COVER SHEET

1	4	7	6	6	9

SEC Registration Number

COSCO CAPITAL, INC.

(Company's Full Name)

NO. 900 ROMUALDEZ ST., PACO,
MANILA 1007

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

JEWELYN A. JUMALON

09178612459

(Company Telephone Number)

12 **31**
Month **Day**

SEC FORM 20-IS

(Form Type)

05 **27**
Month **Day**

(Secondary License Type, If Applicable)

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowing

Total No. of Stockholders

Domestic

Foreign

SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

Remarks: Please sure BLACK ink for scanning purposes.

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

1. Check the appropriate box:
   [x] Preliminary Information Statement
   [ ] Definitive Information Statement

2. **Cosco Capital, Inc.**
   Name of Registrant as specified in its charter:

3. **Manila, Philippines**
   Province, country or other jurisdiction of incorporation or organization

4. **147669**
   SEC Identification Number

5. **000-432-378**
   BIR Tax Identification Code

6. **No. 900 Romualdez St., Paco, Manila** **1007**
   Address of principal office Postal Code

7. **09178612459**
   Registrant's telephone number, including area code:

8. **May 27, 2025, Tuesday at 1 pm, Via Remote Communication (Zoom)**
   Date, time, and place of the meeting of security holders

9. Approximate date on which the Information Statement is first to be sent or given to security holders: **May 6, 2025**

10. In case of Proxy Solicitations: **We are not asking for Proxy Solicitations.**

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt
Common Share	**7,048,068,964**

12. Are any or all of the registrant's securities listed in a Stock Exchange?

    Yes [x] No [ ]

If yes, disclose the name of such Stock Exchange and the class of securities listed therein: **Philippine Stock Exchange, common share**

NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Notice is hereby given that the Annual Stockholders' Meeting of **COSCO CAPITAL, INC.** (the "Company") will be on May 27, 2025, Tuesday, at 1pm, via Remote Communication (Zoom)

A G E N D A

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

Only stockholders on record, as of May 06, 2025, are entitled to notice and vote in the meeting.

Pursuant to Article III, Section 1 of the Company's bylaws and resolution of the Board of Directors dated April 11, 2025, the annual stockholders' meeting will be held via remote communication, through the online platform "Zoom". Stockholders may participate in the meeting by remote communication, by voting *in absentia*, or by appointing the Chairman of the meeting as their proxy. The Information Statement will be accessible on the company website (www.coscocapital.com) starting May 06, 2025

A copy of the notice of the meeting and information statements, with all its attachments, will be sent to stockholders of record by electronic transmission or by sending through electronic mail, posting on the company website, or in the Philippine Stock Exchange Disclosure System under Article III, Section 3 of the Company's bylaws, which authorizes the electronic transmission of documents to stockholders. The notice of the annual stockholders meeting will also be published in the business section (both online and printed publications) of The Philippine Daily Inquirer and The Philippine Star on May 04 and 05, 2025, in compliance with Section 49 of the Revised Corporation Code of the Philippines, SEC Memorandum Circular No. 3, 2020, and SEC Notice dated 12 March 2025.

The stockholders who are attending by proxies should e-mail their duly accomplished form to corporate.governance@coscocapital.com on or before May 19, 2025. The Company will validate the votes on May 20, 2025, at 3:00 pm, at the office of the Assistant Corporate Secretary, Tabacalera Building, No. 900 Romualdez St., Paco, Manila, 1007.

Manila, Philippines, April 16, 2025.

ATTY. JEWELYN A. JUMALON
Assistant Corporate Secretary

EXPLANATION OF AGENDA ITEMS

1. Call to Order

The Chairman of the meeting, Mr. Lucio L. Co, will welcome the stockholders and formally open the meeting at 1:00 pm.

2. Certification of Notice and Quorum

The Corporate Secretary, Atty. Jose S. Santos, Jr., will certify that the notice of the meeting was sent to the stockholders on record in accordance with the Company's bylaws by posting on the Company website and the Philippine Stock Exchange Edge platform, and by having it published in the business section of The Philippine Star and The Philippine Daily Inquirer, both newspapers of general circulation, on May 04 and 05, 2025. He will also certify that there is a quorum to transact business in the meeting.

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

The result of the last Annual Meeting is posted on the Company website. A resolution presenting the Minutes and ratifying the acts and resolutions of the Board of Directors and Management since the last stockholders' meeting will be presented for approval.

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

The Company will present its Annual Report, 2024 Consolidated Audited Financial Statements, and Sustainability Report to the stockholders, which are also posted on the Company's website and on the Philippine Stock Exchange Edge Platform staring 15 April 2025. A resolution ratifying the Annual Report and the 2024 Consolidated Audited Financial Statements will be presented to the stockholders for approval.

5. Election of Regular and Independent Directors

The Chairman of the meeting will announce the names of the nominees for the election of directors. He will ask the Corporate Secretary to report the result of the stockholders' voting. The nominees for directors are:

As Regular Directors:	As Independent Directors:
a. Mr. Lucio L Co	a. Mr. Ramon Jesus P. Paje
b. Ms. Susan P. Co	b. Ms. Cecilia C. Borromeo
c. Mr. Leonardo B. Dayao	c. Mr. Antonio S. Abacan, Jr.
d. Mr. Roberto Juanchito T. Dispo	
e. Mr. Levi B. Labra	
f. Atty. Lily K. Gruba	

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

A resolution to appoint R.G. Manabat & Company (KPMG) with payment of up to P11.4 million as the Company's External Auditor and its subsidiaries will be presented for stockholders' approval.

8. Other Matters

The Chairman will open the floor to answer any questions from the stockholders.

PART 1: INFORMATION REQUIRED IN THE INFORMATION STATEMENT

A. GENERAL INFORMATION

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

(a) May 27, 2025, Tuesday, 1:00 pm, via Online Meeting
Principal Office: No. 900 Romualdez St., Paco, Manila 1007

(b) The Information Statement will be available on the Company's website, www.coscocapital.com, beginning on 06 May 2025. In the alternative, the Company will also disseminate to the stockholders copies of the Notice of the Annual Stockholders' Meeting, Information Statements, and its Attachments by posting them on the Company website and on the PSE Edge Platform. The Notice of the Annual Stockholders' Meeting will also be published in two newspapers of general circulation (The Philippine Star and The Philippine Daily Inquirer) on May 04 and 05, 2025, in compliance with Sec. 49 of the Revised Corporation Code of the Philippines, and SEC Memorandum Circular No. 3, series of 2020.

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

Item 2. Dissenters' Right of Appraisal

Under Section 80, Title X of the Revised Corporation Code, any stockholder shall have the right to dissent and demand payment of the fair value of the shares in the following instances:

a) In case of an amendment to the articles of incorporation that has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
b) In case of a sale, lease, exchange, transfer, mortgage, pledge, or other disposition of all or substantially all the corporate property and assets;
c) In case of merger or consolidation; and
d) In case of investment of corporate funds for any purpose other than the primary purpose of the corporation.

However, there are no matters or actions to be taken up at the meeting that may give rise to a possible exercise by stockholders of their appraisal rights.

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

(a) No director, officer, nominee, or associate of the foregoing person has a substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon other than election or appointment to office.

(b) No director, officer, nominee or any associate of the foregoing person has informed the Company in writing that he intends to oppose any action to be taken by the Company at the meeting and indicate the action he intends to oppose.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders

(a) Number of outstanding shares as of March 31, 2025:
7,049,275,664 common shares

Number of votes entitled: one (1) vote per share

(b) All stockholders on record, May 06, 2025, shall be entitled to vote in the meeting.

(c) Section 23 of the Revised Corporation Code states that stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the corporation as of record date. The said stockholder may: (a) vote such number of shares for as many as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by a number of shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit. Provided, that the total number of votes cast shall not exceed the number of shares owned by the stockholders as shown in the books of the corporation multiplied by the whole number of directors to be elected.

During the April 11, 2025 Company's board meeting, the board allowed the stockholders to attend and *vote in absentia*, details of which are provided in the notice of the meeting.

(d) Security Ownership of Certain Beneficial Owners and Management

1. Security ownership of more than 5% of the stock of the Company as of December 31, 2024:

Title of Class	Name, Address of record owner	Relationship with the Company	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	Number of shares held	Percent
Common	Mr. Lucio L. Co	Chairman	Direct	Filipino	2,380,741,492	33.70%
Common	Mrs. Susan P. Co	Vice-Chairman	Direct	Filipino	1,780,182,230	25.20%

2. Security Ownership of Directors and Executive Officers of the Company as of December 31, 2024:

Title of Class	Name of Beneficial Owner	Nature of beneficial ownership	Citizenship	Number of shares	Percent of Outstanding Voting Shares
Common	Mr. Lucio L. Co	Direct	Filipino	2,380,741,492	33.70%
Common	Ms. Susan P. Co	Direct	Filipino	1,780,182,230	25.20%
Common	Mr. Leonardo B. Dayao	Direct	Filipino	750,982	0.01%
Common	Mr. Levi B. Labra	Direct	Filipino	100	0.00%
Common	Mr. Roberto Juanchito T. Dispo	Direct	Filipino	100	0.00%
Common	Ms. Lily K. Gruba	Direct	Filipino	1,000	0.00%
Common	Mr. Ramon Jesus P. Paje	Direct	Filipino	1,000	0.00%
Common	Ms. Cecilia C. Borromeo	Direct	Filipino	1,000	0.00%
Common	Mr. Antonio S. Abacan, Jr.	Direct	Filipino	1,000	0.00%

3. None of the officers or directors have any voting trust agreement for their ownership of the Company's stocks.

4. Foreign ownership level as of record date, March 31, 2025:

   943,064,888 common shares, or 13.38% of the Company's outstanding capital stock.

Item 5. Directors and Executive Officers

(a) In 2024, the Company held nine (9) board meetings; four (4) audit committee meetings; two (2) corporate governance committee meetings; and nine (9) executive committee meetings. The record of attendance of the Directors are as follows:

	No. of Meetings Held/ Attended	No. of Audit Committee Meetings Held/Attended	No. of Corporate Governance Committee Meeting Held/Attended	No. of Executive Committee Meeting held/attended	Total
Mr. Lucio L. Co	9/9	Not a member	0/1	9/9	90%
Ms. Susan P. Co	8/9	3/4	Not a member	9/9	85%
Mr. Leonardo B. Dayao	9/9	4/4	2/2	9/9	100%
Mr. Levi B. Labra	9/9	Not a member	Not a member	Not a member	100%
Mr. Roberto Juanchito T. Dispo	9/9	Not a member	1/1	Not a member	100%
Atty. Lily K. Gruba	9/9	Not a member	Not Member	Not a member	100%
Mr. Ramon Jesus P. Paje (ID)	9/9	4/4	2/2	Not a member	100%
Ms. Cecilia C. Borromeo (ID)	9/9	4/4	2/2	Not a member	100%
Mr. Antonio S. Abacan, Jr.	6/6	2/2	1/1	Not a member	100%

Mr. Lucio Co was appointed as a member of the Corporate Governance Committee for the period of June 2023 to April 2024. Within such period, only one (1) Corporate Governance Committee meeting was held.

Mr. Roberto Juanchito Dispo was appointed as a member of the Corporate Governance Committee for the period of May 2024 to May 2025. Within such period, only one (1)

Corporate Governance Committee meeting was held

Mr. Antonio S. Abacan, Jr. was elected as the Company's Independent Director and was appointed as a member of the Audit Committee on 14 May 2024.

On April 11, 2025, the board approved the recommendation of the Corporate Governance Committee to nominate the incumbent directors as candidates for the 2025 election of directors of the Company.

The respective business profiles of the nominees for the 2025 election of directors and the Company's key officers are as follows:

A.) <u>NOMINEES FOR THE 2025 ELECTION OF BOARD OF DIRECTORS:</u>

MR. LUCIO L. CO

Mr. Lucio Co is the Chairman of the Board of Directors of Cosco Capital, Inc.

He concurrently acts as the Chairman and President of: Bellagio Holdings, Inc., Canaria Holdings Corporation, Ellimac Prime Holdings, Inc., Invescap Incorporated, Puregold Duty Free, Inc., and Puregold Properties, Inc.; and the Chairman of the following companies: Alcorn Petroleum and Minerals Corporation, Entenso Equities, Inc., Matuno River Development Corporation NE Pacific Shopping Centers Corporation, PG Holdings, Inc., Pajusco Holdings Corporation, Puregold Duty Free (Subic), Inc., Puregold Finance, Inc., Puregold Realty Leasing & Management, Inc., San Jose City I Power Corp., Makabayan Holdings Incorporated, Union Energy Corporation, and Union Equities, Inc.

Furthermore, he is a duly elected member of the Board of Directors of the following companies:: Bacolod Real Estate Development Corporation, Catuiran Hydropower Corporation, Cleangreen Energy Corporation, Forbes Corporation, Grass Gold Renewable Energy (G2REC) Corporation, Karayan Hydropower Corporation, Kareila Management Corporation, LCCK & Sons Realty Corporation, Inc., Meritus Prime Distributions, Inc., Montosco, Inc., League One Finance and Leasing Corporation, Pamana Water Corporation, Tower 6789 Corporation, Illido Management Corporation, KMC Realty Corporation, Negros Water Company, Patagonia Holdings Corp., PPCI Subic, Inc., S&R Pizza Harbor Point, Inc., S&R Pizza, Inc., and VS Gripal Power Corporation; and a member of the Board of Trustees of Luis Co Chi Kiat Foundation, Inc.

Mr. Co has been an entrepreneur for the past 40 years.

MS. SUSAN P. CO

Mrs. Co is the Vice-Chairman of the Company. She is also the Chairman of Puregold Price Club, Inc. and a Director of the Philippine Bank of Communications (PBCOM), which are both PSE-listed companies.

Concurrently, she is the Chairman and President of Cosco Price, Inc., Chairman of Kareila Management Corporation, Tower 6789 Corporation, President of Makabayan Holdings Incorporated, and Director of Bellagio Holdings, Inc., Blue Ocean Holdings, Inc., Canaria Holdings Corporation, Ellimac Prime Holdings, Inc., KMC Realty Corp., Meritus Prime Distributions, Inc., Montosco, Inc., NE Shopping Centers Corporation, PG Holdings, Inc., Patagonia Holdings Corp., PPCI Subic, Inc., Premier Wine and Spirits, Inc., Puregold Duty Free (Subic), Inc., Puregold Duty Free, Inc., Puregold Properties, Inc., Puregold Finance, Inc., Puregold Realty Leasing & Management, Inc., San Jose City I Power Corp., S&R Pizza

(Harbor Point), Inc., S&R Pizza, Inc., Blue Origin Holdings Incorporated, Illido Management Corporation, Union Energy Corporation, and Union Equities, Inc.

Mrs. Co graduated from the University of Santo Tomas and received a Bachelor of Science degree in Commerce

MR. LEONARDO B. DAYAO

Mr. Dayao is the President of the Company. Mr. Dayao also holds the following positions in other PSE-listed companies: Vice-Chairman of the Philippine Bank of Communications, and Executive Director of Puregold Price Club, where he served as the President from 2005 to 2014.

Concurrently, he is the Chairman and President of Fertuna Holdings Corp.; Chairman of Catuiran Hydropower Corporation, Grass Gold Renewable Energy (G2REC) Corporation, Kareila Management Corporation, League One Finance and Leasing Corporation, Pamana Water Corporation, PSMT Philippines, Inc., S&R Pizza, (Harbor Point) Inc., S&R Pizza, Inc.; Vice-Chairman of Ayagold Retailers, Inc.; President of NE Pacific Shopping Centers Corporation, Puregold Duty-Free (Subic), Inc., Puregold Finance, Inc., San Jose City I Power Corp., Union Energy Corporation; Vice-President of Alerce Holdings Corp., Bellagio Holdings, Inc., KMC Realty Corporation, Puregold Duty-Free, Inc., Puregold Properties, Inc. and Union Equities, Inc.; and Director of Canaria Holdings Corporation, Entenso Equities Incorporated, Matuno River Development Corporation, Karayan Hydropower Corporation and Puregold Realty Leasing & Management, Inc.

Mr. Dayao is a Certified Public Account. He received his Bachelor of Science Degree in Commerce from the Far Eastern University. He completed the Basic Management Program at the Asian Institute of Management and earned units in MBA from the University of the Philippines-Cebu.

MR. LEVI LABRA

Mr. Labra is one of the Company's Executive Directors. He also acts as the Board Consultant of Puregold Price Club, Inc., and a Director of Philippine Bank of Communications (PBCOM), which are both PSE-listed companies. He is also a Director at Hope Philippines, Inc.

Before joining the Company, he worked at Procter & Gamble (P&G) for 35 years where he served as the Sales Head and a management committee member for 20 years. He also served as the P&G's Regional Sales Manager for three years, building sales organizations and systems for India, Indonesia, Malaysia, Singapore, South Korea, and Thailand.

He graduated Cum Laude from the University of San Carlos in 1978 with a degree of Bachelor of Science, major in Business Administration.

MR. ROBERTO JUANCHITO T. DISPO

Mr. Dispo is currently the President/CEO of League One Finance and Leasing Corporation, Chairman of Mercantile Insurance Corporation, Blacksburg Corporation, Pontificio Collegio Filipino in Rome, and Vice Chairman of New San Jose Builders.

Mr. Dispo was the former Vice Chairman and President of Cirtek Philippines from 2016 to 2019 and CEO of Quintel USA/UK from 2017 to 2019. He became the President of

First Metro Investment Corporation from 2011 to 2015 and its Senior Vice President and Executive Vice President from 1998 to 2010. He was a former Deputy Treasurer of the Philippines, National Treasury, Department of Finance from 1990 to 1997.

Mr. Dispo started his career as a Financial Analyst in the Department of Trade and Industry from 1988 to 1990 and as an Administrative Officer in the Department of National Defense from 1987 to 1988.

Mr. Dispo graduated with a Bachelor of Science in Economics from San Sebastián College, Manila in 1984. He also obtained a degree of Bachelor of Science major in Management from the Pamantasan ng Lungsod ng Maynila in 1990 and a Master's in Business Administration from the same school in 1991. He completed a Diploma Program from the International Banking and Finance Economic Institute, the University of Colorado, in 1994 and a Master's in Business Economics from the University of Asia and the Pacific in 2014.

In 2014, Mr. Dispo was awarded "CEO of the Year" by the Asia CEO Awards. He was also a Finalist in CNBC Asia Best CEO in the same year.

He is a member of the Money Market Association of the Philippines since 1998 and a member of FINEX since 2012.

ATTY. LILY K. GRUBA

Ms. Gruba is the Founding Partner of Zambrano Gruba Caganda & Advincula Law Offices, now called, 'Gruba Law'. She is also a Director of Asia United Bank, Executive Director for Fr.Joaquin Bernas, SJ Center for Continuing Legal Education, and Faculty Member in Ateneo de Manila University College of Law. She was a Bar Examiner for Taxation in 2019 and 2007 and in Commercial Law in 2012. She was an Associate Dean for Fr. Joaquin Bernas, SJ Center for Continuing Legal Education from March 2003 to May 2018; she also served as an Undersecretary in the Department of Finance from July 1998 to January 2001, and Vice- President and Special Assistant to the President General Counsel in the Land Bank of the Philippines from 1987 to 1992.

Atty. Gruba authored three books: A Survey of the Amendments Introduced by Train Law, 2019; Guide Notes and Cases on Tax Remedies, 2018; and Guide Notes and Cases on the General Principles of Taxation and the Organization of the Bureau of Internal Revenue, 2016.

She was nominated Tax Lawyer of the Year for Southeast Asia in 2023 (Legal500) and one of The Philippines Top 100 Lawyers from 2018 to 2022 (Asia Business Legal Journal). She speaks English, Filipino, Fokien, and Mandarin.

She graduated from the University of Santo Tomas in 1972 with a Bachelor of Arts in Psychology. She also obtained her Juris Doctor degree from the Ateneo Law School, Ateneo de Manila University in 1976, and was admitted to the Philippine Bar in 1977. She obtained her Master of Laws in 1981 from the Georgetown University Law Center, Washington D.C., United States of America.

MR. RAMON JESUS P. PAJE[1]

Mr. Paje has been the Company's Independent Director since 2022.

Mr. Paje served as the Secretary of Environment and Natural Resources (DENR)

[1] The Certification of Independent Director of Mr. Ramon Jesus Paje is hereto attached as **ANNEX "C"**

under President Benigno S. Aquino III from 2010-2016. As DENR Secretary, he implemented and initiated the following programs: the “Total Logging Ban” program which aims to stop the massive forest loss caused by centuries of logging, thereby saving the forests for the future generations of Filipinos; the “National Greening Program” which improved the country’s forest cover, increased the productivity of forestlands and reduced upland poverty; “Geohazard Mapping” which determined the flood-prone and landslide-prone areas nationwide and significantly enhanced the country’s disaster preparedness; and t upgrading of fuel standard from Euro 2 to Euro 4, which reduced urban pollution by significantly decreasing the fuel’s Sulfur content from 500 ppm to 50 ppm. Likewise, Secretary Paje pursued the Philippine claim to the Benham Rise (now Philippine Rise), with the strong effort of the National Mapping and Resource Information Authority (NAMRIA), resulting in the approval by the United Nations in April 2012 and increased the country’s territorial waters and natural wealth by more than 13 Million hectares. He also signed the historic Paris Agreement on Climate Change for the Republic of the Philippines on April 22, 2016, at the UN Headquarters in New York

MS. CECILIA C. BORROMEO[2]

Ms. Borromeo has been the Company’s Independent Director since 2023.

She was the President and CEO of the Land Bank of the Philippines from March 2019 to May 2023; President and CEO of the Development Bank of the Philippines from January 2017 to February 2019; and Executive Vice President in various sectors and departments in the Land Bank of the Philippines from 1989 to 2017.

Ms. Borromeo graduated from the University of the Philippines with a Bachelor of Science in Agribusiness in 1979. She took a Master's Degree in Business Administration from Dela Salle Business School from 1980 to 1982 and a Post Graduate Course in Advanced Bank Management from the Asian Institute of Management in 1995.

In May 2023, Ms. Borromeo was awarded the “Outstanding CEO Award” by the Association of Development Financing Institutions in Asia and the Pacific. She was also granted the “Distinguished Alumni Award for Corporate Governance” in the field of Banking and Finance in February 2022 by the University of the Philippines Alumni Association, and “Outstanding Alumna” of College of Economics and Management (CEM) of the University of the Philippines, Los Baños (UPLB) in 2019.

