approximates the carrying values at year-end.

- Security and other deposits and construction bond are presented at cost since the timing and amounts of future cash flows related to the refundable deposits are linked to the termination of the contract which cannot be reasonably and reliably estimated.

- Debt and equity instrument financial assets amounting to ₱45.46 billion and ₱26.41 billion as of June 30, 2024 and December 31, 2023, respectively were carried at fair values. Investments in bonds and quoted equity securities are derived from quoted market prices in active markets.

- Due to the short-term nature of trade and other payables, short-term loans payable and other current liabilities, their carrying values approximate fair values.

- Due to the long-term nature of lease contracts, lease payments are discounted using an incremental borrowing rate to approximate the fair value of lease liablities.

As of June 30, 2024 and December 31, 2023, 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 period ended June 30, 2024 and year ended December 31, 2023 as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning balance	**₱19,913,623,871**	₱22,154,925,469
Additions	**1,062,747,464**	2,407,703,851
Derecognition	**(385,261,315)**	(548,457,552)
Amortization of ROU assets (Note 21)	**(1,948,520,752)**	(4,100,547,897)
	₱18,642,589,268	₱19,913,623,871

Set out below are the carrying amounts of lease liabilities and the movements for the period ended June 30, 2024 and year ended December 31, 2023 as follows:

	June 30, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning balance (Note 30)	**₱24,044,592,477**	₱26,023,654,262
Accretion of interest expense	**774,012,255**	1,675,403,757
Additions (Note 30)	**1,023,800,606**	2,340,134,011
Derecognition	**(557,478,086)**	(678,011,968)
Lease payments	**(2,549,606,980)**	(5,316,587,585)
	22,735,320,272	24,044,592,477
Less current portion of lease liabilities	**3,519,092,706**	3,586,524,281
Noncurrent portion of lease liabilities	**₱19,216,227,566**	₱20,458,068,196

The following are the amounts recognized in profit or loss for the six months ended June 30, 2024 and year ended December 31, 2023:

	As of June 30, 2024	As of December 31, 2023
Amortization of ROU assets (Note 21)	**₱1,948,520,752**	₱4,100,547,897
Interest expense on lease liabilities	**774,012,255**	1,675,403,757
Expenses relating to short-term leases and variable lease payments, net of negative variable lease (Note 21)	**1,583,120,734**	3,131,541,692
Gain on derecognition	**(172,216,771)**	(129,554,416)
	₱4,133,436,970	₱8,777,938,930

Shown below is the maturity analysis of the undiscounted lease payments as of June 30, 2024 and December 31, 2023:

	As of June 30, 2024	As of December 31, 2023
Within one (1) year	**₱5,203,875,715**	₱4,844,001,479
After one (1) year but not more than five (5) years	**19,365,477,374**	16,236,149,824
More than five (5) years	**15,054,557,773**	11,783,079,633
	₱39,623,910,862	₱32,863,230,936

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 ₱172.22 million and ₱39.37 million in June 2024 and 2023, 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 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) 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 sales of the lessee/franchisee. The related royalty income amounted to ₱56.99 million and ₱81.09 million for the six months ended June 30, 2024 and 2023, respectively.

   As of June 30, 2024 and December 31, 2023, amounts due from franchisees amounted to ₱16.18 million and ₱19.86 million, respectively. No provision for impairment losses on due from franchisee was recognized in 2024 and 2023 (Note 8).

c) The Group obtained a license to use the Daiso Business Model in the Philippines that was granted to the Group by Daiso Industries Co., Ltd. (DICL) in Japan. In accordance with the license agreement, the Group agrees to pay, among others, royalties to DICL based on a certain percentage of monthly net sales.