Ms. Borromeo is also an Independent Director at Atlantic Gulf & Pacific Company of Manila, Inc., Philippine Life Financial Assurance Corporation, Philippine Savings Bank (PSBank), and Upgrade Energy Philippines, Inc. where she concurrently serves as the Chairperson.

MR. ANTONIO S. ABACAN, JR.[3]

Mr. Abacan was elected as the Company’s Independent Director in 2024.

Mr. Abacan served as a Monetary Board Member of the Bangko Sentral ng Pilipinas from July 2017 to July 2023. He has held numerous executive positions within the Metrobank Group, including Group Vice-Chairman and Senior Adviser for First Metro Investment Corporation. He also served as Chairman of the Board for several prominent institutions, such as Metropolitan Bank and Trust Company, Toyota Financial Services (Philippines),

[2] The Certification of Independent Director of Ms. Cecilia Borromeo is hereto attached as **ANNEX “D”**
[3] The Certification of Independent Director of Mr. Antonio S. Abacan, Jr. is hereto attached as **ANNEX “E”**

Inc., Sumisho Motor Finance Corporation, Manila Doctors Hospital, Manila Tytana Colleges, and Philippine Charter Insurance. In addition, he was the Honorary Chairman of Orix Metro Leasing and Finance Corporation.

Throughout his career, Mr. Abacan has also played key roles in the broader financial and business community. He served as President of Metropolitan Bank and Trust Company for 14 years, as well as President of the Philippine Savings Bank and Data Serv Corporation. He was Director and Corporate Secretary of the Bankers Association of the Philippines, Director for Banking Finance and Taxation at the Philippine Chamber of Commerce and Industry, Governor of the Makati Commercial Estate Association, and a member of the Management Association of the Philippines.

Currently, he continues to contribute to various philanthropic and advisory efforts, serving as a Senior Adviser for the Metrobank Foundation and as a member of the Board of Trustees for both GT Metro Foundation and the Peso for Unity, Peace, and Progress Foundation.

Mr. Abacan earned his Bachelor of Science in Business Administration major in Banking and Finance from the Mapua Institute of Technology, and another major in Accounting from Far Eastern University. He completed an Executive Program at the Graduate School of Business at Stanford University in California, USA.

In recognition of his contributions to business and leadership, he was conferred an honorary Doctorate in Business Administration (Honoris Causa) by the Philippine Women's University.

The respective business profiles of the Company's Key Officers are as follows:
After the annual stockholders' meeting, the board convenes for an organizational meeting. It appoints officers who will assume the positions of President, Treasurer, Corporate Secretary, Compliance Officer, Lead Independent Director, Internal Auditor, and Committee members. In 2023, the organizational meeting took place on June 30, 2023. The board renewed the appointment of the following officers:

B.) KEY OFFICERS:

MS. KATRINA MARIE P. CO, ***Treasurer***

Ms. Co also serves as Treasurer of Puregold Price Club, Inc., Director in League One Finance and Leasing Corporation, Alerce Holdings Corp., Fertuna Holdings Corp., Forbes Corporation, KMC Realty Corporation, League One, Inc., Patagonia Distribution, Inc., Premier Wine and Spirits, Inc., SPC Resources, Inc., Union Equities, Inc., and VFC Land Resources, Inc. Ms. Co graduated from De La Salle University - Manila with a Bachelor of Science degree, major in Advertising Management, in 2012.

MR. GERARDO S. TEOFILO, JR., ***Deputy Comptroller***

Prior to his employment with the Company in 2014, Mr. Teofilo worked at R.S. Bernaldo and Associates from 2011 to 2014, moving from an Audit Associate to the position of Quality Assurance Technical Leader and Senior Auditor. He is a graduate of Tarlac State University with a Bachelor's Degree in Accounting and is a Certified Public Accountant.

ATTY. JOSE S. SANTOS, JR., ***Corporate Secretary***

Atty. Santos has been the Company's Corporate Secretary since 2013. He is a practicing lawyer. He is a graduate of Lyceum of the Philippines with a degree of Bachelor of Laws in 1961. He became a member of the Philippine Bar in 1961.

ATTY. JEWELYN A. JUMALON, ***Assistant Corporate Secretary***

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

MS. EMERLINDA D. LLAMADO, ***Internal Auditor and Risk Officer***

Ms. Llmado has been the Company's Internal Auditor since 2013. She was also appointed as the Company's risk officer in 2024. Before joining the Company, she worked as a System Assistant and Audit Manager from 1984 to 2012 with the Ever Gotesco Group of Companies. She graduated from Far Eastern University with a Bachelor of Science in Accountancy degree in 1984. Ms. Llamado is a Certified Public Accountant.

MR. FERDINAND VINCENT P. CO, ***President, Puregold Price Club, Inc.***

Mr. Ferdinand Vincent Co is currently the elected President of Puregold Price Club, Inc. He concurrently holds the following positions: Chairman and President of Alerce Holdings Corp., Blue Ocean Foods, Inc., Forbes Corporation, Invesco Company, Inc., KMC Realty Corporation, League One, Inc., PPCI Subic Inc., Patagonia Holdings Corp., Purepadala, Inc., and VFC Land Resources, Inc., Filmore Holdings Incorporated, Illido Management Corporation, Azora Holdings Incorporated, SPC Resources Inc.; Chairman of Pinehurst Creek Holdings Corporation, South Coast Automotive Group, Inc. and Pure Commerce, Inc.; President of Ayagold Retailers, Inc., Entenso Equities, Inc., Union Equities, Inc., Aracena Holdings Corporation, Blue Origin Holdings Incorporated, Imperium Holdings, Inc.; and Director of Bellagio Holdings, Inc., Blue Ocean Holdings, Inc., Canaria Holdings Corporation, Cosco Price, Inc., Ellimac Prime Holdings, Inc., Fertuna Holdings Corp., Meritus Prime Distributions, Inc., P.G. Holdings, Inc., Premier Wine and Spirits, Inc., PSMT Philippines, Inc., Puregold Duty Free (Subic), Inc., Puregold Finance, Inc., Puregold Properties, Inc., Puregold Realty Leasing & Management, Inc., San Jose City Power Corp., Tower 6789 Corporation, Cassina Creek Holdings Corporation, Makabayan Holdings Incorporated, Maxent Investment, Inc. and Union Energy Corporation. Mr. Vincent Co received a Bachelor of Science degree in Entrepreneurial Management from the University of Asia and the Pacific in 2003.

MR. JOSE PAULINO L. SANTAMARINA, ***President, The Keepers Holdings, Inc.***

Mr. Santamarina is currently the elected President of The Keepers Holdings, Inc. He was the former President of Premier Wines and Spirits, Inc., one of the leading companies in the imported wine and spirits industry and a company he helped co-found in 1996.

Before Premier, Mr. Santamarina was the Chief Financial Officer (1988-1996) of CMG Marketing, Inc., a subsidiary of United Distillers Ltd., the precursor of what is now known as Diageo. CMG pioneered the imported wine and spirits industry established during the early stages of market liberalization in 1986.

He started as an auditor for the professional firm SGV from 1984 to 1988.

He concurrently holds directorship and officer positions in the following companies: Booze On-line, Inc., Cleangreen Energy Corporation; Karayan Hydropower Corporation, Liquorph Distributors Corp., Pamana Consortium, Inc., Pamana Water Corporation, Premier Wine and Spirits, Inc. (Chairman and President), San Jose City I Power Corp., Southern Utility Management and Services Incorporation, Technowater Corporation, Fertuna Distributions, Inc. and VS Gripal Power Corporation.

Mr. Santamarina graduated from Ateneo de Davao University with a Bachelor of Science in Accountancy degree in 1984. He is a Certified Public Accountant.

MR. ANTHONY G. SY, *President, Kareila Management Corporation*

Mr. Anthony Sy is currently the President of Kareila Management Corporation, the company which operates the well-known S&R Membership Shopping warehouse club. He joined the Group in 2006.

Before joining Kareila, Mr. Sy worked as President of the Visual Merchandising Center from 1986 to 2006.

He graduated from Ateneo De Manila University with a Bachelor of Science in Management Engineering degree in 1982.

MS. IRAIDA B. DE GUZMAN, ***President, Office Warehouse, Inc.***

Ms. De Guzman is currently thePresident of Office Warehouse, Inc. Before joining Office Warehouse, she was the Senior Vice President of Puregold from 1999 to 2014. She graduated from the Polytechnic University of the Philippines with a Bachelor of Science in Commerce, majoring in Economics.

MS. GIRLIE M. SY, ***Head, Real Estate Segment***

Ms. Girlie Sy currently leads the Real Estate Segment of the Cosco Capital Group. Her professional career started at Puregold Finance, Inc., as Finance and Administration Manager from 1995 to the present and as Finance and Administration Manager for Bellagio Holdings, Inc., from 2005 to the present. Ms. Sy graduated from Far Eastern University with a Bachelor of Science in Psychology in 1983.

Family Relationships

1. Mr. Lucio L. Co and Mrs. Susan P. Co are husband and wife.
2. Mr. Ferdinand Vincent P. Co and Ms. Katrina Marie P. Co - Go are two of the four children of Mr. and Mrs. Lucio and Susan Co.

Involvement in Certain Legal Proceedings

As of December 31, 2024, and in the past five years, the Company has no director, executive officer, or principal officer who is involved in any of the following:

1. Bankruptcy case.

2. Convicted by final judgment of any criminal proceeding, domestic or foreign.

3. The subject of any order, judgment, or decree of any court of competent jurisdiction permanently or temporarily enjoining, barring, suspending or otherwise limiting his involvement in any type of business, securities, commodities, or banking activities.

4. Being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body or a domestic or foreign exchange or other organized trading market or self-regulatory organization to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended or vacated.

No director has resigned or declined to stand for re-election to the board of directors since the last annual meeting of security holders because of a disagreement with the Company on any matter relating to the Company's operations, policies or practices.

Item 6. Compensation of Directors and Executive Officers

The Company pays its employees a fixed monthly compensation subject to periodic performance reviews. The board members receive per diem allowances of P100,000.00 per board meeting and P20,000 per committee meeting. The Company held nine (9) board meetings; four (4) audit committee meetings; two (2) corporate governance committee meetings; and nine (9) executive committee meetings in 2024.

The total annual compensation of the President and the four most highly compensated officers of the Company amounted to P8,015703.00 in 2023; P8,065,010.00 in 2024; and the projected compensation for the year 2025 is P8,065,020.00, please see the table for more details.

Name and position	Year	Salary	Bonus	Other Annual Compensation
1. Mr. Lucio L. Co, Chairman 2. Ms. Susan P. Co, Vice-Chairman 3. Mr. Leonardo B. Dayao, President 4. Mr. Gerardo S. Teofilo Jr., Deputy Comptroller 5. Mr. John Marson T. Hao, Investor Relations and Sustainability Officer 6. Andres S. Santos, Legal Counsel				
Aggregate compensation of the President and the four most highly compensated officers	2023	P8,015,703.00	-	-
	2024	P8,065,010.00	-	-
	2025 Projected	P8,065,010.00	-	-

Aggregate compensation paid to all other officers and managers	2023	P3,700,000.00	-	-
	2024	P3,700,000.00	-	-
	2025 Projected	P3,700,000.00	-	-

(B) Standard Arrangements

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

(C) Other Arrangements

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

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

All employees, including executive and principal officers, have employment contracts with the Company, which are consistent with the existing labor laws of the country.

(E) Warrants and Options

The Company has no warrants or options.

Item 7. Independent Public Accountants

(a) R.G. Manabat & Company, with Mr. Darwin P. Virocel as the handling partner, has been the Company's external auditor since 2018.

Mr. Darwin P. Virocel
Partner
CPA License No. 00944495
SEC Accreditation No. 0003-SEC (Group A) valid until 2024.
Tax Identification No. 912-535-864
The KPMG Center, 9/F 6787 Ayala Avenue, Makati City Philippines
+63 (2) 885 7000

(b) Upon the favorable recommendation of the Audit Committee, the board is recommending the same principal accountant for the year 2054.

(c) Mr. Virocel or his representatives are expected to be present at the security holders' meeting; they will have the opportunity to make a statement if they desire to do so; and they are expected to be available to respond to appropriate questions.

(d) The independent accountant who was previously engaged as the principal accountant to audit the Company's financial statements has not resigned, nor was there any indication that he declined to stand for re-election after completing the current audit, and neither was he dismissed by the Company.

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

(f) The Company paid R.G. Manabat & Company Audit Fees amounting to P10,500,00 in 2023, and P11,929,740 in 2024

Item 8. Compensation Plans

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

C. ISSUANCE AND EXCHANGE OF SECURITIES

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

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

Item 10. Modification or Exchange of Securities

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

Item 11. Financial and Other Information

Please refer to the attached 2024 Management Discussion and Analysis of Operation (**Annex "E"**) and 2024 Consolidated Audited Financial Statements (**Annex "F"**).

Item 12. Mergers, Consolidations, Acquisitions and Similar Matter

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

Item 13. Acquisition or Disposition of Property

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

Item 14. Restatement of Accounts

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

D. OTHER MATTERS

Item 15. Action with Respect to Reports

(a) Minutes of the 2024 Annual Stockholders' Meeting

(b) 2024 Annual Report including the 2024 Consolidated Audited Financial Statements

Item 16. Matters Not Required to be Submitted

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

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

No action is to be taken concerning any matter regarding amendment of charter, bylaws or other documents.

Item 18. Other Proposed Action

(a) Ratification of all acts and resolutions of the board of directors and management from the previous stockholders' meeting. The material matters approved by the board of directors in 2024 are outlined in the Summary of SEC 17-C Reports, presented below:

Date of Board Meeting	Items approved by the Board
March 26. 2024	(1) Approval of the Acquisition of 60% outstanding shares of Catuiran Hydropower Corporation
April 4, 2024	(1) Approval of the Corporate Governance Committee Charter (2) Approval of the Nominees for the 2024 Annual Election of Directors: <u>Regular Directors</u> 1. Mr. Lucio L. Co 2. Ms. Susan P. Co 3. Mr. Leonardo B. Dayao 4. Mr. Roberto Juanchito T. Dispo 5. Mr. Levi B. Labra 6. Ms. Lily K. Gruba <u>Independent Directors</u> 1. Mr. Ramon Jesus P. Paje 2. Ms. Cecilia C. Borromeo 3. Mr. Antonio S. Abacan, Jr (3) Approval of the Details of the Company's 2024 Annual Stockholders' Meeting: Date: 14 May 2024 Time: 3:00 PM Manner: Virtual Meeting Record Date: 22 April 2024 Agenda: a. Call to Order b. Approval of the Minutes of the Previous Meeting c. Ratification of Previous Acts and Resolutions of the Board of Directors d. Annual Report and Audited Financial Statements e. Election of Directors f. Appointment of an External Auditor and Fixing of Remuneration g. Other Matters h. Adjournment
April 11, 2024	(1) Approval of the 2023 Consolidated Audited Financial Statements

May 10, 2024	(1) Approval of the Financial Report for the 1st Quarter of CY 2024
May 14, 2024	(1) Declaration of Cash Dividends Regular Cash Dividend: PHP 0.210/share Declaration Date: 14 May 2024 Record Date: 29 May 2024 Payment Date: 21 June 2024 Total Pay-Out: PHP 1.48 Billion 2023 Year Net Income: PHP 7.3 Billion Pay-Out Ratio: 20% Dividend Yield: 4.55% (2) Results of Annual Stockholders Meeting: a. Approval of the Minutes of the Previous Meeting and Ratification of Acts and Resolutions of the Board of Directors and Management in 2023 b. Approval of the 2023 Annual Report and Audited Financial Statements c. Re-Appointment of RG Manabat & Company as External Auditor of the Company and subsidiaries with up to PHP 10.5 Million fees d. Election of Mr. Lucio L. Co, Ms. Susan P. Co, Mr. Leonardo B. Dayao, Mr. Roberto Juanchito T. Dispo, Mr. Levi B. Labra, and Ms. Lily K. Gruba as regular directors e. Election of Mr. Ramon Jesus P. Paje, Ms. Cecilia C. Borromeo, and Mr. Antonio S. Abacan, Jr. as independent directors (3) Results of Organizational Meeting: Approval of the appointment of the following officers for the year 2024-2025: Chairman of the Board: Mr. Lucio L. Co Vice-Chairman of the Board: Ms. Susan P. Co President: Mr. Leonardo B. Dayao Treasurer: Ms. Katrina Marie P. Co – Go Corporate Secretary: Mr. Jose S. Santos, Jr. Asst. Corporate Secretary & Compliance Officer: Ms. Jewelyn A. Jumalon Lead Independent Director: Mr. Ramon Jesus P. Paje Deputy Comptroller: Mr. Gerardo S. Teofilo, Jr. Investor Relations & Sustainability Officer: Mr. John Marson T. Hao Internal Auditor: Ms. Emerlinda Llamado Executive Committee: Chairman – Mr. Lucio L. Co Members – Ms. Susan P. Co, and Mr. Leonardo B. Dayao Audit Committee: Chairman – Ms. Cecilia C. Borromeo Members: Mr. Ramon Jesus P. Paje, Mr. Antonio S. Abacan, Jr., Mr. Leonardo B. Dayao, and Ms. Susan P. Co Corporate Governance Committee: Chairman – Mr. Ramon Jesus P. Paje Members – Ms. Cecilia C. Borromeo, Mr. Antonio S. Abacan, Jr., Mr. Leonardo B. Dayao, and Mr. Roberto Juanchito T. Dispo
July 25, 2024	(1) Appointment of Ms. Emerlinda D. Llamado as Risk Officer
August 12, 2024	(1) Approval of the 2nd Quarter Financial Report for the year 2024

September 9, 2024	(1)	Completion of the Acquisition of 100% Outstanding Shares of Matuno River Development Corporation
November 11, 2024	(1)	Approval of the 3rd Quarter Financial Report for the year 2024
	(2)	Approval of the additional budget of Two Billion Pesos (PHP 2,000,000,000) for the Company's Share Buy-Back Program
December 23, 2024	(1)	Approval of the Termination of the Joint Venture Agreement between Cosco Capital, Inc. and Siam Global House Public Company Limited (Siam Global)

(b) Election of regular and independent directors.

The board of directors endorsed to the stockholders for election the following nominees for regular directors:

As regular directors:

a. Mr. Lucio L. Co
b. Ms. Susan P. Co
c. Mr. Leonardo B. Dayao
d. Mr. Roberto Juanchito T. Dispo
e. Mr. Levi B. Labra
f. Atty. Lily K. Gruba

As independent directors:

a. Mr. Ramon Jesus P. Paje
b. Ms. Cecilia C. Borromeo
c. Mr. Antonio S. Abacan, Jr.

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

Upon the recommendation of the Audit Committee, the board recommended the re-appointment of R.G. Manabat & Company as External Auditor of the Company and its subsidiaries for the year 2025 with a professional fee of up to P11.4 million.

Item 19. Voting Procedures

(a) The affirmative vote of at least the majority of the shares present or represented in the meeting shall be required to approve all actions submitted to the vote of stockholders.

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

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

All stockholders' votes must be submitted by email to corporate.governance@coscocapital.com on or before May 19, 2025.

(c) The Company will count and validate the stockholders' votes on May 20, 2025.

E. MARKET INFORMATION

(A) Shares of stock

The Company's common stock trades on the Philippine Stock Exchange under "COSCO." The quarterly high and low of stock prices (in Philippine Peso) for the last two fiscal years and in the current year are stated below:

Period	2022		2023		2024	
	High	Low	High	Low	High	Low
1st Quarter	5.24	4.82	4.97	4.00	5.32	4.72
2nd Quarter	4.96	4.24	5.24	4.00	5.02	4.52
3rd Quarter	4.50	3.80	5.42	4.82	5.50	4.55
4th Quarter	4.67	3.92	4.95	4.40	5.62	5.20

As of March 31, 2025, the Company’s share is trading at P5.22.

(B) Stockholders

As of December 31, 2024, the Company has 993 stockholders on record, 7,405,263,564 issued shares, 7,063,701,064 outstanding capital stock, and 341,562,500 treasury shares.

The Company’s Top 20 Stockholders as of December 31, 2024:

1	CO, LUCIO L.	2,380,741,492	33.70%
2	CO, SUSAN P.	1,780,182,230	25.20%
3	CITIBANK N.A	452,601,600	6.41%
4	STANDARD CHARTERED BANK	328,753,562	4.66%
5	ELLIMAC PRIME HOLDINGS INC.	244,228,990	3.46%
6	CO, FERDINAND VINCENT P.	225,141,882	3.19%
7	CO, PAMELA JUSTINE P.	225,120,671	3.19%
8	VFC LAND RESOURCES INC.	220,066,929	3.12%
9	KMC REALTY CORPORATION	150,832,231	2.14%
10	DEUTSCHE BANK MANILA CLIENTS	118,046,277	1.67%
11	CO, CAMILLE CLARISSE P.	106,838,231	1.51%
12	ANSALDO, GODINEZ & CO., INC.	87,594,039	1.24%
13	THE HSBC LTD-CLIENTS	64,205,011	0.91%
14	COL FINANCIAL GROUP INC.	61,864,441	0.88%
15	CO, KATRINA MARIE P.	58,884,384	0.83%
16	SPC RESOURCES, INC.	58,500,000	0.83%
17	BDO SECURITIES CORPORATION	39,140,901	0.55%
18	FIRST METRO SECURITIES BROKERAGE CORP.	31,819,603	0.45%
19	ASIASEC EQUITIES, INC.	31,207,929	0.44%

20	HDI SECURITIES, INC.	31,140,500	0.44%

(C) Dividends

The Company's cash dividend declarations from 2014 to 2024 are as follows:

Cash dividends are upon the board's declaration, but no stockholders' approval is required. Declaration of cash dividend depends on the Company's available cash and profitability.