   Royalty expenses amounted to ₱8.35 million and ₱6.30 million for the six months ended June 30, 2024 and 2023, 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 ₱31.39 million and ₱30.69 million for the six months ended June 30, 2024 and 2023, 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 ₱4.30 million and ₱4.31 million for the six months ended June 30, 2024 and 2023, 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

June 30, 2024 (Unaudited)

	January 1, 2024	Net Cash Flows	Dividend Declaration	Noncash	Others	June 30, 2024
Lease liabilities	**₱24,044,592,477**	**(₱2,549,606,980)**	**₱–**	**₱774,012,255**	**₱466,322,520**	**₱22,735,320,272**
Short-term loans payable	**8,129,000,000**	**4,010,000,000**	**–**	**–**	**–**	**12,139,000,000**
Long-term loan payable	**13,240,161,663**	**(2,200,000,000)**	**–**	**12,361,089**	**–**	**11,052,522,752**
Interest payable	**207,341,758**	**(757,173,800)**	**–**	**(12,361,089)**	**749,488,577**	**187,295,446**
Dividends payable	**–**	**(3,054,517,707)**	**3,054,517,707**	**–**	**–**	**–**
Total liabilities from financing activities	**₱45,621,095,898**	**(₱4,551,298,487)**	**₱3,054,517,707**	**₱774,012,255**	**₱1,215,811,097**	**₱46,114,138,470**

December 31, 2023 (Audited)

	January 1, 2023	Net Cash Flows	Dividend Declaration	Noncash	Others	December 31, 2023
Lease liabilities	**₱26,023,654,262**	**(₱5,316,587,585)**	**₱–**	**₱1,675,403,757**	**₱1,662,122,043**	**₱24,044,592,477**
Short-term loans payable	**8,409,000,000**	**(280,000,000)**	**–**	**–**	**–**	**8,129,000,000**
Long-term loan payable	**–**	**13,223,825,000**	**–**	**16,336,663**	**–**	**13,240,161,663**
Interest payable	**–**	**(1,223,879,691)**	**–**	**(16,336,663)**	**1,447,558,112**	**207,341,758**
Dividends payable	**–**	**(3,528,688,302)**	**3,528,688,302**	**–**	**–**	**–**
Total liabilities from financing activities	**₱34,432,654,262**	**₱2,874,669,422**	**₱3,528,688,302**	**₱1,675,403,757**	**₱3,109,680,155**	**₱45,621,095,898**

As of June 30, 2024 and December 31, 2023, noncash include accretion of interest expense on lease liabilities and loans payable amounting to ₱0.39 billion and ₱1.68 billion, respectively.

As of June 30, 2024 and December 31, 2023, "Others" include new leases and derecognition of lease liabilities amounting to ₱0.58 billion and ₱1.66 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.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES
INDEX TO THE SUPPLEMENTARY SCHEDULES