Declaration Date	Amount and Type of Dividend (R-regular, S-special)	Record Date	Payment Date
June 27, 2014	S – 0.06 per share	July 11, 2014	July 28, 2014
December 18, 2014	R – 0.06 per share S – 0.02 per share	January 12, 2015	February 5, 2015
December 18, 2015	R – 0.06 per share S – 0.02 per share	January 8, 2016	January 18, 2016
December 22, 2016	R – 0.06 per share S – 0.02 per share	January 12, 2017	January 20, 2017
December 15, 2017	R – 0.06 per share S – 0.04 per share	January 2, 2018	January 26, 2018
February 1, 2019	R – 0.06 per share S – 0.04 per share	February 15, 2019	March 1, 2019
December 18, 2020	R – 0.08 per share S – 0.04 per share	January 8, 2021	January 29, 2021
December 18, 2020	S – 0.04 per share	January 15, 2021	February 9, 2021
December 21, 2021	R – 0.08 per share S – 0.04 per share	January 10, 2022	February 3, 2022
December 21, 2022	R – 0.14 per share S – 0.05 per share	January 18, 2023	January 28, 2023
December 14, 2023	R-P0.197 per share	January 2, 2024	January 23, 2024
May 14, 2024	R-P0.210 per share	May 29, 2024	June 21, 2024

The Company has not yet declared stock or property dividends; it would require stockholders and the SEC approval.

(D) Recent Sale of Securities

None in 2024.

F. CORPORATE GOVERNANCE

(a) The Company has a Revised Manual on Corporate Governance approved in May 2017. The Company aims to improve such a manual to reflect more detailed Company policies related to corporate governance, including adopting an evaluation system.

(b) The Company has independent directors to ensure that the management has independent views and is abreast of the practices of other companies in maintaining good corporate governance.

(c) There has been no report of the Revised Manual on Corporate Governance violation since the board adopted it.

(d) In August 2024, the Board of Directors formally approved the Company's Environmental, Social, and Governance (ESG) Policies. These policies serve as a comprehensive framework, outlining the Company's commitment to responsible and ethical business practices across several key areas. The ESG Policies encompass a wide range of principles, including Business Conduct and Ethics, Anti-Bribery and Anti Corruption, Data Privacy and Cybersecurity, Enterprise Risk Management, Environmental, Human Rights, Supplier Code of Conduct, and the management of Material Related Party Transactions.

(e) The Company annually submits a Corporate Governance Report (I-ACGR) to the Securities and Exchange Commission and the Philippine Stock Exchange, and posts it on its corporate website. The I-ACGR details how the board and management operate the Company with integrity, transparency, and accountability.

(f) The Company will continue to strengthen its compliance with the principles and leading practices of good corporate governance.

(g) Except in 2020, 2021, and 2022, when the COVID-19 pandemic occurred, the Company conducted annual corporate governance training for all its directors and officers.

Year	Date	Time	Venue	Seminar Provider
2015	June 22	2:00–6:00 pm	Acacia Hotel, Alabang, Muntinlupa City	Center for Training and Development
2016	March 4	2:00–6:00 pm	Acacia Hotel, Alabang, Muntinlupa City	Center for Training and Development
2017	February 28	2:00–6:00 pm	Acacia Hotel, Alabang, Muntinlupa City	SGV & Company
2018	February 23	1:00-5:00 pm	Acacia Hotel, Alabang, Muntinlupa City	SGV & Company
2019	May 14	1:00-5:00 pm	Acacia Hotel, Alabang, Muntinlupa City	SGV & Company
2023	June 13	1:00 – 5:00 pm	Acacia Hotel, Alabang, Muntinlupa City	Philippine Chamber of Commerce and Industry (PCCI)
2024	September 26	1:00-5:00pm	Acacia Hotel, Alabang, Muntinlupa City	Philippine Chamber of Commerce and Industry (PCCI)

The Company's directors act on a fully informed basis, with due diligence and care required by law and considering all the stakeholders. The board regularly approves Company objectives and plans and monitors their implementation. The board is headed by a competent and qualified chairman with more than 50 years of experience in retail operations. The board meets at least six times a year and schedules the meetings before the start of the financial year.

In 2024, the Company held nine (9) board meetings; four (4) audit committee meetings; two (2) corporate governance committee meetings; and nine (9) executive committee meetings.

Please see below the record of attendance of directors in the 2023 board and committee meetings:

	No. of Meetings Held/ Attended	No. of Audit Committee Meetings Held/Attended	No. of Corporate Governance Committee Meeting Held/Attended	No. of Executive Committee Meeting held/attended	Total
Mr. Lucio L. Co	9/9	Not a member	0/1	9/9	90%
Ms. Susan P. Co	8/9	3/4	Not a member	9/9	85%
Mr. Leonardo B. Dayao	9/9	4/4	2/2	9/9	100%
Mr. Levi B. Labra	9/9	Not a member	Not a member	Not a member	100%
Mr. Roberto Juanchito T. Dispo	9/9	Not a member	1/1	Not a member	100%
Atty. Lily K. Gruba	9/9	Not a member	Not Member	Not a member	100%
Mr. Ramon Jesus P. Paje (ID)	9/9	4/4	2/2	Not a member	100%
Ms. Cecilia C. Borromeo (ID)	9/9	4/4	2/2	Not a member	100%
Mr. Antonio S. Abacan, Jr.	6/6	2/2	1/1	Not a member	100%

Mr. Antonio S. Abacan was elected as one of the Company's Independent Directors in May 2024.

The Company has no agreement with shareholders, arrangements, or bylaw provisions that constrain or limit the director's ability to vote or express his views independently.

Directors do not participate in the discussion of fixing remuneration.

(h) Committee Membership

The Company has three board committees, the Executive Committee, Corporate Governance Committee, and the Audit Committee. The board appointed its members during the organizational meeting held on May 14, 2024, to wit:

Executive Committee	Audit Committee	Corporate Governance Committee
Mr. Lucio Co (Chairman)	Ms. Cecilia Borromeo (Chairman)	Mr. Ramon Jesus Paje (Chairman)
Members:	Members:	Members:
Ms. Susan Co	Mr. Ramon Jesus Paje	Ms. Cecilia Borromeo
Mr. Leonardo Dayao	Mr. Antonio Abacan, Jr.	Mr. Antonio Abacan, Jr.
	Mr. Leonardo Dayao	Mr. Leonardo Dayao
	Ms. Susan Co	Mr. Roberto Juanchito Dispo

The internal and external auditors report directly to the Audit Committee. The external auditor reports to the committee annually, and the internal auditor reports quarterly.

SIGNATURE PAGE

After reasonable inquiry and to the best of our knowledge and belief, we hereby certify that the information set forth in this Preliminary Information Statement is true, complete, and correct. This report was signed in the City of Manila, Philippines, on April 16, 2025.

COSCO CAPITAL, INC.

By:

ATTY. JEWELYN A. JUMALON
Assistant Corporate Secretary

ANNEX "A"

GUIDELINES FOR PARTICIPATING IN THE 2025 ANNUAL STOCKHOLDERS' MEETING OF COSCO CAPITAL, INC. VIA REMOTE COMMUNICATION AND VOTING *IN ABSENTIA*

The 2025 Annual Stockholders' Meeting ("**ASM"**) of Cosco Capital, Inc. (the **"Company"**) will be held on May 27, 2025, at 1:00 pm, via online meeting (Zoom)

Registration

Stockholders must notify the Assistant Corporate Secretary of their intention to participate in the ASM via remote communication and vote in absentia by no later than May 19, 2025, by sending an email to corporate.governance@coscocapital.com and by submitting the following supporting documents/information:

- ***Individual Stockholders***

1. Copy of valid government ID of stockholder/proxy
2. Stock certificate number/s
3. If appointing a proxy, a copy of the proxy form duly signed by the stockholder (need *not* be notarized)
4. Email address and contact number of stockholder or proxy

- ***Multiple Stockholders or joint owners***

1. Stock certificate number/s
2. Proof of authority of stockholder voting the shares signed by the other registered stockholders, for shares registered in the name of multiple stockholders (need *not* be notarized)
3. Copy of valid government IDs of all registered stockholders
4. Email-address and contact number of the authorized representative

- ***Corporate Stockholders***

1. Secretary's Certification of Board resolution appointing and authorizing a proxy to participate in the ASM
2. Valid government ID of the authorized representative
3. Stock certificate number/s
4. Email-address and contact number of the authorized representative

- ***Stockholders with Shares under Broker's Account***

1. Certification from the broker as to the number of shares owned by the stockholder
2. Valid government ID of stockholder
3. If appointing a proxy, a copy of the proxy form duly signed by the stockholder (*need not be notarized*)
4. Email address and contact number of stockholder or proxy

Online Voting and Meeting

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

1. Visit our company website www.coscocapital.com
2. Look for the "Casting Votes in the 2025 Stockholders' Meeting" button.
3. Fill up the Voting Forms.

4. Submit your vote by clicking the “Submit” button.
5. For our verification, email the required documents under the “registration” portion at corporate.governance@coscocapital.com
6. After our verification, you will receive an email confirmation regarding your votes from the Company.

<u>Open Forum</u>

There will be an Open Forum during the meeting, where representatives of the Company may answer as many questions as time allows. However, a stockholder may send their questions in advance by emailing them to *corporate.governance@coscocapital.com* on or before May 19, 2025. The Company’s Investor Relations Officer will answer questions received but not answered during the ASM by email.

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

COSCO CAPITAL, INC. **ANNEX "B"**

Annual Stockholders Meeting

May 27, 2025

www.coscocapital.com

(__) Vote by Ballot – casting votes following the instructions shown in the table below.

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

	Agenda Item	**FOR**	**AGAINST**	**ABSTAIN**
1	Approval of Minutes of the Previous Annual Meeting and Ratification of Acts and Resolutions of the Board of Directors and Management in 2024			
2	Approval of 2024 Annual Report and Audited Financial Statements			
	Election of Directors			
3	Mr. Lucio L. Co			
3.1	Ms. Susan P. Co			
3.2	Mr. Leonardo B. Dayao			
3.3	Mr. Roberto Juanchito T. Dispo			
3.4	Mr. Levi E. Labra			
3.5	Ms. Lily K. Gruba			
3.6	Mr. Ramon J.P. Paje, *Independent Director*			
3.7	Ms. Cecilia C. Borromeo, *Independent Director*			
3.8	Mr. Antonio S. Abacan, Jr., *Independent Director*			
5	Re-appointment of RG Manabat & Company as External Auditor of the Company and subsidiaries with up to P11.4 million fee			

Name of Stockholder __________________________

Number of Shares __________________________

Signature of Stockholder / Authorized Signatory __________________________

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

2. Where no specific authority is indicated, the vote shall be deemed to approve all the corporate matters listed above and for all the nominated directors named therein.
3. This form should be sent by e-mail to corporate.governance@coscocapital.com on or before May 19, 2025. The Company will validate the votes on May 20, 2025, at 3:00 pm, at the office of the Assistant Corporate Secretary, Tabacalera Building, No. 900 Romualdez St., Paco, Manila, 1007.

ANNEX "C"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **RAMON JESUS P. PAJE**, Filipino, of legal age and a resident of [redacted], after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for the position of Independent Director of **COSCO CAPITAL, INC.** (the "Company") for the years 2025 to 2026 and have been its independent director since 2022.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION / RELATIONSHIP	PERIOD OF SERVICE
Biodiversity Foundation of the Philippines, Inc.	Trustee	2021 up to the present
Environmental Heroes Foundation	Trustee	2016 up to the present
Goldasia Realty Mgt. Inc.	Chairman	2021 up to the present
Rajomina Properties, Inc.	Director	2021 up to the present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other SEC issuances.

4. I am not related to any of the directors/officers/substantial shareholders of the Company and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with government agency or GOCC as it would require written permission or consent from the head of the agency/department for me to be independent director of the Company, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director under the Securities Regulation Code of Corporate Governance and other SEC issuances.

8. I shall inform the Company's Corporate Secretary of any changes in the abovementioned information within five days from its occurrence.

Signed this 10 APR 2025 in the City of Manila, Philippines.

RAMON JESUS P. PAJE
Affiant

SUBSCRIBED AND SWORN to before me this 10 APR 2025 at Manila, Philippines, affiant personally appeared before me and exhibited to me his Philippine Passport No. [redacted].

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Series of 2025.

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

ANNEX "D"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **CECILIA C. BORROMEO**, Filipino, of legal age and a resident of [redacted], after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for the position of Independent Director of **COSCO CAPITAL, INC.** (the "Company") from 2025 to 2026 and have been its independent director since 2023.

2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION / RELATIONSHIP	PERIOD OF SERVICE
Atlantic Gulf & Pacific Company of Manila, Inc. (AG&P Philippines)	Independent Director	Sept. 2024 up to the present
Philippine Life Financial Assurance Corporation (PHILIFE)	Independent Director	Oct. 2024 up to the present
Philippine Savings Bank (PSBank)	Independent Director	Jan. 2025 up to the present
Upgrade Energy Philippines, Inc. (UGEP)	Independent Director and Chairperson	Feb. 2025 up to the present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other SEC issuances.

4. I am not related to any of the directors/officers/substantial shareholders of the Company and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with government agency or GOCC as it would require written permission or consent from the head of the agency/department for me to be independent director of the Company, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director under the Securities Regulation Code of Corporate Governance and other SEC issuances.

8. I shall inform the Company's Corporate Secretary of any changes in the abovementioned information within five days from its occurrence.

Signed this 10 APR 2025 in the City of Manila, Philippines.

CECILIA C. BORROMEO
Affiant

SUBSCRIBED AND SWORN to before me this 10 APR 2025 at Manila, Philippines, affiant personally appeared before me and exhibited to me her Philippine Passport No. [redacted]

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Series of 2025.

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

ANNEX "E"

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ANTONIO S. ABACAN, JR.**, Filipino, of legal age and a resident of [redacted], after having been duly sworn to in accordance with law, do hereby declare that:

1. I am a nominee for the position of Independent Director of **COSCO CAPITAL, INC.** (the "Company") for the years 2025 to 2026 and have been its independent director since 2024.

2. I am affiliated with other companies or organizations (including Government-Owned and Controlled Corporations):

COMPANY/ORGANIZATION	POSITION / RELATIONSHIP	PERIOD OF SERVICE
San Miguel Food and Beverages, Inc.	Independent Director	2024 up to the present
Primex Corporation (PRMX)	Independent Director	2024 up to the present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of the Company as provided for in Section 38 of the Securities Regulation Code, its Implementing Rules and Regulations, and other SEC issuances.

4. I am not related to any of the directors/officers/substantial shareholders of the Company and its subsidiaries and affiliates.

5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service or affiliated with government agency or GOCC as it would require written permission or consent from the head of the agency/department for me to be independent director of the Company, pursuant to the Office of the President Memorandum Circular No. 17 and Section 12, Rule XVIII of the Revised Civil Service Rules.

7. I shall faithfully and diligently comply with my duties and responsibilities as an Independent Director under the Securities Regulation Code of Corporate Governance and other SEC issuances.

8. I shall inform the Company's Corporate Secretary of any changes in the abovementioned information within five days from its occurrence.

Signed this 10 APR 2025 in the City of Manila, Philippines.

ANTONIO S. ABACAN, JR.
Affiant

SUBSCRIBED AND SWORN to before me this 10 APR 2025 at Manila, Philippines, affiant personally appeared before me and exhibited to me his Philippine Passport No. [redacted]

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Page No. 9
Book No. 16
Series of 2025.

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

Management's Discussion and Analysis of Operations

The following discussion and analysis of the Group's results of operations, financial condition and certain trends, risks and uncertainties that may affect the Group's business should be read in conjunction with the auditors' reports and the Group's 2024 audited consolidated financial statements and accompanying notes attached herewith as Annex “B”.

Key Performance Indicators

The following financial ratios are considered by management as key performance indicators of the Group’s operating results as well as its financial condition:

- Return on investment (Net income/ Ave. stockholders’ equity) - measures the profitability of stockholders’ investment
- Profit margin (Net income/ Net revenue) - measures the net income produced for each peso of sales
- EBITDA to interest expense (EBITDA/ Interest expense) – measures the ability of the Group to pay interest of its outstanding debts
- Current ratio (Current asset/ Current liabilities) - measures the short-term debt-paying ability of the Group
- Asset turnover (Net revenue/ Average total assets) - measures how efficiently assets are used to generate revenues
- Asset to equity ratio (Assets/ Shareholders’ equity) - indicates the Group’s leverage used to finance the firm
- Debt to equity ratio (Liabilities/ Shareholders’ Equity) -measure of a Group's financial leverage

The table below shows the key performance indicators for the past three years:

Performance Indicators	**2024**	2023	2022
Return on investment	**10.44%**	9.03%	9.60%
Profit margin	**6.54%**	5.78%	6.23%
EBITDA to interest expense	**8.03x**	7.71x	8.64x
Current ratio	**3.42:1**	3.27:1	2.96:1
Asset turnover	**0.99:1**	0.96:1	0.97:1
Asset to equity	**1:61:1**	1.60:1	1.64:1
Debt to equity ratio	**0.61:1**	0.60:1	0.64:1

These financial ratios were calculated based on the consolidated financial statements of Cosco Capital, Inc. and its subsidiaries as described more appropriately in Note 1 to the audited financial statements attached in Annex A hereof.

Comparative Years 2024 and 2023

The table below shows the consolidated results of operations of the Group for the years ended December 31, 2024 and 2023.

(In Thousands)	FY2024	%	FY2023	%	*INCREASE (DECREASE)*	%
REVENUES	**236,956,853**	***100.00%***	214,484,426	*100.00%*	***22,472,427***	***10.48%***
COST OF SALES/SERVICES	**191,126,400**	***80.66%***	173,849,129	*81.05%*	***17,277,271***	***9.94%***
GROSS PROFIT	**45,830,453**	***19.34%***	40,635,297	*18.95%*	***5,195,156***	***12.78%***
OTHER REVENUE	**3,509,093**	***1.48%***	3,275,172	*1.53%*	***233,921***	***7.14%***
GROSS OPERATING INCOME	**49,339,546**	***20.82%***	43,910,469	*20.47%*	***5,429,077***	***12.36%***
OPERATING EXPENSES	**29,456,030**	***12.43%***	26,681,060	*12.44%*	***2,774,969***	***10.40%***
INCOME FROM OPERATIONS	**19,883,517**	***8.39%***	17,229,409	*8.03%*	***2,654,108***	***15.40%***
OTHER INCOME (CHARGES) - net	**(428,728)**	***-0.18%***	(1,380,076)	*-0.64%*	***951,347***	***68.93%***
INCOME BEFORE INCOME TAX	**19,454,788**	***8.21%***	15,849,333	*7.39%*	***3,605,456***	***22.75%***
INCOME TAX EXPENSE	**3,964,990**	***1.67%***	3,442,546	*1.61%*	***522,444***	***-15.18%***
NET INCOME FOR THE YEAR	**15,489,799**	***6.54%***	12,406,787	*5.78%*	***3,083,012***	***24.85%***

Growth in Revenues

Cosco Capital, Inc. and subsidiaries (the "Group") posted a consolidated revenue of P236.96 billion for the year ended December 31, 2024 which reflects an increase by P22.47 billion or representing a growth of 10.48% compared to last year's revenue of P214.48 billion.

The Grocery Retail Segment continued to delivered stronger sales performance and growth during 2024 which reflects the strong consumer demands driven by higher traffic and incremental sales from aggressive stores expansion program.

The Liquor Distribution Segment's growth in revenue attributable to the robust sales performance particularly arising from demand and consumption.

The Commercial Real Estate segment continued to deliver growth in revenue due to sustained higher occupancy rates and application of escalations.

The Specialty Retail segment however, post a decline in revenue with consideration of inflationary pressures.

Growth in Net Income

During the same period and despite the challenges from the lingering macro-economic impacts on business, the Group, however, managed to realize a consolidated net income of P15.49 billion which represents a growth of 24.85% as compared to last year's net income of P12.40 billion.

The strong revenue performance across all the business segments were reinforced by a combination of management's strategic initiatives and efficiency measures at all business segments that involved enhancements in the cost of goods sold and services coupled by sustained strategic costs and expense reduction and management.

Net income attributable to equity holders of the parent company (PATMI) in 2024 amounted to about P9.31 billion which increased by P1.93 billion or 26.18% as compared to the 2023 PATMI amounting to P7.38 billion.

Segment Operating & Financial Highlights

Grocery Retail

Net Sales

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

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

	PGOLD	S&R
Net Sales [a]	**4.5%**	**6.4%**
Net Ticket [b]	**2.8%**	**1.4%**
Traffic [c]	**1.7%**	**4.9%**

Gross Profit

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

Other Operating Income

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

Operating Expenses

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

Other Expense - net

Other expenses net of other income amounted to P1,758 million and P2,139 million in December 31, 2024 and 2023, respectively. This includes interest on bank loans and accretion of interest on leased assets in compliance with PFRS 16 – Leases, and net of interest income. Decrease in the account was primarily due to unrealized gain on foreign exchange from short term investments during the year.

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

Commercial Real Estate

The Group's Real Estate Segment posted a revenue of P2.04 billion in 2024 or 5.19% growth from the P1.94 billion revenue generated in 2023.

This was mainly attributable to effect of escalations and sustained higher occupancy rates.

Income from operations before depreciation (EBITDA) amounted to P1.43 billion for the year 2024 which increased by 6.37% as compared to the same period last year.

Net income for the year amounted to P1.12 billion or a 20.64% increase from last year's P932.89 million due mainly to the growth in revenue.

Liquor Distribution

Revenues generated by the Liquor Distribution Segment in 2024 increased to P18.53 billion or 13.6% higher from last year's P16.31 billion on the back of an 14% growth in volume (no. of cases) of sales.

The strong growth in sales is attributable to the robust sales performance from categories particularly the demand and consumption from the on-premise channels.

Income from operations, increased to P3.85 billion in 2024 or 16.1% growth from last year's P3.32 billion principally driven by improved gross margins and sustained strategic costs and expense management including its marketing and distribution costs.

As a result, net income for the year grew by 21.3% from P2.92 billion in 2023 to P3.54 billion in 2024.

Specialty Retail

Office Warehouse

Sales revenues amounted to P2.08 billion in 2024 which declined by 3.41% compared to the 2023 revenue of P2.15 billion which reflect the effect inflationary pressures.

Net income in 2024 amounted to about P65.2 million which decreased by 16.85% as compared to the net income contribution in 2023 amounting to P78.42 million.

Energy and Minerals

Revenues generated by the Energy and Minerals Segment in 2024 to P492 million.

As a result, net income for the year amounted to P177.09 million.

Consolidated Statements of Financial Position

Shown below are the comparative consolidated financial position of the Group:

(In Thousands)	FY2024	%	FY2023	%	INCREASE (DECREASE)	%
Cash and cash equivalents	**46,258,327**	**18.55%**	61,847,889	27.23%	**(15,589,562)**	**-25.21%**
Short-term investments	**6,156,518**	**2.47%**	-		**6,156,518**	**100%**
Receivables - net	**10,194,654**	**4.09%**	7,620,747	3.35%	**2,573,907**	**33.77%**
Financial asset at FVOCI	**3,768**	**0.00%**	5,399	0.00%	**(1,632)**	**-30.22%**
Financial asset at FVPL	**19,878,181**	**7.97%**	4,626,140	2.04%	**15,252,041**	**329.69%**
Inventories	**35,636,291**	**14.29%**	35,387,312	15.58%	**248,979**	**0.70%**
Due from related parties	**60,502**	**0.02%**	60,502	0.03%	**-**	**-**
Prepayments and other current assets	**4,827,551**	**1.94%**	1,484,855	0.65%	**3,342,696**	**225.12%**
TOTAL CURRENT ASSETS	**123,015,792**	**49.33%**	111,032,844	48.88%	**11,982,948**	**10.79%**
Property and equipment - net	**53,565,905**	***21.48%***	44,682,210	*19.67%*	**8,883,696**	**19.88%**
Right-of-use assets	**30,639,893**	***12.29%***	30,114,809	*13.26%*	**525,084**	**1.74%**
Investment properties - net	**9,114,323**	***3.65%***	9,203,602	*4.05%*	**(89,278)**	**-0.97%**
Goodwill and other intangibles - net	**21,281,689**	***8.53%***	21,088,692	*9.28%*	**192,997**	**0.92%**
Investments in associates and joint ventures	**6,129,980**	***2.46%***	5,737,702	*2.53%*	**392,278**	**6.84%**
Deferred oil and mineral exploration costs	**13,991**	***0.01%***	13,465	*0.01%*	**526**	**3.90%**
Deferred tax assets-net	**1,923,396**	***0.77%***	1,740,794	*0.77%*	**182,602**	**10.49%**
Other non-current assets	**3,705,916**	***1.49%***	3,550,908	*1.56%*	**155,008**	**4.37%**
TOTAL NONCURRENT ASSETS	**126,375,093**	***50.67%***	116,132,181	*51.12%*	**10,242,912**	**8.82%**
TOTAL ASSETS	**249,390,885**	***100.00%***	227,165,025	*100.00%*	**22,225,861**	**9.78%**
Accounts payable and accrued expenses	**30,763,045**	***12.34%***	29,121,381	*12.82%*	**1,641,663**	**5.64%**
Income tax payable	**1,442,009**	***0.58%***	1,194,288	*0.53%*	**247,721**	**20.74%**
Current portion of long-term borrowing	**381,131**	***0.15%***	120,000	*0.05%*	**261,131**	**217.61%**
Lease liability	**1,509,820**	***0.61%***	1,432,914	*0.63%*	**76,906**	**5.37%**
Due to related parties	**895,063**	***0.36%***	875,105	*0.39%*	**19,958**	**2.28%**
Other current liabilities	**962,428**	***0.39%***	1,199,501	*0.53%*	**(237,072)**	**-19.76%**
TOTAL CURRENT LIABILITIES	**35,953,496**	***14.42%***	33,943,189	*14.94%*	**2,010,306**	**5.92%**
Retirement benefit liability	**2,085,730**	***0.84%***	2,092,649	*0.92%*	**(6,919)**	**-0.33%**
Lease liability-net of current portion	**38,070,851**	***15.27%***	36,759,766	*16.18%*	**1,311,085**	**3.57%**
Long term loans payable - net of debt issue cost	**17,942,104**	***7.19%***	11,441,129	*5.04%*	**6,500,975**	**56.82%**
Other non-current liabilities	**682,541**	***0.27%***	977,215	*0.43%*	**(294,674)**	**-30.15%**
TOTAL NONCURRENT LIABILITIES	**58,781,226**	***23.57%***	51,270,758	*22.57%*	**7,510,467**	**14.65%**
TOTAL LIABILITIES	**94,734,721**	***37.99%***	85,213,948	*37.51%*	**9,520,774**	**11.17%**
EQUITY						
Capital stock	**7,405,264**	***2.97%***	7,405,264	*3.26%*	**-**	**-**
Additional paid-in capital	**9,640,491**	***3.87%***	9,640,491	*4.24%*	**-**	**-**
Retirement benefit reserve	**352,925**	***0.14%***	222,324	*0.10%*	**130,601**	**58.74%**
Other reserves	**26,270**	***0.01%***	2,310	*0.00%*	**23,961**	**1037.28%**
Treasury shares	**(2,444,912)**	***-0.98%***	(1,945,735)	*-0.86%*	**(499,177)**	**25.65%**
Retained earnings	**85,418,424**	***34.25%***	77,592,026	*34.16%*	**7,826,398**	**10.09%**
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY	**100,398,462**	***40.26%***	92,916,679	*40.90%*	**7,481,783**	**8.05%**
NONCONROLLING INTEREST	**54,257,702**	***21.76%***	49,034,398	*21.59%*	**5,223,304**	**10.65%**
TOTAL EQUITY	**154,656,164**	***62.01%***	141,951,077	*62.49%*	**12,705,087**	**8.95%**
TOTAL LIABILITIES AND EQUITY	**249,390,885**	***100.00%***	227,165,025	*100.00%*	**22,225,861**	**9.78%**

Current Assets

As at December 31, 2024 and 2023, total current assets amounted to P123.01 billion or 49.33% of total assets and P111.03 or 48.88% of total assets, respectively, for an increase of P11.98 billion or 10.79%.

Cash and cash equivalents amounted to P46.26 billion as at December 31, 2024 with a decrease of P15.59 billion or 25.21% from December 31, 2023 balance. The decrease was due basically to the net effect of the net operating cash flows, collection of receivables and settlement of trade and non-trade payables principally from the Grocery Retail Segment and, payment of 2023 and 2024 cash dividends, loan settlements, acquisition of investments and payments for capital expenditures during the year.

Short-term investments pertain cash placements amounting to P6.16 billion as at December 31, 2024.

Receivables increased by 33.77% from December 31, 2023 balance of P7.62 billion to this year's balance of P10.19 billion due mainly to the net effect of increase in sales and collections made on trade and non-trade receivables.

Financial assets at fair value through profit or loss (FVPL) amounted to P19.88 billion as at December 31, 2024 which increase by P15.25 billion mainly due to additional investments made in time deposits.

Inventories increased by 0.70% or P249 million from 2023 balance of P35.39 billion to this year's balance of P35.64 billion due to the additional stocking requirement of existing and new operating stores of Grocery Retail segment, Liquor Distribution and Specialty Retail segments. Bulk of the inventory account pertains to the merchandise inventory stocks of the Grocery Retail Segment amounting to P29.40 billion.

Prepaid expenses and other current assets increased by P3.34 billion at the end of December 31, 2024, mainly due to advance payments of taxes and to suppliers during the year.

Non-current Assets

As at December 31, 2024 and 2023, total non-current assets amounted to P126.37 billion or 50.67% of total assets, and P116.13 billion or 51.12% of total assets, respectively, for an increase of P10.24 billion or 8.82%.

Property and equipment-net pertains to the buildings and equipment owned mostly by the Grocery Retail segment. Book values of property and equipment increased by P8.88 billion from P44.68 billion in December 2023 to P53.56 billion in December 2024 due principally to additional capital expenditures pertaining to new organic stores and warehouse clubs established by the Grocery Retail Segment during the year and consolidation of balances from Catuiran Hydropower Corporation (CHC) and Matuno River Development Corporation (MRDC).

Right-of-use assets (ROU) represents the values recognized from long-term lease contracts covering land and buildings utilized by Grocery Retail, Real Estate, Liquor Distributions and Specialty Retail segments pursuant to the retrospective adoption of the new lease accounting standards under PFRS 16 which became effective January 1, 2019. Book values of ROU amounted to P30.64 billion and P30.11 billion as at December 31, 2024 and 2023, respectively.

Investment properties-net pertains to rental properties including land, buildings and equipment owned by the Real Estate segment. Book values of investment properties amounted to P9.11 billion and P9.20 billion as at December 2024 and 2023, respectively.

Investments in associates and joint ventures amounted to P6.13 billion as at December 31, 2024 which increase by P392.28 million or 6.84% primarily due to additional investment by the Liquor Distribution, net of corresponding equity accounted share in net income of investee companies.

Other non-current assets increased by P155 million from P3.55 billion in December 2023 to P3.70 billion in December 2024. About 90% of these assets are attributable to the Grocery Retail Segment and the increase was primarily due to net effect of additional security deposits and advance payment to contractors and reversal of accrued rental income pertaining to future periods in accordance with the lease accounting standards under PAS 17.

Current Liabilities

As at December 31, 2024 and 2023, total current liabilities amounted to P35.95 billion and P33.94 billion respectively, for an increase of P2.01 billion or 5.92%.

About 85% of **accounts payable and accrued expenses** pertains to the trade payables to suppliers by the Grocery Retail Segment and the balance mostly to the contractors and suppliers of the Real Estate, Liquor Distribution and Specialty Retail segments. The increase by P1.64 billion or 5.64% was primarily due to the net effect of unreleased payments to suppliers due to longer holidays and settlements of trade and non-trade liabilities and payments of dividends declared by the Grocery Retail segment and Parent Company in December 2023.

Significant portion of the **income tax payable** pertains to that of the Grocery Retail segment. The increase of P247.72 million from P1.19 billion as at December 2023 to P1.44 billion as at December 31, 2024 is mainly due to net effect of additional income tax due and settlement during the year.

Current maturities of long-term loans due within one year amounted to P381.13 million and P120 million as at December 31, 2024 and 2023 representing the current portion of the long-term corporate notes issued by the Grocery Retail segment and the amount arising from consolidation of CHC and MRDC.

Other current liabilities decreased by 19.76%% from P1.20 billion as at December 31, 2023 to P962.43 million as at December 31, 2024 relatively due to receipts of advance payment from tenants and the application of advances from suppliers intended for future promotional activities and settlement of output VAT by the Grocery Retail segment.

Noncurrent Liabilities

As at December 31, 2024 and 2023 total non-current liabilities amounted to P58.78 billion and P51.27 billion, respectively, for an increase of P7.51 billion or 14.65%.

Long-term loans payable-net of current portion amounted to P17.94 billion and P11.44 billion for an increase of P6.5 billion or 56.82% as at December 31, 2024, principally due to additional loan availments by the Grocery Retail Segment and the loan arising from consolidation of CHC and MRDC.

Lease liabilities represent the values recognized from long-term lease contracts covering land and buildings utilized by all the business segments pursuant to the retrospective adoption of the new lease accounting standards under PFRS 16 which became effective January 1, 2019. The account increased by P1.31 billion from P36.76 billion in December 2023 to P38.07 billion in December 2024 due principally to the net effect of additional leases recognized, interest expense amortization and lease payments made during the period.

Retirement benefit liability amounted to P2.08 billion and P2.09 billion as at December 31, 2024 and 2023.

Other non-current liabilities decreased by P294.67 million from P977.21 million in December 2023 to P682.54 million as at December 31, 2024 due to settlement of accrued fixed assets by the Grocery Retail segment.

Equity

As at December 31, 2024 and 2023, total equity amounted to P154.65 billion and P141.95 billion, respectively, for an increase of P12.70 billion or 8.95%.

Treasury shares increased by P499.18 million from P1.94 billion in December 2023 to P2.44 billion as at December 31, 2024 due to additional buyback by the Parent Company during the year pursuant to its existing share buyback programs.

Retained earnings increased by P7.83 billion or 10.09% from P77.59 billion in December 2023 to P85.42 billion as at December 31, 2024 representing net income realized by the Group during the period.

Non-controlling interest increased by P5.22 billion or 10.65% from P49.03 billion in December 2023 to P54.26 billion as at December 31, 2024 mainly due to share in the consolidated profit and recognition of non-controlling interest from the consolidation of CHC.

Sources and Uses of Cash

A brief summary of cash flow movements is shown below:

	Years ended December 31	
(In thousands)	**2024**	2023
Net cash flows from operating activities	**P23,085,838**	P22,848,840
Net cash flows used in investing activities	**(32,414,435)**	(9,078,479)
Net cash flows used in financing activities	**(6,260,964)**	(11,604,736)
Net increase (decrease) in cash and cash equivalents	**(P15,589,562)**	P2,165,624

Net cash from operating activities during the year is basically attributable to the cash generated from operations and effect of the net settlement of trade payable accounts by the Grocery Retail, Real Estate, Specialty Retail and Liquor Distribution Segments during the year, purchase of inventories for new stores stocking requirements and other related current operating working capital items to support the segment's expansion.

On the other hand, net cash used in investing activities mainly pertains to the funds used for additional capital expenditures by the Grocery Retail segment's new stores expansion and capital expenditures by the Real Estate segment, business acquisitions and additional short-term investments during the year.

Net cash used in financing activities principally resulted from the availments of bank loans by Grocery Retail segment and settlement of interest, loan and interest settlements by Energy and Mineral Segment, repayment of principal and interest by the group relating to lease liability, payment of 2024 and 2023 cash dividends declared and shares buyback program by the Parent Company.

Management believes that the current levels of internally generated funds from its operating activities and its present cash position enables the Group to meet its immediate future liquidity requirements under its current work program commitments as well as other strategic investment opportunities. Moreover, its strong financial position can be readily augmented through availments from existing untapped banking and credit facilities as and when required.

Material Events and Uncertainties

Below is the discussion and analysis of material events and uncertainties known to management that would address the past and would have an impact on future operations:

(i) Seasonal aspects that had a material effect on the financial condition or results of the Group's operations includes retail and liquor business which sales tend to peak during the gift-giving Christmas season;

(ii) There are no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years;

(iii) There are no material events subsequent to the end of the period that have not been reflected in the financial statements for the interim period.

(iv) There are no contingent liabilities or assets since the last statement of financial position period;

(v) Sources of liquidity – Funding will be sourced from internally generated cash flow, cash recently received from the sale of shares to the equity market and from debt market;

(vi) There are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation;

(vii) There are no material commitments for capital expenditures other than those performed in the ordinary course of trade or business;

(viii) There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the revenues or income from continuing operations;

(ix) There are no significant elements of income not arising from continuing operations;

(x) Due to the Group's sound financial condition, there are no foreseeable trends or events that may have material impact on its short-term or long-term liquidity.

The table below shows the key performance indicators for the past three years:

Performance Indicators	2023	2022	2021
Return on investment	**9.03%**	**9.60%**	9.02%
Profit margin	**5.78%**	**6.23%**	6.03%
EBITDA to interest expense	**7.71x**	**8.64x**	7.96x
Current ratio	**3.27:1**	**2.96:1**	4.63:1
Asset turnover	**0.96:1**	**0.97:1**	0.95:1
Asset to equity	**1.60:1**	**1.64:1**	1.52:1
Debt to equity ratio	**0.60:1**	**0.64:1**	0.52:1

These financial ratios were calculated based on the consolidated financial statements of Cosco Capital, Inc. and its subsidiaries as described more appropriately in Note 1 to the audited financial statements attached in Annex A hereof.

Comparative Years 2023 and 2022

The table below shows the consolidated results of operations of the Group for the years ended December 31, 2023 and 2022.

(In Thousands)	FY2023	%	FY2022	%	INCREASE (DECREASE)	%
REVENUES	**214,484,426**	*100.00%*	197,136,763	*100.00%*	***17,347,663***	***8.80%***
COST OF SALES/SERVICES	**173,849,129**	*81.05%*	159,028,773	*80.67%*	***14,820,356***	***9.32%***
GROSS PROFIT	**40,635,297**	*18.95%*	38,107,990	*19.33%*	***2,527,307***	***6.63%***
OTHER OPERATING INCOME	**3,275,172**	*1.53%*	3,187,089	*1.62%*	***88,083***	***2.76%***
GROSS OPERATING INCOME	**43,910,469**	*20.47%*	41,295,079	*20.95%*	***2,615,390***	***6.33%***
OPERATING EXPENSES	**26,681,060**	*12.44%*	23,579,269	*11.96%*	***3,101,792***	***13.15%***
INCOME FROM OPERATIONS	**17,229,409**	*8.03%*	17,715,810	*8.99%*	***(486,402)***	***-2.75%***
OTHER INCOME (CHARGES) - net	**(1,380,076)**	*-0.64%*	(1,788,750)	*-0.91%*	***408,674***	***22.85%***
INCOME BEFORE INCOME TAX	**15,849,333**	*7.39%*	15,927,061	*8.08%*	***(77,728)***	***-0.49%***
INCOME TAX EXPENSE	**3,442,546**	*1.61%*	3,643,662	*1.85%*	***(201,117)***	***5.52%***
NET INCOME FOR THE YEAR	**12,406,787**	*5.78%*	12,283,398	*6.23%*	***123,388***	***1.00%***
PATMI	**7,381,788**	*3.44%*	7,054,011	*3.58%*	***327,777***	***4.65%***
Non-controlling interests	**5,024,999**	*2.34%*	5,229,387	*2.65%*	***(204,389)***	***-3.91%***
	12,406,787	*5.78%*	12,283,398	*6.23%*	***123,388***	***1.00%***

Growth in Revenues

Cosco Capital, Inc. and subsidiaries (the "Group") posted a consolidated revenue of P214.48 Billion for the year 2023 which grew by P17.35 Billion or 8.8% compared to last year's revenues of P197.14 Billion. This was generally on the back of a continuing strong sales performance and consumer demand driven primarily from higher traffic which was able to cushion the impact of a generally slower consumption spending experienced in 2023 amidst the prevailing impact of both elevated inflation and high interest rates.

The Grocery Retail and Liquor Distribution Segments continued to deliver stronger sales performance and growth during 2023 which reflects the recovering consumer demands resulting from the continued normalization of business and economic activities amidst the current volatilities affecting the global business and markets.

Likewise, the Specialty Retail segment likewise generated strong sales performance during 2023 resulting from the economic recovery that enabled its continued store operation which are predominantly located in CBD areas. The resumption of face to face classes also contributed to the growth in revenues.

The Commercial Real Estate segment continued to post some recovery gains in revenue during 2023 as it also benefited from the continued normalization of tenants' commercial business operations enabling the resumption of billings based on contract rates. It is worth to mention that for purposes of year-on-year analysis, the revenues of the Group's business segments during the first half of 2022 were affected in varying degrees by the base effects resulting from heightened community restrictions and lockdowns imposed from January 15, 2022 to February 15, 2022 due to the extraordinary surge in infection rate caused by the Omicron variant of the Covid-19 virus as well as the incremental consumer spending effects from the national election campaign in the 2nd quarter of 2022.

Growth in Net Income

During the same period and despite the challenges from the lingering macro-economic impacts on business, the Group, however, managed to realize a consolidated net income of P12.40 Billion which represents a growth of 1% as compared to last year's net income of P12.28 Billion.

The strong revenue performance across all the business segments were reinforced by a combination of management's strategic initiatives and efficiency measures at all business segments that involved enhancements in the cost of goods sold and services coupled by sustained strategic costs and expense reduction and management despite the group's sustained organic and strategic business expansion program. Net income attributable to equity holders of the parent company (PATMI) in 2023 amounted to about P7.38 Billion which increased by P327.77 million or 4.65% as compared to the 2022 PATMI amounting to P7.05 Billion.

Segment Operating & Financial Highlights

Grocery Retail

Net Sales

For the year ended December 31, 2023, the Grocery Retail segment posted a consolidated net sales of P199,032 million for an increase of P14,729 million or 8.0% compared to P184,303 million in 2022. Net sales grew due to sales contribution from full operation of 2022 new stores and revenue contribution from 2023 newly opened stores of both Puregold and S&R. Total new stores opened for the year 2023 44 stores.

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

	PGOLD	S&R
Net Sales	**3.4%**	**0.6%**
Net Ticket	**-1.0%**	**-3.2%**
Traffic	**4.4%**	**4.0%**

Gross Profit

For the year ended December 31, 2023, the Grocery Retail segment realized an increase of 4.7% in consolidated gross profit from P33,820 million in 2022 at 18.4% margin to P35,414 million at 17.8% margin in 2022, driven by strong and continuing suppliers' support through trade discounts in the form of rebates and conditional discounts granted during the year. Current year margin is slightly lower compared to prior year, primarily due to the aggressive store expansion and slight gross margin compression to remain competitive and grow market share.

Other Operating Income

Other operating income slightly increased by P91 million or 2.9% from P3,184 million in 2022 to P3,275 million in 2023. This is attributable to increase in membership and other miscellaneous income during the year.

Operating Expenses
Operating expenses increased by P2,815 million or 12.5% from P22,522 million in December 31, 2022 to P25,337 million in 2023. Increase in the account is primarily due to full operation of 2022 new stores and expenses from the 2023 newly opened stores. In 2023, the Parent Company adopted the Group's multi-employer retirement plan resulting to a significant increase in retirement expense.

Net Income
For the year ended December 31, 2023, the Grocery Retail segment earned a consolidated net income of P8,596 million at 4.3% net margin and a decrease of 7.4% from P9,287 million at 5.0% net margin in 2022.

Commercial Real Estate

The Group's Real Estate Segment posted a revenue of P1.94 billion in 2023 or 7.12% growth from the P1.81 billion revenue generated in 2022.

This was mainly attributable to the continued normalization of business operation and corresponding benefits from a recovering level of economic activities benefiting its tenants to gradually improve their business operations and the resumption of rental rates based on contracts.

Income from operations before depreciation amounted to P1.34 Billion for the year 2023 which increased by 8.54% as compared to last year.

Net income for the period amounted to P932.89 million or a 10.44% increase from last year's P844.70 million due mainly to the increase in revenue.

Liquor Distribution

Revenues generated by the Liquor Distribution Segment in 2023 increased to P16.31 Billion or 17% higher from last year's P13.96 Billion on the back of a 9% growth in volume (no. of cases) of sales.

The strong growth in sales is attributable to the robust sales performance across all product categories particularly the continuing recovery in demand and consumption from the on-premise channels as well as the gradually increasing demand from the travel retail channel. Some price adjustments on certain product SKUs also contributed to the revenue uplift.