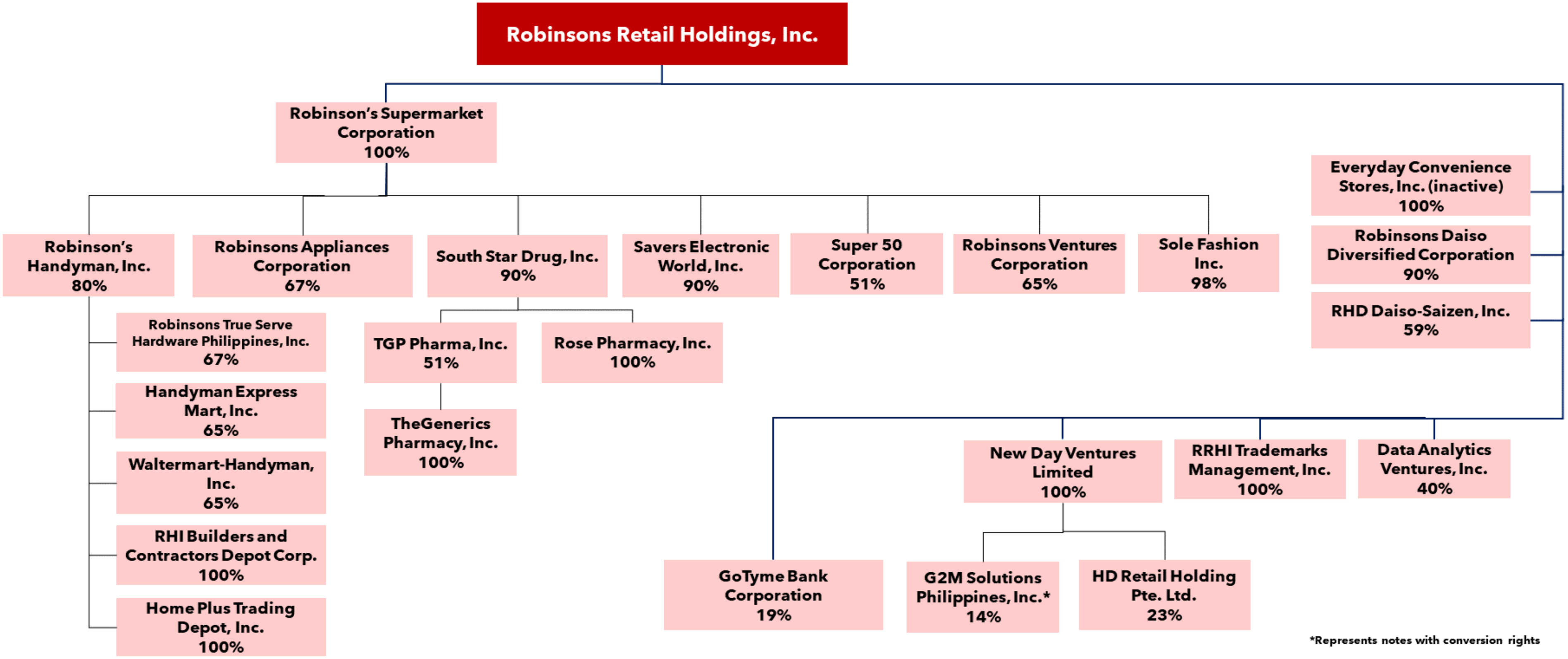
ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

MAP OF THE RELATIONSHIPS OF THE COMPANIES WITHIN THE GROUP

June 30, 2024

Group Structure

Below is a map showing the relationship between and among the Group and its ultimate parent company, subsidiaries, and associates as of June 30, 2024:



ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE A: FINANCIAL ASSETS

June 30, 2024

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	₱2,571,430,151	₱2,545,514,353	₱2,545,514,353	₱15,981,459
Investment in equity shares	34,785,918,899	42,917,188,385	42,917,188,385	709,484,579
	₱37,357,349,050	₱45,462,702,738	₱45,462,702,738	₱725,466,038

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)

June 30, 2024

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

June 30, 2024

Entity with Receivable Balance	Balance at Beginning of Period	Net Movement	Write-offs	Current	Noncurrent	Balance at end of period
Robinsons Retail Holdings, Inc.	₱21,578,000	₱15,400	₱–	₱21,593,400	₱–	₱21,593,400
Robinson's Supermarket Corporation	367,677,693	(29,612,040)		338,065,653		338,065,653
Robinsons Handyman, Inc.	-	142,226,457		142,226,457		142,226,457
RHD Daiso - Saizen, Inc.	500,556,835	-		500,556,835		500,556,835
	₱889,812,528	₱112,629,817	₱–	₱1,002,442,345	₱–	₱1,002,442,345

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE D: LONG TERM DEBT

June 30, 2024

Title of issue and type of obligation	Amount authorized by indenture	Interest rates	Current portion	Noncurrent portion
RRHI -Unsecured PHP term loan	₱6,300,000,000	6.75%	₱–	₱6,300,000,000
RSC - Unsecured PHP term loan	4,840,000,000	6.75%	–	4,840,000,000
	₱11,140,000,000		₱–	₱11,140,000,000

See Note 17 of the Consolidated Financial Statements.