Income from operations, increased to P3.32 billion in 2023 or 20.77% growth from last year's P2.75 billion principally driven by improved gross margins and sustained strategic costs and expense management including its marketing and distribution costs.

As a result, net income for the period grew by 30% from P2.23 Billion in 2022 to P2.91 billion in 2023.

Specialty Retail

Office Warehouse

Sales revenues amounted to P2.15 billion in 2023 which grew by 20.43% compared to the 2022 revenue of P1.79 Billion which reflects a recovering consumer demand during the year on account of the continued normalization of business operations and continued operations of its stores network. Same store sales registered a positive growth of 14.93% driven by a strong customer traffic count.

Net income in 2023 amounted to about P78.42 million which increased by P9.65 million or 14.03% as compared to the net income contribution in 2022 amounting to P68.77 million.

Consolidated Statements of Financial Position

Shown below are the comparative consolidated financial position of the Group:

(In Thousands)	FY2023	%	FY2022	%	INCREASE (DECREASE)	%
Cash and cash equivalents	**61,847,889**	**27.23%**	59,682,265	27.31%	**2,165,624**	**3.63%**
Receivables - net	**7,620,747**	**3.35%**	6,363,575	2.91%	**1,257,172**	**19.76%**
Financial asset at FVOCI	**5,399**	**0.00%**	6,570	0.00%	**(1,171)**	**-17.82%**
Financial asset at FVPL	**4,626,140**	**2.04%**	4,299,380	1.97%	**326,760**	**7.60%**
Inventories	**35,387,312**	**15.58%**	34,873,683	15.96%	**513,628**	**1.47%**
Due from related parties	**60,502**	**0.03%**	60,502	0.03%	**-**	**0.00%**
Prepayments and other current assets	**1,484,855**	**0.65%**	4,922,909	2.25%	**(3,438,054)**	**-69.84%**
TOTAL CURRENT ASSETS	**111,032,844**	**48.88%**	110,208,884	50.43%	**823,960**	**0.75%**
Property and equipment - net	**44,682,210**	***19.67%***	39,018,477	*17.85%*	**5,663,733**	**14.52%**
Right-of-use assets	**30,114,809**	***13.26%***	28,378,873	*12.99%*	**1,735,937**	**6.12%**
Investment properties - net	**9,203,602**	***4.05%***	9,584,048	*4.39%*	**(380,447)**	**-3.97%**
Goodwill and other intangibles - net	**21,088,692**	***9.28%***	21,053,981	*9.63%*	**34,711**	**0.16%**
Investments in associates and joint ventures	**5,737,702**	***2.53%***	5,732,769	*2.62%*	**4,934**	**0.09%**
Deferred oil and mineral exploration costs	**13,465**	***0.01%***	10,647	*0.00%*	**2,818**	**26.46%**
Deferred tax assets-net	**1,740,794**	***0.77%***	1,247,251	*0.57%*	**493,543**	**39.57%**
Other non-current assets	**3,550,908**	***1.56%***	3,302,478	*1.51%*	**248,430**	**7.52%**
TOTAL NONCURRENT ASSETS	**116,132,181**	***51.12%***	108,328,522	*49.57%*	**7,803,659**	**7.20%**
TOTAL ASSETS	**227,165,025**	***100.00%***	218,537,406	*100.00%*	**8,627,619**	**3.95%**
Accounts payable and accrued expenses	**29,121,382**	***12.82%***	28,259,649	*12.93%*	**861,733**	**3.05%**
Income tax payable	**1,194,288**	***0.53%***	1,109,767	*0.51%*	**84,521**	**7.62%**
Short-term loans payable		***0.00%***	148,000	*0.07%*	**(148,000)**	**-100.00%**
Current portion of long-term borrowing	**120,000**	***0.05%***	120,000	*0.05%*	**-**	**-**
Lease liability	**1,432,914**	***0.63%***	1,470,464	*0.67%*	**(37,550)**	**-2.55%**
Due to related parties	**875,105**	***0.39%***	5,436,169	*2.49%*	**(4,561,063)**	**-83.90%**
Other current liabilities	**1,199,501**	***0.53%***	842,831	*0.39%*	**356,670**	**42.32%**
TOTAL CURRENT LIABILITIES	**33,943,190**	***14.94%***	37,386,879	*17.11%*	**(3,443,688)**	**-9.21%**
Retirement benefit liability	**2,092,649**	***0.92%***	1,058,107	*0.48%*	**1,034,542**	**97.77%**
Lease liability-net of current portion	**36,759,766**	***16.18%***	34,455,564	*15.77%*	**2,304,202**	**6.69%**
Long term loans payable - net of debt issue cost	**11,441,129**	***5.04%***	11,545,793	*5.28%*	**(104,665)**	**-0.91%**
Other non-current liabilities	**977,214**	***0.43%***	1,285,168	*0.59%*	**(307,954)**	**-23.96%**
TOTAL NONCURRENT LIABILITIES	**51,270,757**	***22.57%***	48,344,633	*22.12%*	**2,926,125**	**6.05%**
TOTAL LIABILITIES	**85,213,948**	***37.51%***	85,731,511	*39.23%*	**(517,564)**	**-0.60%**
EQUITY						
Capital stock	**7,405,264**	***3.26%***	7,405,264	*3.39%*	**-**	**-**
Additional paid-in capital	**9,640,491**	***4.24%***	9,640,491	*4.41%*	**-**	**-**
Retirement benefit reserve	**222,324**	***0.10%***	270,835	*0.12%*	**(48,511)**	**-**
Other reserves	**2,310**	***0.00%***	2,375	*0.00%*	**(65)**	**-2.75%**
Treasury shares	**(1,945,735)**	***-0.86%***	(1,866,402)	*-0.85%*	**(79,333)**	**4.25%**
Retained earnings	**77,592,026**	***34.16%***	71,621,881	*32.77%*	**5,970,145**	**8.34%**
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY	**92,916,679**	***40.90%***	87,074,444	*39.84%*	**5,842,236**	**6.71%**
NONCONROLLING INTEREST	**49,034,397**	***21.59%***	45,731,451	*20.93%*	**3,302,947**	**7.22%**
TOTAL EQUITY	**141,951,077**	***62.49%***	132,805,895	*60.77%*	**9,145,182**	**6.89%**
TOTAL LIABILITIES AND EQUITY	**227,165,025**	***100.00%***	218,537,406	*100.00%*	**8,627,619**	**3.95%**

Current Assets

As at December 31, 2023 and 2022, total current assets amounted to P111.03 Billion or 48.88% of total assets and P110.3 or 50.43% of total assets, respectively, for an increase of P823.96 million or 0.75%.

Cash and cash equivalents amounted to P61.85 Billion as at December 31, 2023 with an increase of P2.16 Billion or 3.63% from December 31, 2022 balance. The increase was due basically to the net effect of the net operating cash flows, collection of receivables and settlement of trade and non-trade payables principally from the Grocery Retail Segment and Parent Company, payment of 2022 cash dividends, loan settlements, acquisition of additional short term investments and payments for capital expenditures during the year.

Receivables increased by 19.76% from December 31, 2022 balance of P6.36 Billion to this year's balance of P7.62 Billion due mainly to the net effect of increase sales and collections made on trade and non-trade receivables.

Financial assets at fair value through profit or loss (FVPL) increased by P326.76 million from December 31, 2022 balance of P4.30 billion to this year's balance of P4.63 billion due mainly to additional investments in government securities during the period by Grocery Retail segment.

Inventories increased by 1.47% or P513.63 million from 2022 balance of P34.70 Billion to this year's balance of P35.39 Billion due to the additional stocking requirement of existing and new operating stores of Grocery Retail segment, Liquor Distribution and Specialty Retail segments. Bulk of the inventory account pertains to the merchandise inventory stocks of the Grocery Retail Segment amounting to P27.31 billion.

Prepaid expenses and other current assets decreased by P3.44 billion or 69.84% at the end of December 2023, mainly due to application of advance payments to suppliers against shipments made during the year.

Non-current Assets

As at December 31, 2023 and 2022, total non-current assets amounted to P116.13 Billion or 51.12% of total assets, and P108.50 billion or 49.57% of total assets, respectively, for an increase of P7.80 billion or 7.2%.

Property and equipment-net pertains to the buildings and equipment owned mostly by the Grocery Retail segment. Book values of property and equipment increased by P5.66 billion from P39.02 Billion in December 2022 to P44.68 Billion in December 2023 due principally to additional capital expenditures pertaining to new organic stores and warehouse clubs established by the Grocery Retail Segment during the year.

Right-of-use assets (ROU) represents the values recognized from long-term lease contracts covering land and buildings utilized by Grocery Retail, Real Estate, Liquor Distributions and Specialty Retail segments pursuant to the retrospective adoption of the new lease accounting standards under PFRS 16 which became effective January 1, 2019. . Book values of ROU increased by P1.73 billion from P28.38 Billion in December 2022 to P30.11 billion in December 2023 due principally to additional ROU assets recognized from new lease contracts entered into pertaining to new organic stores established in the current period net of depreciation recognized during the same year.

Investment properties-net pertains to rental properties including land, buildings and equipment owned by the Real Estate segment. Book values of investment properties amounted to P9.20 billion in December 2023.

Investments in associates and joint ventures amounted to P5.74 billion in December 2023 net of corresponding equity accounted share in net income of investee companies.

Deferred tax assets-net increased by P494.54 million from P1.25 billion in December 2022 to P1.74 billion in December 2023 resulting mainly from the additional recognition of deferred tax assets by the Grocery Retail segment from ROU assets recognized and retirement benefits.

Other non-current assets increased by P248.43 million from P3.30 Billion in December 2022 to P3.55 billion in December 2023. About 80% of these assets are attributable to the Grocery Retail Segment and the increase was primarily due to net effect of additional security deposits, advance payment to contractors and advance rentals in relation to new leases acquired for new stores development pipeline and reversal of accrued rental income pertaining to future periods in accordance with the lease accounting standards under PAS 17.

Current Liabilities

As at December 31, 2023 and 2022, total current liabilities amounted to P33.94 billion and P37.37 billion respectively, for a decrease of P3.44 billion or 9.21%.

About 80% of **accounts payable and accrued expenses** pertains to the trade payables to suppliers by the Grocery Retail Segment and the balance mostly to the contractors and suppliers of the Real Estate, Liquor Distribution and Specialty Retail segments. The increase by P861.73 million or 3.05% was primarily due to the effect of payments of trade and non-trade liabilities and settlement of dividends declared by the Grocery Retail segment and Parent Company in December 2022.

Significant portion of the **income tax payable** pertains to that of the Grocery Retail segment. The increase by P84.52` million from P1.11 billion as at December 2022 to P1.19 billion as at December 31, 2023 is mainly due to net effect of additional income tax due and settlements.

Short-term loans payable account decreased by P148.0 million mainly due to settlement of bank loan.

Current maturities of long-term loans due within one year amounted to P120 Million as at December 31, 2023 and 2022 representing the current portion of the long-term corporate notes issued by the Grocery Retail segment.

Due to related parties decreased by P4.56 billion mainly due to the settlement of amount payable to related parties in relation to the property acquired by the Grocery Retail segment and portion on the unpaid balance relating to the equity investments acquired in Bodegas by the Liquor Distribution segment.

Other current liabilities increased by 42.32% from P842.93 million as at December 31, 2022 to P1.20 billion as at December 31, 2023 relatively due to receipt of advances from suppliers intended for future promotional activities and output VAT by the Grocery Retail segment.

Noncurrent Liabilities

As at December 31, 2023 and 2022, total non-current liabilities amounted to P51.27 billion and P48.34 billion, respectively, for an increase of P2.92 billion or 6.05%.

Long-term loans payable-net of current portion amounted to P11.44 billion as at December 31, 2023.

Lease liabilities represents the values recognized from long-term lease contracts covering land and buildings utilized by all the business segments pursuant to the retrospective adoption of the new lease accounting standards under PFRS 16 which became effective January 1, 2019. . The account increased by P2.30 billion from P34.45 billion in December 2022 to P36.76 Billion in December 2023 due principally to the net effect of additional leases, interest expense amortization and lease payments made during the period.

Retirement benefit liability amounted to P2.09 billion as at December 31, 2023 which increased by P1.03 billion mainly due to recognition of additional retirement expense arising from the adoption of Grocery Retail of multi-employer retirement plan.

Other non-current liabilities decreased by P307.95 million from P1.28 billion in December 2022 to P977.21 million as at December 31, 2023 due to recognition of customer deposits and advance rentals by the Real Estate segment and settlement of accrued fixed assets by the Grocery Retail segment.

Equity

As at December 31, 2023 and 2022, total equity amounted to P141.95 billion and P132.80 billion, respectively, for an increase of P9.14 billion or 6.89%.

Treasury shares increased by P79.33 million from P1.87 billion in December 2022 to P1.94 billion as at December 31, 2023 due to additional buyback by the Parent Company during the year pursuant to its existing share buyback programs.

Retained earnings increased by P5.97 Billion or 8.34% from P71.62 billion in December 2022 to P77.59 billion as at December 31, 2023 representing net income realized by the Group during the year.

Non-controlling interest increased by P3.30 billion or 7.22% from P45.73 billion in December 2022 to P49.03 billion as at December 31, 2023 mainly due to share in the consolidated profit.

Sources and Uses of Cash

A brief summary of cash flow movements is shown below:

	Years ended December 31	
(In thousands)	**2023**	2022
Net cash flows from (used in) operating activities	**P22,848,840**	P15,739,227
Net cash flows used in investing activities	**(9,078,479)**	(14,155,861)
Net cash flows used in financing activities	**(11,604,736)**	(5,758,181)
Net increase (decrease) in cash and cash equivalents	**P2,165,624**	(P4,177,942)

Net cash from operating activities during the year is basically attributable to the cash generated from operations and effect of the net settlement of trade payable accounts by the Grocery Retail, Real Estate, Specialty Retail and Liquor Distribution Segments during the year, purchase of inventories for new stores stocking requirements and other related current operating working capital items to support the segment's expansion.

On the other hand, net cash used in investing activities mainly pertains to the funds used for additional capital expenditures by the Grocery Retail segment's new stores expansion and capital expenditures by the Real Estate segment, and additional investments in government securities during the year.

Net cash used in financing activities principally resulted from the net settlements of bank loans and interest by Liquor Distribution and Grocery Retail segments, repayment of principal and interest by the group relating to lease liability, payment of 2022 cash dividends declared and shares buyback program by the Parent Company.

Management believes that the current levels of internally generated funds from its operating activities and its present cash position enables the Group to meet its immediate future liquidity requirements under its current work program commitments as well as other strategic investment opportunities. Moreover, its strong financial position can be readily augmented through availments from existing untapped banking and credit facilities as and when required.

Material Events and Uncertainties

Below is the discussion and analysis of material events and uncertainties known to management that would address the past and would have an impact on future operations:

(xi) Seasonal aspects that had a material effect on the financial condition or results of the Group's operations includes retail and liquor business which sales tend to peak during the gift-giving Christmas season;

(xii) There are no changes in estimates of amounts reported in prior interim periods of the current financial year or changes in estimates of amounts reported in prior financial years;

(xiii) There are no material events subsequent to the end of the period that have not been reflected in the financial statements for the interim period. Except that Cosco Capital, Inc. finalized the acquisition of Catuiran Hydropower Corporation detailed as follows:

On March 25, 2024, Cosco Capital, Inc. ("Cosco") finalized its acquisition of 60% outstanding shares of Catuiran Hydropower Corporation (Catuiran).

Cosco received a letter from the Philippine Competition Commission stating that the transaction is not subject to compulsory notification, thus clearing the path for the parties to close the transaction.

Catuiran Hydro Power Corporation was incorporated and registered with the Securities and Exchange Commission on April 20, 2012, and is primarily engaged in the business of building, constructing, operating and maintaining power plant.

Catuiran has developed and is operating an Eight Megawatts (8MW) Hydropower plant located in the Municipality of Naujan, Oriental Mindoro; which started actual operations in 2019. This project is covered by the Department of Energy (DOE) under a Renewable Energy Service Contract.

The acquisition of Catuiran will provide an opportunity for Cosco Capital, Inc. to engage in another profitable line of business while contributing to the country's economic development, which aligns with the government's thrust toward creating more sustainable energy sources.

Cosco Capital, Inc. paid cash to Union Energy Corporation in exchange of 60% of its shareholdings in Catuiran, acquiring 360,000,003 shares at P1.533 price per share.

The total consideration is below 10% of Cosco's total book value as of December 31, 2023.The Group has yet to obtain the information necessary to finalize the purchase price allocation and will be reassessed by the Group within the one year permissible by the standard.

(xiv) There are no contingent liabilities or assets since the last statement of financial position period;

(xv) Sources of liquidity – Funding will be sourced from internally generated cash flow, cash recently received from the sale of shares to the equity market and from debt market;

(xvi) There are no events that will trigger direct or contingent financial obligation that is material to the Group, including any default or acceleration of an obligation;

(xvii) There are no material commitments for capital expenditures other than those performed in the ordinary course of trade or business;

(xviii) There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the revenues or income from continuing operations;

(xix) There are no significant elements of income not arising from continuing operations;

(xx) Due to the Group's sound financial condition, there are no foreseeable trends or events that may have material impact on its short-term or long-term liquidity.

ANNEX "G"

COSCO CAPITAL, INC. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2024, 2023 and 2022

With Independent Auditors' Report

cosco capital
incorporated

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of **COSCO CAPITAL, INC. AND SUBSIDIARIES** (the "Group"),- is responsible for the preparation and fair presentation of the financial statements including the schedules attached therein, for the years ended **December 31, 2024, 2023 and 2022**, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern and using the going concern basis of accounting unless management intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

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

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

Signature ____________________
LUCIO L. CO/Chairman of the Board

Signature ____________________
LEONARDO B. DAYAO/ President

Signature ____________________
GERARDO S. TEOFILO, JR./ Deputy Comptroller

SUBSCRIBED AND SWORN to before me this ______ day of 14 APR 2025 2025 affiants exhibiting to me their respective Tax Identification Number, as follows:

Name	TIN
LUCIO L. CO	108-975-971
LEONARDO B. DAYAO	135-546-815
GERARDO S. TEOFILO, JR.	403-564-142

Doc. No. 92;
Page No. 20;
Book No. 14;
Series of 2025

Signed this ___day of 14 APR 2025, 2025

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

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
Cosco Capital, Inc. and Subsidiaries
900 Romualdez Street
Paco, Manila

Opinion

We have audited the consolidated financial statements of Cosco Capital, Inc. and its Subsidiaries (the “Group”), which comprise the consolidated statements of financial position as at December 31, 2024 and 2023, and consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended December 31, 2024, and notes, comprising material accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2024, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Firm Regulatory Registration & Accreditation:
PRC-BOA Registration No. 0003, valid until September 20, 2026
SEC Accreditation No. 0003-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and until the audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
IC Accreditation No. 0003-IC, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by IC Circular Letter (CL) No. 2019-39, Transition clause)
BSP Accreditation No. 0003-BSP, Group A, valid for five (5) years covering the audit of 2020 to 2024 financial statements (2019 financial statements are covered by BSP Monetary Board Resolution No. 2161, Transition clause)

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Goodwill and Other Intangibles with Indefinite Lives
Refer to Note 14 to the consolidated financial statements.

The risk
The Group acquired through business combinations goodwill and other intangibles with indefinite lives totaling P21.0 billion. The Group tests for impairment annually by comparing the recoverable amounts to the carrying amounts.

We considered this as a key audit matter because assessment process is complex, involves significant management judgements and is based on key assumptions on expected future market and economic conditions, revenue growth, margin developments, discount rates and terminal growth rates from management.

Our response
We performed the following audit procedures, among others, around impairment testing of goodwill and other intangibles with indefinite lives:

- We obtained the Group's discounted cash flow model used to test the recoverable amounts of goodwill and other intangibles with indefinite lives.

- We evaluated the reasonableness of key assumptions used by management in deriving the recoverable amounts. These procedures included using our own internal valuation specialist to evaluate the key inputs and assumptions for growth and discount rates.

- We reviewed the cash flows used, with comparison to recent performance, trend analysis and market expectations, and by reference to prior year's forecast, where relevant, and assessing whether the Group has achieved them.

- We evaluated the adequacy of the disclosures in respect of impairment of goodwill and other intangibles with indefinite lives in the consolidated financial statements.

Revenue Recognition (P240.5 billion)
Refer to Notes 3 and 20 to the consolidated financial statements.

The risk
Revenue recognition is not complex for the Group but it is an important measure to evaluate the Group's performance, which increases the risk of material misstatement that revenue may be inappropriately recognized.

Our response
We performed the following audit procedures, among others, on revenue recognition:

- We evaluated and assessed the revenue recognition policies of the Group in accordance with PFRS 15, *Revenue from Contracts with Customers* and PFRS 16, *Leases*.

- We evaluated and assessed the design and operating effectiveness of the key controls over the revenue process.

- We involved our information technology specialists to assist in the audit of automated controls, including interface controls among different information technology applications for the evaluation of the design and operating effectiveness of controls over the recording of revenue transactions.

- We vouched, on a sample basis, sales transactions to supporting documentation such as the proof of payment or delivery, to ascertain that the revenue recognition criteria are met.

- For grocery retail, specialty retail and liquor distribution segments, we tested, on a sample basis, sales transactions for a selected period before and after year-end to supporting documentation such as the proof of payment or delivery, to assess whether these transactions are recorded in the correct reporting period.

- We tested journal entries posted in revenue accounts based on high risk criteria, including inspection of the source documentation to assess the validity of the business rationale and substantiation of corroborating evidence.

Other Information

Management is responsible for the other information. The other information comprises the information included in the SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024, but does not include the consolidated financial statements and our auditors' report thereon.
The SEC Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2024 are expected to be made available to us after the date of this auditors' report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits or otherwise appears to be materially misstated.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partner on the audit resulting in this independent auditors' report is Darwin P. Virocel.

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and up to audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
Tax Identification No. 912-535-864
BIR Accreditation No. 08-001987-031-2022
Issued June 27, 2022; valid until June 27, 2025
PTR No. MKT 10467159
Issued January 2, 2025 at Makati City

April 15, 2025
Makati City, Metro Manila

COSCO CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Amounts in Thousands)

		December 31	
	Note	**2024**	2023
ASSETS			
Current Assets			
Cash and cash equivalents	*4*	**P46,258,327**	P61,847,889
Short-term investments	*5*	**6,156,518**	-
Receivables - net	*6*	**10,194,654**	7,620,747
Inventories	*7, 21*	**35,636,291**	35,387,312
Financial assets at fair value through profit or loss	*8*	**19,878,181**	4,626,140
Financial assets at fair value through other comprehensive income	*9*	**3,768**	5,399
Due from related parties	*26*	**60,502**	60,502
Prepaid expenses and other current assets	*10*	**4,827,551**	1,484,855
Total Current Assets		**123,015,792**	111,032,844
Noncurrent Assets			
Investment in associates and joint ventures	*11*	**6,129,980**	5,737,702
Right of use of assets - net	*22*	**30,639,893**	30,114,809
Property and equipment - net	*12*	**53,565,907**	44,682,210
Investment properties - net	*13*	**9,114,323**	9,203,602
Goodwill and other intangibles - net	*14*	**21,281,689**	21,088,692
Deferred tax assets - net	*28*	**1,923,396**	1,740,794
Deferred oil and mineral exploration costs - net	*15*	**13,991**	13,465
Other noncurrent assets	*16*	**3,705,914**	3,550,907
Total Noncurrent Assets		**126,375,093**	116,132,181
		P249,390,885	P227,165,025
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued expenses	*17*	**P30,763,042**	P29,121,382
Income tax payable		**1,442,009**	1,194,288
Lease liabilities due within one year	*22, 26*	**1,509,820**	1,432,914
Current maturities of long-term loans due within one year	*18*	**381,131**	120,000
Due to related parties	*26*	**895,063**	875,105
Other current liabilities	*19*	**962,428**	1,199,501
Total Current Liabilities		**35,953,493**	33,943,190

Forward

		December 31	
	Note	**2024**	2023
Noncurrent Liabilities			
Long-term loans	*18*	**P17,942,104**	P11,441,129
Lease liabilities	*22, 26*	**38,070,851**	36,759,766
Retirement benefits liability	*27*	**2,085,730**	2,092,649
Other noncurrent liabilities		**682,542**	977,214
Total Noncurrent Liabilities		**58,781,227**	51,270,758
Total Liabilities		**94,734,720**	85,213,948
Equity			
Capital stock	*29*	**7,405,264**	7,405,264
Additional paid-in capital		**9,640,491**	9,640,491
Treasury stock	*29*	**(2,444,912)**	(1,945,735)
Retirement benefits reserve	*27*	**352,925**	222,324
Other reserve		**26,271**	2,310
Retained earnings		**85,418,424**	77,592,026
Total Equity Attributable to Equity Holders of the Parent Company		**100,398,463**	92,916,680
Noncontrolling Interests	*29*	**54,257,702**	49,034,397
Total Equity		**154,656,165**	141,951,077
		P249,390,885	P227,165,025

See Notes to the Consolidated Financial Statements.

COSCO CAPITAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands except Per Share Data)

		Years Ended December 31		
	Note	**2024**	2023	2022
REVENUES	*20, 30*			
Net sales		**P235,444,891**	P213,521,396	P196,254,167
Rent		**1,020,040**	963,030	882,597
Sale of electricity		**491,922**	-	-
		236,956,853	214,484,426	197,136,764
COST OF REVENUES	*21*			
Cost of goods sold		**190,147,506**	173,114,846	158,301,248
Cost of services		**978,894**	734,283	727,525
		191,126,400	173,849,129	159,028,773
GROSS INCOME		**45,830,453**	40,635,297	38,107,991
OTHER REVENUE	*20, 23*	**3,509,093**	3,275,172	3,187,088
TOTAL GROSS INCOME AND OTHER REVENUE		**49,339,546**	43,910,469	41,295,079
OPERATING EXPENSES	*24*	**29,456,030**	26,681,060	23,579,269
INCOME FROM OPERATIONS		**19,883,516**	17,229,409	17,715,810
OTHER INCOME (CHARGES)				
Interest expense	*18, 22*	**(3,223,501)**	(2,891,381)	(2,559,538)
Interest income	*4, 8, 26*	**1,737,016**	1,442,140	867,816
Gain on bargain purchase	*14*	**273,125**	-	-
Others - net	*25*	**784,631**	69,165	(97,027)
		(428,729)	(1,380,076)	(1,788,749)
INCOME BEFORE INCOME TAX		**19,454,787**	15,849,333	15,927,061
PROVISION FOR INCOME TAXES	*28*	**3,964,990**	3,442,546	3,643,662
NET INCOME		**P15,489,797**	P12,406,787	P12,283,399
Net income attributable to:				
Equity holders of the Parent Company		**P9,314,307**	P7,381,788	P7,054,011
Noncontrolling interests	*29*	**6,175,490**	5,024,999	5,229,388
		P15,489,797	P12,406,787	P12,283,399
Basic/diluted earnings per share attributable to equity holders of the Parent Company	*31*	**P1.36**	P1.07	P1.02

See Notes to the Consolidated Financial Statements.

COSCO CAPITAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Amounts in Thousands except Per Share Data)

		Years Ended December 31		
	Note	**2024**	2023	2022
NET INCOME		**P15,489,799**	P12,406,787	P12,283,399
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will never be reclassified subsequently to profit or loss				
Remeasurement gain (loss) on retirement benefits		**350,202**	(126,435)	568,592
Translation adjustment		**25,177**	640	1,683
Unrealized loss on financial assets	*9*	**(1,632)**	(1,171)	(213)
Share in other comprehensive income (loss) of associates and joint ventures		**415**	466	(954)
Income tax effect		**(86,782)**	31,195	(131,556)
		287,380	(95,305)	437,552
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**P15,777,179**	P12,311,482	P12,720,951
Total comprehensive income attributable to:				
Equity holders of the Parent Company		**P9,463,305**	P7,333,212	P7,272,712
Non-controlling interests	*29*	**6,313,874**	4,978,270	5,448,239
		P15,777,179	P12,311,482	P12,720,951

See Notes to the Consolidated Financial Statements.

COSCO CAPITAL, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(Amounts in Thousands Except per Share Data)

Years Ended December 31

	Attributable to Equity Holders of the Parent Company								
	Capital Stock (Note 29)	**Additional Paid-in Capital**	**Treasury Shares** (Note 29)	**Retirement Benefits Reserve** (Note 27)	**Other Reserve** (Note 8)	**Retained Earnings** (Note 1)	**Total**	**Non-controlling Interests** (Notes 1 and 29)	**Total Equity**
Balance at December 31, 2021	P7,405,264	P9,634,644	(P1,734,603)	P52,651	P1,859	P65,943,338	P81,303,153	P41,790,559	P123,093,712
Total Comprehensive Income for the Year									
Net income for the year	-	-	-	-	-	7,054,012	7,054,012	5,229,387	12,283,399
Other comprehensive income	-	-	-	218,184	516	-	218,700	218,852	437,552
	-	-	-	218,184	516	7,054,012	7,272,712	5,448,239	12,720,951
Acquisition of treasury shares	-	-	(131,799)	-	-	-	(131,799)	-	(131,799)
Cash dividends	-	-	-	-	-	(1,364,696)	(1,364,696)	(1,427,146)	(2,791,842)
Acquisition of noncontrolling interest	-	-	-	-	-	(10,773)	(10,773)	(86,231)	(97,004)
Effect of acquisition of a subsidiary	-	5,847	-	-	-	-	5,847	6,030	11,877
Balance at December 31, 2022	7,405,264	9,640,491	(1,866,402)	270,835	2,375	71,621,881	87,074,444	45,731,451	132,805,895
Total Comprehensive Income for the Year									
Net income for the year	-	-	-	-	-	7,381,788	7,381,788	5,024,999	12,406,787
Other comprehensive loss	-	-	-	(48,511)	(65)	-	(48,576)	(46,729)	(95,305)
	-	-	-	(48,511)	(65)	7,381,788	7,333,212	4,978,270	12,311,482
Acquisition of treasury shares	-	-	(79,333)	-	-	-	(79,333)	-	(79,333)
Cash dividends	-	-	-	-	-	(1,411,643)	(1,411,643)	(1,675,324)	(3,086,967)
Balance at December 31, 2023	7,405,264	9,640,491	(1,945,735)	222,324	2,310	77,592,026	92,916,680	49,034,397	141,951,077
Total Comprehensive Income for the Year									
Net income for the year	**-**	**-**	**-**	**-**	**-**	**9,314,309**	**9,314,309**	**6,175,490**	**15,489,799**
Other comprehensive income	**-**	**-**	**-**	**130,601**	**23,961**	**-**	**154,562**	**132,818**	**287,380**
	-	**-**	**-**	**130,601**	**23,961**	**9,314,309**	**9,468,871**	**6,308,308**	**15,777,179**
Acquisition of treasury shares	**-**	**-**	**(499,177)**	**-**	**-**	**-**	**(499,177)**	**-**	**(499,177)**
Acquisition of noncontrolling interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**550,119**	**550,119**
Cash dividends	**-**	**-**	**-**	**-**	**-**	**(1,487,911)**	**(1,487,911)**	**(1,635,122)**	**(3,123,033)**
Balance at December 31, 2024	**P7,405,264**	**P9,640,491**	**(P2,444,912)**	**P352,925**	**P26,271**	**P85,418,424**	**P100,398,463**	**P54,257,702**	**P154,656,165**

See Notes to the Consolidated Financial Statements.

COSCO CAPITAL, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	Note	Years Ended December 31 2024	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**P19,454,787**	P15,849,333	P15,927,061
Adjustments for:				
Depreciation and amortization	*12, 13, 14, 22*	**5,929,257**	5,029,848	4,588,519
Interest expense	*18, 22*	**3,223,500**	2,891,381	2,559,538
Interest income	*4, 26*	**(1,737,016)**	(1,442,140)	(867,816)
Retirement benefits cost	*27*	**346,518**	916,392	291,810
Share in income of associates and joint ventures	*11, 25*	**(326,764)**	(19,826)	(68,996)
Gain from pre-terminated lease contracts	*22, 25*	**(54,036)**	(47,030)	(4,593)
Unrealized foreign exchange loss (gain)		**(33,423)**	27,091	3,128
Impairment loss on receivables	*6*	**6,340**	89,409	14,192
Dividend income	*26*	**(1,765)**	(1,449)	(983)
Gain on disposal of property and equipment	*25*	**(854)**	(566)	(570)
Gain from sale of financial assets through profit or loss	*8, 25*	**-**	(6,524)	-
Unrealized loss (gain) on financial assets at FVPL	*8, 25*	**-**	(6,405)	324
Loss on insurance claims	*25*	**-**	-	1,587
Operating income before changes in working capital		**26,806,544**	23,279,514	22,443,201
Decrease (increase) in:				
Receivables		**(2,014,380)**	(1,346,582)	(1,576,425)
Inventories	*7*	**(89,493)**	(431,020)	(9,306,684)
Prepaid expenses and other current assets		**(3,047,194)**	2,794,839	(3,241,956)
Due from related parties		**15**	-	(161)
Increase (decrease) in:				
Accounts payable and accrued expenses		**4,198,001**	413,616	5,583,029
Due to related parties		**4,935**	168,936	4,743,950
Other current liabilities		**(259,074)**	412,176	65,964
Other noncurrent liabilities		**(294,673)**	(307,953)	22,495
Cash generated from operations		**25,304,681**	24,983,526	18,733,413
Income taxes paid		**(4,270,332)**	(3,542,053)	(3,852,242)
Interest received	*4*	**1,737,016**	1,442,140	867,816
Retirement benefits paid	*27*	**(6,046)**	(7,682)	(9,760)
Net cash provided by operating activities		**22,765,319**	22,875,931	15,739,227

Forward

		Years Ended December 31		
	Note	**2024**	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Financial assets at fair value through profit or loss	*8*	**(P15,538,443)**	(P1,300,000)	(P4,268,978)
Property and equipment	*12*	**(7,741,813)**	(7,602,248)	(4,227,379)
Intangibles	*14*	**(263,476)**	(95,294)	-
Investment in associates and joint ventures	*11*	**(225,000)**	-	(5,124,424)
Investment properties	*13*	**(113,982)**	(176,067)	(225,153)
Deferred mineral and oil exploration		**(526)**	(2,818)	(4,493)
Proceeds from (payments for):				
Payments for short-term investments	*5*	**(6,156,518)**	-	-
Disposal of property and equipment		**863**	10,049	3,220
Sale of financial assets through profit or loss	*8*	**-**	986,170	-
Direct costs on leases	*22*	**-**	-	(400,000)
Insurance claims	*25*	**-**	-	(1,585)
Decrease (increase in) other noncurrent assets		**(62,351)**	(285,981)	194,866
Acquisition of business/various assets, net of cash acquired	*1*	**(2,314,262)**	(613,740)	(102,918)
Dividends received	*26*	**1,765**	1,449	983
Collections of loans receivable	*26*	**-**	-	-
Net cash used in investing activities		**(32,413,743)**	(9,078,480)	(14,155,861)
CASH FLOWS FROM FINANCING ACTIVITIES				
Availment of short-term loans	*18*	**-**	-	130,000
Availment of long-term loans		**5,480,000**	-	-
Payments of:				
Short-term loans	*18*	**-**	(148,000)	(30,000)
Long-term loans	*18*	**(378,765)**	(120,000)	(120,000)
Interest expense	*18*	**(768,786)**	(528,186)	(525,967)
Repayments of lease:				
Principal amount	*22*	**(1,613,107)**	(1,312,508)	(1,316,863)
Interest expense	*22*	**(2,439,127)**	(2,017,991)	(2,033,571)
Payment of amount due to related parties	*26*	**-**	(4,730,000)	-
Cash dividends paid	*29*	**(6,042,002)**	(2,668,718)	(1,632,976)
Buyback of capital stock	*29*	**(499,177)**	(79,333)	(131,800)
Acquisition of noncontrolling interests		**-**	-	(97,004)
Net cash used in financing activities		**(6,260,964)**	(11,604,736)	(5,758,181)

Forward

		Years Ended December 31		
	Note	**2024**	2023	2022
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		**P319,826**	(P27,091)	(P3,128)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**(15,589,562)**	2,165,624	(4,177,943)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**61,847,889**	59,682,265	63,860,207
CASH AND CASH EQUIVALENTS AT END OF YEAR	*4*	**P46,258,327**	P61,847,889	P59,682,264

See Notes to the Consolidated Financial Statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Reporting Entity

Cosco Capital, Inc. (the "Parent Company" or "Cosco"), formerly Alcorn Gold Resources Corporation, was incorporated and registered with the Philippine Securities and Exchange Commission ("SEC") on January 19, 1988. Its shares of stock are publicly traded in the Philippine Stock Exchange ("PSE") since September 26, 1988. The Parent Company's public float is at 21.63% and 22.75% as at December 31, 2024 and 2023.

On October 8, 1999, the Parent Company's shareholders approved the amendment of its primary purpose from an oil and mineral exploration and development corporation into a holding company so that it may pursue other businesses as opportunity comes. The original primary purpose is now included as one of the secondary purposes of the Parent Company. On January 13, 2000, the SEC approved the amendments of the Parent Company's Articles of Incorporation. As a holding company, Cosco may engage in any business that may add to its shareholders' worth.

On December 10, 2012, in a special meeting, the Board of Directors ("Board" or "BOD") of the Parent Company approved the subscription of the "Lucio L. Co Group" to the unissued authorized capital stock of the Parent Company from the proposed increase in the authorized capital stock of the Parent Company at a subscription price of P15 per share for a total of 4,987,560,379 new shares at an aggregate subscription price of P74.8 billion worth of shares in Puregold Price Club, Inc. ("PPCI"), Ellimac Prime Holdings, Inc., Go Fay & Co., Incorporada, SVF Corporation, Nation Realty, Inc., Patagonia Holdings Corp., Fertuna Holdings Corp., Premier Wine and Spirits, Inc., Montosco, Inc., Meritus Prime Distributions, Inc., and Pure Petroleum Corp., and the corresponding payment thereof by way of assignment of the shares owned by the Lucio L. Co Group in these companies, under the terms and conditions to be determined by the Parent Company's BOD.

On December 11, 2012, in a special meeting, the Parent Company's shareholders approved the increase in the Parent Company's authorized capital stock and increase in par value from P3 billion divided into 300 billion common shares with a par value of P0.01 per share to P10 billion divided into 10 billion common shares with a par value of P1 per share. Also, the Parent Company's shareholders resolved to change the Parent Company's corporate name from Alcorn Gold Resources Corporation to Cosco Capital, Inc. and to reorganize and spin-off its oil and mineral assets and operations into a wholly owned subsidiary.

On April 22, 2013, the SEC approved the restructuring of the Parent Company's authorized capital stock as well as the change of its corporate name. Further, the SEC confirmed the final number of subscribed shares of 4,987,406,421 at an aggregate revised subscription price of P74.8 billion which will be paid through assignment of shares (share swap). The transaction is exempt from the registration requirements of the Securities Regulation Code of the Philippines.

On May 31, 2013, pursuant to the SEC-approved increase of capital stock and share swap transaction, the Parent Company implemented the following: (a) issuance and listing of 4,987,406,421 new shares of the Parent Company; (b) cross trade at the PSE of PPCI shares to the Parent Company as consideration for the issuance of the new shares; (c) issuance to the subscribers, the Lucio L. Co Group, pursuant to the share swap; and (d) special block sale at the PSE of 1,600,000,000 of the new shares placed to Qualified Institutional Buyers transacted at PSE at P10.50 per share.

As a result of the above transaction, the companies mentioned above became subsidiaries of Cosco. The transaction was accounted for using the pooling of interest method. Accordingly, the Parent Company recognized the net assets of the acquired subsidiaries equivalent to their carrying values.

On January 16, 2019, PPCI made a top-up placement of 104.3 million common shares at a price of P45.00 per share. The shares were issued on March 5, 2019, with proceeds amounting to P4.6 billion. This resulted in a dilution of the Parent Company's ownership interest in PPCI from 51.02% to 49.16%. The Parent Company retains control over PPCI (see Note 2).

The consolidated financial statements include the accounts of the Parent Company and the following subsidiaries (collectively referred to as "the Group") which are all incorporated in the Philippines:

	Effective Percentage of Ownership			
	2024		2023	
	Direct	**Indirect**	Direct	Indirect
Retail				
Puregold Price Club, Inc. (PPCI) and Subsidiaries	**49.23**	**-**	49.23	-
▪ Kareila Management Corporation (KMC) and Subsidiaries	**-**	**49.23**	-	49.23
• S&R Pizza (Harbor Point), Inc.	**-**	**49.23**	-	49.23
• S&R Pizza, Inc.	**-**	**49.23**	-	49.23
• PSMT Philippines, Inc.	**-**	**49.23**	-	49.23
▪ PPCI Subic, Inc. (PSI)	**-**	**49.23**	-	49.23
▪ Entenso Equities Incorporated (EEI)	**-**	**49.23**	-	49.23
▪ Melilla Management Corporation	**-**	**49.23**	-	49.23
▪ Purepadala, Inc.	**-**	**49.23**	-	49.23
Liquor Distribution				
The Keepers Holding Inc. (TKHI)	**77.54**	**-**	77.54	-
Montosco, Inc.	**-**	**77.54**	-	77.54
Meritus Prime Distributions, Inc.	**-**	**77.54**	-	77.54
Premier Wine and Spirits, Inc.	**-**	**77.54**	-	77.54
Real Estate and Property Leasing				
Nation Realty, Inc.	**100**	**-**	100	-
Patagonia Holdings Corp.	**100**	**-**	100	-
Ellimac Prime Holdings, Inc. (EPHI)	**100**	**-**	100	-
Fertuna Holdings Corp.	**100**	**-**	100	-
Pure Petroleum Corp.	**100**	**-**	100	-
NE Pacific Shopping Centers Corporation (NPSCC)	**100**	**-**	100	-
Specialty Retail				
Office Warehouse, Inc. and a Subsidiary	**100**	**-**	100	-
▪ Office Warehouse (Harbor Point), Inc.	**-**	**100**	-	100
Canaria Holdings Corporation (CHC) and Subsidiaries [(b)]	**90**	**-**	90	-
Energy and minerals				-
Matuno River Development Corporation	**100**	**-**	-	-
Catuiran Hydropower Corporation	**60**	**-**	-	-
Alcorn Petroleum and Minerals Corporation (APMC)	**100**	**-**	100	-

Significant Transactions

COSCO
On September 9, 2024, Cosco Capital, Inc. (“Cosco”) acquired of 100% outstanding shares of Matuno River Development Corporation (MRDC) registered and incorporated with the SEC on September 1, 2014, its business primarily engaged in the business of building, constructing, operating and maintaining power plant. MRDC has developed and is operating an 8.66 Megawatts Hydropower plant located in the Bagombong Nueva Viscaya; which started actual operations in July 2024. This project is covered by the Department of Energy (DOE) under a Renewable Energy Service Contract.

On March 25, 2024, Cosco Capital, Inc. (“Cosco”) finalized its acquisition of 60% outstanding shares of Catuiran Hydropower Corporation (Catuiran). Catuiran Hydro Power Corporation was incorporated and registered with the Securities and Exchange Commission on April 20, 2012, and is primarily engaged in the business of building, constructing, operating and maintaining power plant. Catuiran has developed and is operating an Eight Megawatts (8MW) Hydropower plant located in the Municipality of Naujan, Oriental Mindoro, which started actual operations in 2019. This project is covered by the Department of Energy (DOE) under a Renewable Energy Service Contract.

The acquisition cost of Catuiran Hydropower Corporation and Matuno River Development Corporation amounted to P552.1 million and P1.8 billion, respectively (see Note 14).

On November 11, 2024, the Board of Directors of Cosco Capital, Inc. (the “Parent”) approved during its regular board meeting an additional budget of P2.0 billion for its Share Buy-Back Program.

PPCI
On December 27, 2024, Puregold Price Club, Inc. acquired Puremart stores, including its leasehold improvements, furniture and fixtures equipment and merchandise inventory, which consists of 153 stores located across Metro Manila, CAMANAVA, Rizal, Bulacan, and South Luzon.