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE E: INDEBTEDNESS TO RELATED PARTIES

June 30, 2024

Name of related party	Balance at beginning of period	Balance at end of period
Universal Robina Corporation	₱386,678,672	₱367,009,731
Robinsons Land Corporation	478,702,304	143,804,771
JG Summit Holdings, Inc.	3,315,506	6,394,453
	₱868,696,482	₱517,208,955

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE F: GUARANTEES OF SECURITIES OF OTHER ISSUERS

June 30, 2024

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

June 30, 2024

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	1,445,406,160	–	491,299,997	215,840,379	738,265,784
	2,000,000,000	1,445,406,160	–	491,299,997	215,840,379	738,265,784

See Note 18 of the Consolidated Financial Statements

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

As of June 30, 2024 and December 31, 2023

Financial Soundness Indicator	**As of June 30, 2024**	As of December 31, 2023
i. Liquidity ratio:		
Current ratio	**1.14**	1.45
ii. Profitability ratio:		
Gross profit margin[1]	**0.24**	0.24
Return on assets[1]	**0.06**	0.03
Return on equity[1]	**0.12**	0.06
iii. Stability ratio:		
Solvency ratio	**0.18**	0.16
Debt to equity ratio	**0.83**	0.95
Asset to equity ratio	**1.83**	1.95
Interest rate coverage ratio[1]	**2.93**	2.86

[1]See attached reporting computation, 12 months trailing

ROBINSONS RETAIL HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

As of June 30, 2024 and December 31, 2023

	As of June 30, 2024	As of December 31, 2023
Current assets (including noncurrent asset held for sale)	**₱45,507,035,356**	₱56,789,712,826
Current liabilities	**40,089,731,012**	39,273,033,183
Current ratio	**1.14**	1.45
Gross profit[1]	**46,552,924,229**	45,600,110,027
Net sales[1]	**194,858,177,604**	192,125,861,609
Gross profit margin	**0.24**	0.24
After tax net profit[1]	**9,652,818,351**	4,649,174,880
Depreciation and amortization[1]	**3,447,571,724**	7,499,945,134
	13,100,390,075	12,149,120,014
Total liabilities	**73,162,251,855**	75,645,023,899
Solvency ratio	**0.18**	0.16
Total liabilities	**73,162,251,855**	75,645,023,899
Total equity	**88,419,243,457**	79,377,892,042
Debt to equity ratio	**0.83**	0.95
Total assets	**161,581,495,312**	155,022,915,941
Total equity	**88,419,243,457**	79,377,892,042
Asset to equity ratio	**1.83**	1.95
Earnings before interest and taxes[1]	**9,153,987,825**	8,941,881,813
Interest expense[1]	**3,127,244,513**	3,122,961,869
Interest rate coverage ratio	**2.93**	2.86
Net income[1]	**9,652,818,351**	4,649,174,880
Average total assets	**157,021,569,861**	148,274,526,965
Return on assets	**0.06**	0.03
Net income[1]	**9,652,818,351**	4,649,174,880
Average total equity	**83,745,757,668**	77,975,779,527
Return on equity	**0.12**	0.06

[1] *12 months trailing*

ITEM 2. Management's Discussion and Analysis or Plan of Operation

Consolidated Results of Operations

Robinsons Retail Holdings, Inc.'s core net income (net income excluding foreign exchange gains/losses, interest income from bonds, equity in earnings from associates, interest expense related to the BPI shares, and others) increased by 12.1% to ₱2,648 million in the first six months of 2024 on the back of the company's 3.0% increase in consolidated net sales.

The growth in net sales was supported by blended same store sales growth (SSSG) of 0.7%. The core staples businesses – Food, Drugstores and Department Stores were the main revenue growth drivers for the period ended June 30, 2024.

Gross margins increased by 4.4% to ₱22.5 billion underpinned by higher penetration of private labels and imported products, improvements in category mix, and vendor support. Operating income increased by 5.5% to ₱4.1 billion driven by higher sales and gross margin expansion.

Meanwhile, net income attributable to equity holders of the parent company (NIAP) came in at ₱6.8 billion, 3.8 times higher year-on-year. This is due to a one-time gain resulting from the BPI-Robinsons Bank merger in the first quarter.