PPCI
PPCI embarked on an aggressive multi-year push to further expand its market reach. On June 20, 2023, the Board of the Parent Company approved the acquisition of twenty-five (25) DiviMart supermarkets including its leasehold improvements, furniture, fixtures, equipment and merchandise inventory and executed an agreement to convert them into Puregold stores.
As at December 31, 2023, the consideration paid for 25 stores acquired amounted to P613.7 million was provisionally allocated to the following identifiable assets and liabilities:

Merchandise Inventory	**P67,715,693**
Property, plant and equipment	**326,900,343**
Right-of-use assets	**1,771,022,290**
Lease liabilities	**(1,551,897,785)**
Purchase price	**P613,740,541**

PSMT

On December 1, 2022, KMC acquired 100% ownership of PSMT for a total cost of P112.50 million paid in cash. The acquisition was accounted for under the pooling of interest method, which resulted in the recognition of additional paid-in capital ("APIC") amounting to P11.9 million in the consolidated financial statements. This represents mainly the excess of the P124 million net assets acquired over the cash consideration.

The financial information of PSMT as at the date of acquisition and for the eleven months period ending December 1, 2022, are as follows:

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

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

For the month ended December 31, 2022, PSMT contributions to the Group's revenue and net income are negligible. If the acquisition had occurred on January 1, 2022, the effect on consolidated revenue net income is also negligible.

TKHI

On February 22, 2021, the Board of Directors of Cosco Capital, Inc. approved the acquisition of controlling interest in The Keepers Holdings, Inc. ("TKHI"), formerly Da Vinci Capital Holdings, Inc. ("DAVIN") under a share swap arrangement. DAVIN shall issue P11.25 billion common shares of stock valued at P2 per share to Cosco. In exchange and as consideration thereof, Cosco shall assign 100% of its shares in the following subsidiaries in favor of TKHI:

- Montosco, Inc.; ("Montosco")
- Meritus Prime Distributions, Inc.("Meritus")
- Premier Wine and Spirits, Inc. ("Premier")

The shares will be issued from the increase in authorized capital stock of TKHI which was approved by the SEC on June 30, 2021.

On July 14, 2021, TKHI filed a Registration Statement ("RS") with the SEC in accordance with the provisions of the Securities Regulation Code of the Philippines (Republic Act No. 8799, the "SRC") for the registration of the Offer Shares. On July 19, 2021, TKHI filed its application for the listing and trading of offer shares with the PSE. On September 20, 2021, TKHI filed an amended Registration Statement which was rendered effective by SEC on October 7, 2021. The Permit to Sell ("PTS") of TKHI's Offer Shares was issued by SEC on November 3, 2021.

On November 19, 2021, TKHI issued 3.0 million shares from the follow-on offering ("FOO") at P1.5 per share or P4.5 billion. The net proceeds, after deducting the transactions costs of P173 million amounted to P4.3 billion.

The share swap resulted in a dilution in Cosco's effective ownership interest in Montosco, Meritus and Premier acquired from 100% to 97.75% while the FOO resulted in the dilution of Cosco's ownership interest in TKHI to 77.54, which the equity holders of Cosco realized a net gain on dilution amounting to P1.6 billion.

The TKHI's principal office, which is also its registered office address, is at 900 Romualdez Street, Paco, Manila.

2. Basis of Preparation

The consolidated financial statements have been prepared in compliance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards are based on International Financial Reporting Standards (IFRS) Accounting Standards issued by the International Accounting Standards Board (IASB). PFRS Accounting Standards which are issued by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC), consist of PFRS, Philippine Accounting Standards (PAS), and Philippine Interpretations.

The accompanying consolidated financial statements were approved and authorized for issuance by the Board of Directors (BOD) on April 11, 2025.

Historical cost is used as the measurement basis except for:

Items	Measurement Bases
Financial assets at FVPL	Fair value
Financial assets at FVOCI (except for unquoted equity investments which are measured at cost)	Fair value
Retirement benefits liability	Present value of the defined benefit obligation less fair value of plan assets

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

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

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

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

Determining Control over Investee with Less than 50% of Voting Rights
The Parent Company has determined that it has control over PPCI even though it has less than 50% of voting rights because of the dominance of its position in relation to the size and dispersion of the other vote holdings. As a result, the Parent Company has the power or ability to control the relevant activities of PPCI.

Determining the Term and Discount Rate of Lease Arrangements (Note 22)
Where the Group is the lessee, management is required to make judgments about whether an arrangement contains a lease, the lease term and the appropriate discount rate to calculate the present value of the lease payments.

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

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

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

For leases of buildings, stores, distribution centers and warehouses, the following factors are usually the most relevant:

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

- If there are significant penalties to terminate (or not extend), the Group is typically reasonably certain to extend (or not terminate).

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

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

Operating Leases - Group as a Lessor (Note 22)
The Group has entered into various lease agreements as a lessor to lease its investment properties and sublease portion of its stores to various lessees. The Group has determined that it retains all significant risks and rewards of ownership of these properties which are leased out under operating lease arrangements.

Rent income recognized in profit or loss amounted to P1.0 billion, P0.9 billion and P0.8 billion in 2024, 2023 and 2022, respectively (see Note 20).

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

Estimating Allowance for Impairment Losses on Receivables (Note 6)
The Group maintains an allowance for impairment losses on receivables at a level considered adequate to provide for uncollectible receivables. The level of this allowance is evaluated by the Group on the basis of factors that affect the collectability of the accounts. These factors include, but are not limited to, the length of the Group's relationship with debtors, their payment behavior and known market factors. The Group reviews the age and status of the receivable and identifies accounts that are to be provided with allowance on a regular basis. The amount and timing of recorded expenses for any period would differ if the Group made different judgment or utilized different estimates. An increase in the Group's allowance for impairment losses on receivables would increase the Group's recorded operating expenses and decrease current assets.

As at December 31, 2024 and 2023, the carrying amount of receivables amounted to P10.2 billion and P7.6 billion while the allowance for impairment losses amounted to P76.9 million and P130.6 million, respectively.

Estimating Net Realizable Value (NRV) of Inventories (Note 7)
The Group carries inventory at NRV whenever the selling price less costs to sell becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes. The estimate of the NRV is reviewed regularly.

Estimates of NRV are based on the most reliable evidence available at the time the estimates are made on the amount the inventories are expected to be realized. These estimates take into consideration fluctuations of prices or costs directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at reporting date. The NRV is reviewed periodically to reflect the accurate valuation in the financial records.

The carrying amount of inventories amounted to P35.6 billion and P35.4 billion as at December 31, 2024 and 2023.

Impairment of Goodwill and Other Intangibles with Indefinite Lives (Note 14)
The Group determines whether goodwill, and other intangibles with indefinite are impaired at least annually. This requires the estimation of their recoverable amounts. Estimating recoverable amounts requires management to make an estimate of the expected future cash flows from the cash-generating unit to which they relate and to choose a suitable discount rate to calculate the present value of those cash flows.

The carrying amounts of goodwill and other intangibles with indefinite useful lives totaled P21.3 billion and P21.1 billion as at December 31, 2024 and 2023.

Impairment of Other Non-financial Assets
The Group assesses impairment on other non-financial assets when events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

- significant underperformance relative to the expected historical or projected future operating results;

- significant changes in the manner of use of the acquired assets or the strategy for overall business; and
- significant negative industry or economic trends.

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

The impairment indicators affecting the Group's wells/platform under property and equipment and deferred oil and mineral exploration costs are lack of significant progress and final plug/abandonment of production wells. These resulted in impairment losses on property and equipment of P160.0 million in 2020 and deferred oil and mineral exploration costs of P128.1 million in 2019.

As at December 31, 2024 and 2023, the following are the carrying amounts of nonfinancial assets:

	Note	**2024**	2023
Property and equipment - net	*12*	**P53,565,907**	P44,682,210
Right-of-use assets - net	*22*	**30,639,893**	30,114,809
Investment properties - net	*13*	**9,114,323**	9,203,602
Investments in associates and joint ventures	*11*	**6,129,980**	5,737,702
Computer software and licenses, and leasehold rights	*14*	**296,733**	236,052

Estimating Realizability of Deferred Tax Assets (Note 28)
The Group reviews the carrying amount of deferred tax assets at each reporting date and reduces deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. The Group also reviews the expected timing and tax rates upon reversal of the temporary differences and adjusts the impact of deferred tax accordingly. The Group's assessment on the recognition of deferred tax assets is based on the forecasted taxable income of the subsequent reporting periods. This forecast is based on the Group's past results and future expectations on revenues and expenses.

As at December 31, 2024 and 2023, the Group recognized net deferred tax assets amounting to P1.9 billion and P1.7 billion, respectively.

Estimating Retirement Benefits Liability (Note 27)
The present value of the retirement benefits liability depends on a number of assumptions that are determined on an actuarial basis. The assumptions used in determining the net cost (income) for retirement benefits include the discount rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the retirement benefits liability. Other key assumptions include future salary, mortality and attrition. Additional information is disclosed in Note 26.

Retirement benefits liability amounted to P2.1 billion as at December 31, 2024, and 2023.

3. Summary of Material Accounting Policies

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

Adoption of Amendments to Standards

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

- *Lease Liability in a Sale and Leaseback (Amendments to PFRS 16 Leases).* The amendments confirm the following:

  On initial recognition, the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.

  - After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognizes no gain or loss relating to the right of use it retains.

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Under PAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of PFRS 16.

- *Classification of Liabilities as Current or Noncurrent - 2020 amendments and Non-Current Liabilities with Covenants - 2022 amendments (Amendments to PAS 1, Presentation of Financial Statements).* To promote consistency in application and clarify the requirements on determining whether a liability is current or noncurrent, the amendments:

  - removed the requirement for a right to defer settlement of a liability for at least twelve months after the reporting period to be unconditional and instead requires that the right must have substance and exist at the end of the reporting period;
  - clarified that only covenants with which a company must comply on or before the reporting date affect the classification of a liability as current or non-current and covenants with which the entity must comply after the reporting date do not affect a liability's classification at that date;
  - provided additional disclosure requirements for non-current liabilities subject to conditions within twelve months after the reporting period to enable the assessment of the risk that the liability could become repayable within twelve months; and
  - clarified that settlement of a liability includes transferring an entity's own equity instruments to the counterparty, but conversion options that are classified as equity do not affect classification of the liability as current or noncurrent.

The amendments will apply retrospectively for annual reporting periods beginning on or after January 1, 2024, with earlier application permitted. Entities that have early applied the 2020 amendments may retain application until the 2022 amendments are applied. Entities that will early apply the 2020 amendments after issue of the 2022 amendments must apply both amendments at the same time.

- *Supplier Finance Arrangements (Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures).* The amendments introduce new disclosures about a company's supplier finance arrangements that would enable users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows, and the company's exposure to liquidity risk. Under the amendments, a company discloses in aggregate for its supplier finance arrangements:

  - the terms and conditions of the arrangements;
  - beginning and ending carrying amounts and associated line items of the financial liabilities that are part of a supplier finance arrangement, distinguishing those for which suppliers were already paid, and range of payment due dates including those for comparable trade payables not part of a supplier finance arrangement; and
  - the type and effect of non-cash changes in the carrying amounts.

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

  The amendments are effective for annual reporting periods beginning on or after January 1, 2024, with early application permitted. However, a company is not required to disclose comparative information for any prior reporting periods, information on carrying amounts for which suppliers already received payment and range of payment due dates as at the beginning of the annual reporting period the company first applies the amendments, and information for any interim period within the annual reporting period in which the company first applies those amendments.

Standards Issued but Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2024. However, the Group has not early adopted the following new or amended standards in preparing the consolidated financial statements. The Group is still in the process of assessing the impact of the new standards.

Effective January 1, 2025

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

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

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

The amendments apply for annual reporting periods beginning on or after January 1, 2025. Earlier application is permitted. Comparative information is not restated and the effect of initially applying the amendments are adjusted to the opening balance of retained earnings, or to the cumulative amount of translation differences if the company uses a presentation currency other than its functional currency.

Effective January 1, 2026

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

  Date of recognition and derecognition. The amendments clarified that:

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

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

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

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

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

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

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

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

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

The amendments apply for reporting periods beginning on or after January 1, 2026. Earlier application is permitted. Entities may choose to early-adopt the amendments for the recognition and derecognition of financial assets and financial liabilities separately from the other amendments.

- *Annual Improvements to PFRS Accounting Standards - Volume 11*. This cycle of improvements contains amendments to five standards:

  - *Hedge Accounting by a First-time Adopter (Amendments to PFRS 1 First-time Adoption of International Financial Reporting Standards).* Amendments were made to terminology on hedge accounting by a first-time adopter of PFRS Accounting Standards to improve consistency with the requirements of PFRS 9 Financial Instruments. The term 'conditions' was updated to 'qualifying criteria' in line with the shift from PAS 39 Financial Instruments: Recognition and Measurement to PFRS 9. Specific cross-references to paragraphs in PFRS 9 containing guidance on the qualifying criteria were added to improve understandability.

  - *Gain or Loss on Derecognition (Amendments to PFRS 7 Financial Instruments: Disclosure).* The amendments replaced the reference to 'inputs that were not based on observable market data' in the obsolete paragraph 27A of PFRS 7, with reference to 'unobservable inputs' in paragraphs 72-73 of PFRS 13 Fair Value Measurement.

  - *Introduction, Disclosure of Difference Between Fair Value and Transaction Price, and Credit Risk Disclosures (Amendments to Guidance on implementing PFRS 7 Financial Instruments: Disclosure).* The amendments:

    - clarified that the Guidance on implementing PFRS 7 does not necessarily illustrate all the requirements in the referenced paragraphs of PFRS 7;
    - made the wordings on the disclosure of deferred difference between fair value and transaction price in paragraph IG14 of PFRS 7 consistent with the requirements in paragraph 28 of PFRS 7 and with the concepts in PFRS 9 Financial Instruments and PFRS 13 Fair Value Measurement; and
    - simplified the wordings on credit risk disclosures in paragraph IG20B that the illustration does not include financial assets that are purchased or originated credit impaired.

  - *Derecognition of Lease Liabilities and Transaction Price (Amendments to PFRS 9 Financial Instruments).* The amendments:

    - added a cross-reference to clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS 9, the lessee applies the requirement that the difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognized in profit or loss; and
    - replaced the term 'their transaction price (as defined in IFRS 15)' with 'the amount determined by applying IFRS 15' because a receivable might be initially measured at an amount that differs from the transaction price recognized as revenue, for example, when you recognize full amount for consideration that's unconditionally receivable but at the same time recognize expected refund liability with respect to retrospective rebates. Consequently, the definition of the transaction price has been deleted.

  - *Determination of 'De Facto Agent' (Amendments to PFRS 10 Consolidated Financial Statements).* The amendments revised the wording on whether a party is a de facto agent when directed by 'those that direct the activities of the investor' to be non-conclusive given this may require judgement.

- *Cost Method (Amendments to PAS 7 Statement of Cash Flows).* The amendments replaced the term 'cost method' with 'at cost' given the definition of 'cost method' has previously been removed from PFRS Accounting Standards.

The amendments apply for annual reporting periods beginning on or after January 1, 2026. Earlier application is permitted. The amendment on derecognition of lease liabilities applies only to lease liabilities extinguished on or after the beginning of the annual reporting period in which the amendment is first applied.

Effective January 1, 2027

- *PFRS 17 Insurance Contracts* replaces the interim standard, PFRS 4 Insurance Contracts. Reflecting the view that an insurance contract combines features of both a financial instrument and a service contract, and considering the fact that many insurance contracts generate cash flows with substantial variability over a long period, PFRS 17 introduces a new approach that:

  (a) combines current measurement of the future cash flows with the recognition of profit over the period services are provided under the contract;

  (b) presents insurance service results (including presentation of insurance revenue) separately from insurance finance income or expenses; and

  (c) requires an entity to make an accounting policy choice portfolio-by-portfolio of whether to recognize all insurance finance income or expenses for the reporting period in profit or loss or to recognize some of that income or expenses in other comprehensive income.

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

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

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

PFRS 17 is effective for annual periods beginning on or after January 1, 2025. Full retrospective application is required, unless it is impracticable, in which case the entity chooses to apply the modified retrospective approach or the fair value approach. However, if the entity cannot obtain reasonable and supportable information necessary to apply the modified retrospective approach, then it applies the fair value approach. There is also a transition option allowing presentation of comparative information about financial assets using a classification overlay approach on a basis that is more consistent with how PFRS 9 will be applied in future reporting periods. Early application is permitted for entities that apply PFRS 9 Financial Instruments on or before the date of initial application of PFRS 17.

- *PFRS 18 Presentation and Disclosure in Financial Statements* will replace PAS 1 Presentation of Financial Statements and aims to provide greater consistency in presentation of the income and cash flow statements, and more disaggregated information.

  - *A more structured income statement*. PFRS 18 promotes a more structured income statement. It introduces a newly defined 'operating profit or loss' and 'profit or loss before financing and income tax' subtotals, and a requirement for all income and expenses to be classified into three new distinct categories - operating, investing, and financing - based on a company's main business activities. PFRS 18 also requires companies to analyze their operating expenses directly on the face of the income statement - either by nature, by function or on a mixed basis. Companies need to choose the presentation method that provides the 'most useful structured summary' of those expenses. New disclosures apply if any operating expenses are presented by function.

  - *Management-defined performance measures*. PFRS 18 provides a definition for management-defined performance measures (MPMs) and introduces specific disclosure requirements. MPMs are subtotals of income and expenses that are used in public communications outside the financial statements, communicate management's view of an aspect of the financial performance of the entity as a whole and are not a required subtotal or a common income and expense subtotal listed in PFRS 18. For each MPM presented, companies will need to explain in a single note to the financial statements why the measure provides useful information and how it is calculated, and to reconcile it to an amount determined under PFRS Accounting Standards.

  - *Greater disaggregation of information.* PFRS 18 provides enhanced guidance on how companies group information in the financial statements, including newly defined roles of the primary financial statements and the notes, principles of aggregation and disaggregation based on shared and non-shared characteristics, and specific guidance for labelling and describing items in a way that faithfully represents an item's characteristics.

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

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

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

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

Eligible subsidiaries may apply the standard for reporting periods beginning on or after January 1, 2027. Earlier application is permitted.

Consolidation

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

Non-controlling interests represent the portion of profit or loss and net assets not held by the Parent Company and are presented separately in the, consolidated statements of comprehensive income and within equity in the consolidated statements of financial position, separately from the equity attributable to the equity holders of the Parent Company.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

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

Business Combinations

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

Common Control Business Combinations

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

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

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

- The assets and liabilities of the acquired company for the reporting period in which the common control business combinations occur, are included in the Group's consolidated financial statements at their carrying amounts from the actual date of the acquisition. No adjustments are made to reflect the fair values or recognize any new assets or liabilities at the date of the combination. The only adjustments would be to harmonize accounting policies between the combining entities;

- No 'new' goodwill is recognized as a result of the business combination. The excess of the cost of business combinations over the net carrying amounts of the identifiable assets and liabilities of the acquired company is considered as equity adjustment from business combinations, included under "Retained earnings" account in the equity section of the statements of financial position.

As a policy, no restatement of financial information in the Group's consolidated financial statements for periods prior to the transaction is made.

Statement of Cash Flows

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

Segment Reporting

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

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

Segment revenues, expenses and performance include sales and purchases between business segments. Such sales and purchases are eliminated in consolidation.

<u>Financial Instruments</u>

Financial Assets

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

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

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

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

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

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

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

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

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

- payment record - this includes overdue status as well as a range of variables about payment ratios.

- existing and forecast changes in the business, financial and economic conditions.

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

- the debtor is unlikely to pay its credit obligation to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or

- the debtor is past due more than 90 days on any material credit obligation to the Group.

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

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

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

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

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

Cash and cash equivalents, receivables, due from related parties and security deposits are included in this category.

Cash includes cash on hand and in banks which are stated at face value. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less from the date of acquisition and are subject to an insignificant risk of change in value.

Financial Assets at FVOCI
A debt financial asset is measured at FVOCI if both i) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and ii) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI.

The financial asset is recognized initially at fair value plus transaction cost directly attributable to the asset. After initial recognition, the asset is measured at fair value with changes in fair value included in other comprehensive income. For debt instruments, interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other gains and losses recognized in OCI. Accumulated gains or losses recognized through other comprehensive income are reclassified to profit or loss when the asset is derecognized. For equity investments, dividends are recognized in profit or loss while other gains and losses are recognized in OCI and are never reclassified to profit or loss.

The Group's equity securities are included in this category.

The Group has no financial assets at FVOCI with recycling of cumulative gains or losses (debt instruments) as at December 31, 2024 and 2023.

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

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

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

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

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

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

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

The Group’s investments in equity securities and government securities are included under this category (see Note 8).

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

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

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

(a) financial liabilities designated by the Group at initial recognition as at fair value through profit or loss, when doing so results in more relevant information.

(b) financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies.

(c) contingent consideration recognized by the Group in a business combination which shall subsequently be measured at fair value with changes recognized in profit or loss.

(d) financial guarantee contracts and commitments to provide a loan at a below-market interest rate which are initially measured at fair value and subsequently at the higher of amortized amount and amount of loss allowance.

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

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

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

Offsetting Financial Instruments
Financial assets and liabilities are offset and the net amount is reported in the consolidated statements of financial position if, and only if, there is a currently enforceable right to offset the recognized amounts and there is intention to settle on a net basis, or to realize the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statements of financial position.

'Day 1' Profit. Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data from observable market, the Group recognizes the difference between the transaction price and the fair value (a 'Day 1' profit) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where data used is not observable, the difference between the transaction price and model value is only recognized in profit or loss when the inputs become observable or when the instrument is derecognized. For each transaction, the Group determines the appropriate method of recognizing the 'Day 1' profit amount.