Segment Operations

(i) ***Food***. The food segment, which consist of supermarket banners and convenience store business Uncle John's, account for the largest share in the Group's sales, EBIT and EBITDA. Six months consolidated net sales of the whole food segment was at ₱57.0 billion, 3.7% higher than last year. Revenue growth was supported by SSSG of 1.3%.

Gross margin improved by 30bps to 22.5% in the six months of 2024 due to scale, higher vendor support and sustained demand for Uncle John's high margin ready-to-eat (RTE) categories.

Meanwhile, EBITDA was slightly higher by 2.5% for the six months of 2024 to ₱4.8 billion as the expansion in gross margins were mitigated by higher operating expenses from new stores.

(ii) ***Drug Stores***. Net sales of the drugstore segment rose by 7.2% for the six months of 2024 to ₱17.3 billion driven by contributions from new stores. Blended SSSG of Southstar Drug and Rose Pharmacy was flattish in the second quarter due to the high base last year from the strong demand in over-the-counter medicines caused by a high occurrence of flu.

Gross margin expanded by 10bps to 21.1% due to higher vendor support.

EBITDA grew by 5.6% to ₱1,452 million, slightly lower than the topline growth due to store expansion and incremental distribution center costs.

(iii) ***DIY Stores***. The DIY segment recorded a net sales decline of 4.8% to P5.6 billion. This is due to intense competition, stock depletion and rationalization of ageing and duplicate items and fewer offsite mall selling events this year.

Despite the reduction in net sales, gross margin expanded by 170bps to 33.5% due to ongoing replenishment program and introduction of new items.

Meanwhile, EBITDA rose by 23.4% to ₱734 million for the six months ended June 2024 as operating expenses declined due to the cost saving initiatives and closure of underperforming stores.

(iv) ***Department Stores.*** Department store net sales grew by 1.9% in the first six months of 2024 to ₱7.0 billion with SSSG at 2.4%. This is driven by spending across categories related to the summer season, graduation ceremonies, and advanced purchases of back-to-school merchandise.

Gross margin increased by 30bps to 31.1% due to increase in vendor support and higher distribution center fees.

EBITDA declined by 1.8% to ₱390 million riven by higher rent and personnel cost.

(v) ***Specialty Stores***. Net sales for the specialty segment declined by 4.6% to ₱6.8 billion in the first six months with negative segment SSSG of 5.2%. This is due to the discontinuation of commercial sales in Savers Appliances and stock availability issues in Daiso and Super50.

The segment's gross margins improved by 80bps year-on-year to 28.3% due to increased vendor support and higher distribution center fees.

The segment's EBITDA declined from ₱546 million in the first six months of 2023 to ₱334 million in the first six months of 2024 due to lower sales and higher operating expenses.

Financial Position

As of June 30, 2024, the Group's balance sheet showed consolidated assets of ₱161,581 million.

Cash and cash equivalents as of June 30, 2024 is at ₱11,449 million. Net cash generated from operating activities totaled ₱4,581 million. Net cash spent for investing activities amounted to ₱1,312 million driven by CAPEX and additional investments. Net cash used in financing activities amounted to ₱4,990 million mainly due to payment of loans, dividends, and leases.

Trade and other receivables decreased by 32.2% from ₱3,948 million in December 2023 to ₱2,677 million as of June 30, 2024.

The Group's investment in Rbank was reclassified to investment in debt and equity securities from asset held for sale amounting to ₱8,318 million. RRHI's ownership in Rbank is converted to BPI shares with the completion of the merger between BPI and Rbank which took effect on January 1, 2024.

Debt and equity instrument financial assets increased by ₱19,052 million to ₱45,463 million mainly due to investment in BPI shares.

Trade and other payables decreased from ₱26,899 million to ₱23,840 million as of June 30, 2024 mainly driven by payments to suppliers. Loans payable of ₱23,192 includes short-term and long-term loan of RRHI and RSC for purchase of ownership in BPI.

Stockholder's equity stood at ₱88,419 million as of June 30, 2024.