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

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

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

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

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

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

Inventories
Inventories are valued at the lower of cost and net realizable value. Inventories include merchandise inventories, liquors, wines and spirits. Costs incurred in bringing each inventory to its present location and condition are accounted as follows:

Merchandise inventories	-	Purchase price, including duties, transport and handling costs, and other incidental expenses, determined using moving average method
Liquors, wines and spirits.	-	Purchase price, including duties, transport and handling costs, and other incidental expenses, determined using first-in, first-out method

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

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

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

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

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

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

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

	Number of Years
Buildings	15 - 30
Furniture and fixtures	2 - 20
Office and store equipment	2 - 15
Transportation equipment	3 - 5

Wells, platforms and other facilities comprising oil and gas property represents the Group's share in the Service Contract (SC) 14's total capitalized exploration and development expenditures. These are depreciated using the unit-of-production method based upon estimates of proven developed reserves. Proven developed reserves are the portion of reserves that are reasonably certain to be produced and sold during the remaining period of existing production licenses and agreements. The effect of revisions of previous estimates of proved developed reserves is taken up prospectively in the unit-of-production calculation. Estimates of decommissioning and abandonment costs, which are accrued based on unit-of-production rate, which depends on approved budget and reserve estimates, are also included in the wells, platforms and other facilities account as these costs are treated as recoverable costs to be deducted from oil sales proceeds prior to remittance of government share as indicated in the agreement among Consortium members under the SC.

Leasehold improvements are amortized over 3 to 20 years or the lease term, whichever is shorter.

Depreciation of an item of property and equipment begins when it becomes available for use, i.e., when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. Depreciation or amortization ceases at the earlier of the date that the item is classified as held for sale (or included in a disposal group that is classified as held for sale) in accordance with PFRS 5, *Noncurrent Assets Held for Sale and Discontinued Operations*, and the date the asset is derecognized.

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

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation is recognized in profit or loss. When assets are retired or otherwise disposed of, the cost and the related accumulated depreciation and any impairment in value are removed from the accounts and any resulting gain or loss is recognized in profit or loss.

Investment Properties

Investment properties consist of land and buildings held to earn rentals. Investment properties are initially measured at cost, including transaction costs. The carrying amount includes the costs of replacing part of an existing investment property at the time the costs are incurred if the recognition criteria are met; and excludes the costs of day-to-day servicing an investment property. Investment properties, except for land, are stated at cost less accumulated depreciation and any accumulated impairment in value. Land is stated at cost less any accumulated impairment in value.

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

	Number of Years
Land improvements	25
Buildings	10 - 50

The remaining useful lives and depreciation method are reviewed periodically to ensure that such periods and methods of depreciation are consistent with the expected pattern of economic benefits from buildings and land improvements.

Buildings in progress which represents properties under construction are stated at cost and depreciated only from such time as the relevant assets are completed and put into operational use. Upon completion, these properties are classified to the relevant investment property or property and equipment account.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to earn rentals.

For a transfer from investment property to owner-occupied property, the cost of property for subsequent accounting is its carrying value at the date of change in use. If the property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of change in use.

Investment properties are derecognized when either they have been disposed of, or when investment properties are permanently withdrawn from use and no future economic benefits is expected from its disposal. Any gains or losses on the retirement or disposal of investment properties are recognized in profit or loss in the year of retirement or disposal.

Construction in Progress

Construction in progress, which are stated at cost, are properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, which are carried at cost less any recognized impairment loss. This includes the costs of construction and other direct costs. These assets are not depreciated until such time that the relevant assets are completed and available for use.

Assets Held for Sale

Noncurrent assets or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be primarily through sale rather through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognized in profit or loss.

Once classified as held for sale, any equity-accounted investee is no longer equity accounted.

Intangible Assets

Goodwill and Impairment of Goodwill

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

Other Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less amortization and any impairment losses. Intangible assets with finite lives are amortized on a straight-line basis over their useful lives of 10 to 15 years for computer software and licenses and 20 years for leasehold rights, and tested for impairment whenever there is an indication that they may be impaired. The amortization period and method is reviewed at each financial year-end.

Impairment of Non-current Assets Other than Goodwill

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

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

Similarly, the Group reviews annually whether there is an indication that recognized impairment losses no longer exists or decreased. A reversal of an impairment loss is recognized immediately as a credit to the Group's profit or loss.

Deferred Oil and Mineral Exploration Costs

Deferred oil and exploration costs are accounted for using the full-cost method, where all acquisition, exploration and development costs are capitalized as deferred costs when incurred and on the basis of each contract area. Where oil and gas of commercial quantity is produced, the exploration and development costs are reclassified to and capitalized as wells, platforms and other facilities under the "Property and equipment" account. Producing and non-producing contract areas are evaluated periodically and considering a number of factors, a determination is made whether it is probable that a significant impairment of the carrying cost of deferred oil and mineral exploration costs of each contract area has occurred. If impairment is believed to have occurred, a further analysis is performed to determine the impairment to be recorded for specific contract areas.

If the Group abandons all exploration efforts in a contract area where there are no proven reserves, all acquisition and exploration costs associated with the contract area are recognized in profit or loss. A contract area is considered abandoned if the contract has expired and/or there are no definite plans for further exploration and development.

Proceeds from the sale of crude oil lifted from an area under production testing during the exploration stage are applied against deferred oil exploration costs.

Expenditures for mineral exploration and development work are capitalized as deferred costs when incurred. These expenditures are provided for with an allowance for when there are indications that the exploration results are negative. These are recognized in profit or loss when the projects are abandoned or determined to be definitely unproductive. When the exploration work results are positive, the exploration costs and subsequent development costs are capitalized and amortized using the unit of production method from the start of commercial operations.

Employee Benefits

Short-term Employee Benefits

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

Retirement Benefits Cost

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

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

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

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

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

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

<u>Equity</u>

Capital Stock

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

Additional Paid-in Capital

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

Retained Earnings and Dividend Distribution

Retained earnings include all current and prior period results as reported in profit or loss, prior period adjustments less declaration of dividends.

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

Treasury Stock

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

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

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

- *Merchandise Sales* - The Group generally recognizes sale of merchandise at the point of sale when customer takes possession of goods and tenders payment. At point of sale, the performance obligation is satisfied because control of the merchandise transfers to the customer. Revenue is recorded at the point of sale based on the transaction price on the merchandise tag, net of any applicable discounts, sales taxes and refunds. For e-commerce sales, the Group recognizes sales upon delivery of goods through its online channel.

- *Energy Generation* - The Group recognizes revenue from energy generation over time when actual power or capacity is generated, transmitted and/or made available to the customers.

- *Concession Fee Income* - The Group enters into certain agreements with concessionaires that offer goods to the Group's customers. In exchange, the Group receives payment in the form of commissions based on a specified percentage of the merchandise sales. The Group serves as agent in these contracts and recognizes the net amount earned as commissions in the period in which the event or condition that triggers the payment occurs.

- *Membership* - The Group charges a membership fee to its customers. The fee allows the customer to shop in the Group's stores for the duration of the membership, which is generally 12 months. The Group recognizes the fee in the period in which it occurs.

- *Other/Miscellaneous Income* - The Group recognizes various incidental income in the period in which the services/goods were rendered/delivered.

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

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

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

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

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

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

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

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

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

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physical distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and

- the Group has the right to direct the use of the asset. The Group has the right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:

  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

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

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

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

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

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

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

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

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

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

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

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

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

As a Lessor
When the Group act as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease.

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

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

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

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

<u>Income Taxes</u>
Current tax and deferred tax are recognized in the statements of income except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI.

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

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

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

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- with respect to taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- with respect to deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

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

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

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

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

Value Added Tax (VAT)
Revenues, expenses and assets are recognized net of the amount of VAT, except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included.

The amount of tax recoverable from, or payable to, the taxation authority is included as part of “Prepaid expenses and other current assets” or “Accounts payable and accrued expenses” in the consolidated statements of financial position.

Foreign Currency Transactions and Translation

Transactions in currencies other than Philippine peso are recorded at the rates of exchange prevailing on the dates of the transactions. Outstanding monetary assets and liabilities denominated in foreign currencies are translated using the closing exchange rate at the reporting date. All differences are taken to profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

Basic and Diluted Earnings Per Share (EPS)

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

Related Parties

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

Provisions and Contingencies

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

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

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

Events After the Reporting Date

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

4. Cash and Cash Equivalents

This account consists of:

(In thousands)	***Note***	**2024**	2023
Cash on hand		**P1,199,161**	P1,406,087
Cash in banks	*32*	**34,231,347**	33,570,677
Money market placements	*32*	**10,827,819**	26,871,125
		P46,258,327	P61,847,889

Cash in banks earns interest at the respective bank deposit rates.

Money market placements are made for varying periods up to 90 days depending on the immediate cash requirements of the Group and earn interest at the prevailing money market placement rates ranging from 4.0% to 5.8% in 2024, 1.6% to 5.7% in 2023, and 0.2% to 7.0% in 2022.

Interest income earned from cash in banks and money market placements amounted to P1.4 billion, P1.1 billion and P752.7 million in 2024, 2023 and 2022, respectively.

5. Short-term Investments

These short-term investments are placements with a commercial banking institution, with maturities of more than 90 days to less than one (1) year. In 2024, the Group, primarily the Retail and Real Estate segments, engage in investing activities in order to maximize earnings on available cash funds. These investments bear interests ranging from 4.9% to 5.7% in 2024. Short-term investments amounted to P6,156,518 as at December 31, 2024.

Interest income earned from short-term investments amounted to P168.0 million in 2024.

6. Receivables

This account consists of:

(In thousands)	***Note***	**2024**	2023
Trade receivables		**P7,906,268**	P3,610,200
Non-trade receivables			
Third parties		**1,345,039**	2,610,350
Related party	*26*	**-**	672,390
Interest receivable		**665,674**	666,390
Others		**354,594**	192,063
		10,271,575	7,751,393
Less: Allowance for impairment losses on trade receivables		**76,921**	130,646
	32, 33	**P10,194,654**	P7,620,747

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

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

The movements in the allowance for impairment losses in respect of trade receivables are as follows:

(In thousands)	***Note***	**2024**	2023
Beginning balance		**P130,646**	P113,224
Reversal		**(60,065)**	(84,838)
Provisions during the year	*24*	**6,340**	89,409
Adjustment		**-**	12,851
Ending balance		**P76,921**	P130,646

7. Inventories

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

The Group's merchandise inventories at cost amounted to P35.6 billion and P35.4 billion as at December 31, 2024 and 2023, respectively.

Inventories charged to cost of goods sold amounted to P190.1 billion, P173.1 billion and P158.3 billion in 2024, 2023 and 2022, respectively (see Notes 21).

8. Financial Assets at Fair Value through Profit or Loss

This account consists of:

	Note	**2024**	2023
Held-for-trading:	*32*		
Short-term investments		**P15,256,653**	P -
Equity securities		**42,465**	37,690
Government securities		**4,579,063**	4,588,450
		P19,878,181	P4,626,140

The movements in these securities are as follows:

(In thousands)	***Note***	**2024**	2023
Cost		**P4,604,688**	P4,284,333
Addition		**15,538,443**	1,300,000
Disposal		**-**	(979,645)
		20,143,131	4,604,688
Valuation Adjustments			
Balance at beginning of year		**21,452**	15,047
Unrealized valuation loss for the year		**(286,402)**	6,405
Balance at end of year		**(264,950)**	21,452
	32	**P19,878,181**	P4,626,140

The Group recognized a loss on sale of government securities amounting to P6.5 million in 2023 and nil in 2024 and 2022 (see Note 25).

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

Dividend income on equity securities amounted to P1.7 million, P1.4 million and P1.1 million in 2024, 2023 and 2022, respectively.

9. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

(In thousands)	***Note***	**2024**	2023
Investment in common shares:			
Quoted	*32, 33*	**P2,699**	P3,712
Unquoted	*32, 33*	**2,304**	2,304
		5,003	6,016
Investment in preferred shares	*32, 33*	**7,262**	7,262
		12,265	13,278
Less current portion		**3,768**	5,399
Non-current portion		**P8,497**	P7,879

The quoted shares are designated as FVOCI.

The unquoted shares represent investment in a private domestic company and club membership shares.

Investment in preferred shares pertain to Manila Electric Company which were acquired in connection with the installation of electrical systems for the various stores and offices of the retail segment.

The movements in this account are as follows:

(In thousands)	**2024**	2023
Balance at beginning of year	**P13,897**	P15,068
Unrealized fair value losses	**(1,632)**	(1,171)
Balance at end of year	**P12,265**	P13,897

The movements in the cumulative unrealized fair value gain are as follows:

(In thousands)	**2024**	2023
Balance at beginning of year	**P1,793**	P2,964
Unrealized fair value loss during the year	**(1,632)**	(1,171)
Balance at end of year	**P161**	P1,793

10. Prepaid Expenses and Other Current Assets

This account consists of:

(In thousands)	**2024**	2023
Advances to suppliers	**P2,905,384**	P127,530
Prepaid expenses	**1,612,477**	1,035,992
Input VAT	**187,588**	150,520
Creditable withholding tax	**60,749**	20,685
Deferred input VAT - current	**41,120**	130,519
Others	**20,233**	19,609
	P4,827,551	P1,484,855

Advances to suppliers will be applied against future purchases of inventory items.

Prepaid expenses consist of the following:

(In thousands)	**2024**	2023
Taxes and licenses	**P1,246,813**	P737,212
Insurance	**138,006**	152,362
Advertising and promotion	**90,379**	49,046
Supplies	**29,092**	23,442
Repairs and maintenance	**19,595**	21,902
Rent	**1,336**	369
Others	**87,256**	51,659
	P1,612,477	P1,035,992

Prepaid taxes and licenses pertain to the unamortized portion of registration fees and other taxes paid to the Government.

Prepaid insurance pertains to the unamortized portion of premiums paid for insurance coverage on merchandise inventories, property and equipment, etc.

Prepaid advertising and promotion pertain to payments made in advance for advertisements and product promotions.

Deferred input VAT represents the unamortized portion of accumulated input taxes for purchases of capital assets more than P1.0 million and unpaid services for building and leasehold constructions which can be applied against future output VAT when realized or paid.

11. Investment in Associates and Joint Ventures

This account consists of:

(In thousands)	***Note***	**2024**	2023
Associates		**P790,610**	P566,432
Joint ventures		**5,339,370**	5,171,270
		P6,129,980	P5,737,702

The composition of the carrying value of the Group's investments in associates and joint ventures and the related percentages of ownership interest are shown below:

	Percentage of Ownership		Carrying Amount	
(In thousands)	**2024**	2023	**2024**	2023
Associates:				
San Roque Supermarkets Retail Systems, Inc. ("SRS")	**49**	49	**P422,745**	P422,745
Pernord Ricard Philippines, Inc. ("PERNOD")	**30**	30	**367,865**	143,687
			790,610	566,432
Joint ventures:				
Bodegas	**50**	50	**5,238,946**	5,070,846
Others	**50**	50	**100,424**	100,424
			5,339,370	5,171,270
			P6,129,980	P5,737,702

All associates and joint ventures are incorporated in the Philippines.

Investments in Associates

SRS

In 2013, the Group through Entenso acquired 49.34% equity interest in SRS, a local entity that operates the chain of "San Roque Supermarket" stores and "San Roque Pharmacy" stores in Metro Manila and nearby areas. Its principal address is located at 68 Dumalay St., Quirino Highway, Novaliches, Quezon City, 1117.

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

(In thousands)	**2024**	2023
Balance at beginning of year	**P422,745**	P446,277
Share in net loss	**-**	(23,532)
Balance at end of year	**P422,745**	P422,745

The information presented below summarizes the financial information of San Roque and shows the reconciliation of the Group's share in net assets of such investee to the carrying amount of its investment.

(In thousands)	**2024**	2023
Percentage of ownership	**49.34%**	49.34%
Current assets	**P616,432**	P674,615
Noncurrent assets	**614,920**	728,202
Current liabilities	**(447,510)**	(554,969)
Noncurrent liabilities	**(490,066)**	(546,259)
Net assets	**293,776**	301,589
Group's share in net assets	**144,949**	148,804
Goodwill	**276,058**	276,058
Unrecognized share in net loss in prior years	**1,738**	-
Other*	**-**	(2,117)
Carrying amount of interest in associate	**P422,745**	P422,745
Net sales	**P3,756,605**	P3,852,491
Net loss	**(2,856)**	(6,465)
Group's share in net loss	**(P1,409)**	(P3,190)

**Unrecognized prior period adjustments based on unaudited amounts*

PERNOD
The Group entered into a Shareholder's Agreement and Share Purchase Agreement with Pernod Ricard Asia S.A.S and Allied Netherlands B.V. for the purchase of shares of Pernord Ricard Philippines, Inc. ("PERNOD") for EUR 2.1 million in February 2019.

Pernod wholesales and distributes distilled spirits. Pernod offers neutral spirits and ethyl alcohol used in blended wines and distilled liquors. Pernod serves customers throughout the world. Its principal address is at 4-C Palm Coast Avenue One E-com Center Building, Pasay City, 1300. As at December 2022 and 2021, PWSI owns 30% of Pernod shares.

In September 2024, PWSI subscribed and invested additional capital amounting P225,000.

The financial year end date of Pernod is June 30. This is the reporting date established on the articles of incorporation of the associate. This is also the reporting date adopted by its parent company, Pernod Ricard Asia S.A.S. and its ultimate parent company, Pernod Ricard S.A.

The following table summarizes the financial information of Pernod and shows the reconciliation of the Group's share in net assets of such investee to the carrying amounts of its investment as at December 31, 2024 and 2023:

	2024	2023
Balance at beginning of year	**P143,687**	P89,039
Additional investment	**225,000**	-
Share in net income (loss)	**(1,237)**	54,182
Share in other comprehensive income	**415**	466
Balance at end of period	**P367,865**	P143,687

	2024	2023
Percentage Ownership Interest	**30%**	30%
Current assets	**P1,703,210**	P1,732,900
Noncurrent assets	**226,303**	227,489
Current liabilities	**(707,581)**	(1,492,281)
Noncurrent liabilities	**(40,619)**	(34,055)
Net Assets	**1,181,313**	434,053
PWSI's share of net assets	**354,394**	130,216
Goodwill	**13,471**	13,471
Carrying Amount of Investment in Associate	**P367,865**	P143,687

Investment in Joint Ventures

BODEGAS

In September 2022, the Group through The Keepers Holdings, Inc. acquired a total of 646,775 shares representing 50% equity interest in Bodegas Williams Humbert SA ("Bodegas") for a total consideration of EUR 88.8 million.

Bodegas, is a Spanish company with over 140 years of history producing alcoholic beverages and the producer of "Alfonso," the number one imported brandy in the Philippines and which accounts for about 60% of the sales revenue of the Group's liquor distribution segment.

The following table summarizes the financial information of Bodegas, adjusted for fair value adjustments at acquisition and shows the reconciliation of the Group's share in net assets of such investee to the carrying amount of its investment as at December 31, 2024 and 2023:

	2024	2023
Balance at beginning of year	**P5,070,846**	P4,981,845
Share in net income	**339,242**	288,530
Depreciation of excess fair value	**(44,661)**	(46,482)
Unrealized gross profit on unsold inventories	**38,032**	(89,079)
Dividends received	**(189,690)**	(64,608)
Foreign currency translation adjustment	**25,177**	640
Balance at end of year	**P5,238,946**	P5,070,846

	2024	2023
Percentage Ownership Interest	50%	50%
Current assets (including cash and cash equivalents of P12,585 and P395,619 in 2024 and 2023, respectively)	**P5,596,102**	P5,677,671
Noncurrent assets	**2,155,530**	2,101,254
Current liabilities (including current financial liabilities of P323,192 and P147,923 in 2024 and 2023, respectively)	**(1,725,113)**	(2,015,551)
Noncurrent liabilities (including non-current financial liabilities of P189,076 and P209,398 in 2024 and 2023, respectively)	**(211,891)**	(220,894)
Net Assets	**5,814,628**	5,542,480
TKHI's share of net assets	**2,907,314**	2,771,240
Goodwill	**1,996,128**	1,996,128
Fair value adjustment	**514,972**	559,633
Unrealized gross profit on unsold inventories	**(227,092)**	(265,123)
Translation adjustment	**27,500**	2,323
Foreign exchange differences	**20,124**	6,645
Carrying Amount of Investment in Joint Venture	**P5,238,946**	P5,070,846

The following table shows the Group's share in net income of the investee for the years ended December 31, 2024 and 2023:

	2024	2023
Revenue	**P8,542,381**	P8,430,839
Depreciation	**(189,446)**	(162,695)
Interest income	**8,109**	1,507
Interest expense	**(11,508)**	(4,642)
Income tax expense	**(205,567)**	(172,459)
Net income	**678,485**	577,061
The Group's share in net income at 50%	**339,243**	288,530
Unrealized gross profit on unsold inventories	**38,032**	(89,079)
Depreciation of excess fair value at 50%	**(44,661)**	(46,482)
	P332,614	P152,969

Others
AyaGold Retailers, Inc.
In 2013, the Group through Entenso partnered with Varejo Corp., an entity engaged in operations of small convenience stores, to incorporate a new company, AyaGold Retailers, Inc. (AyaGold). This is the joint venture vehicle for the investment in and operation of mid-market supermarkets and to pursue other investment opportunities in the Philippine retail sector as may be agreed by both parties. AyaGold was incorporated in the Philippines on July 8, 2013 and started its operation on July 31, 2015 with the opening of its first supermarket called "Merkado" which is located in U.P. Town Center. The second supermarket opened on December 14, 2017.

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

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

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

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

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

12. Property and Equipment

The movements and balances of this account as at and for the years ended December 31 consist of:

(In thousands)	***Note***	**Land**	**Buildings**	**Storage Tanks**	**Furniture and Fixtures**	**Office and Store Equipment**	**Transportation Equipment**	**Leasehold Improvements**	**Wells, Platforms and Other Facilities**	**Construction in-Progress**	**Total**
Cost											
December 31, 2022		P12,395,156	P10,852,522	P526,805	P4,275,387	P13,375,962	P350,565	P17,955,658	P204,955	P2,180,476	P62,117,486
Additions		872,442	319,111	14,272	386,368	1,039,735	127,620	1,085,079	-	3,976,746	7,821,373
Disposals		-	(875)	-	(2,260)	(39,965)	(4,010)	(127)	-	-	(47,237)
Reclassifications		232,383	408,173	-	92,807	937,549	-	1,591,732	-	(3,212,149)	50,495
December 31, 2023		13,499,981	11,578,931	541,077	4,752,302	15,313,281	474,175	20,632,342	204,955	2,945,073	69,942,117
Additions		-	521,178	1,872	295,725	1,054,217	50,112	658,156	125	5,160,428	7,741,813
Disposals		-	-	-	(2,129)	(80,299)	(2,289)	-	-	-	(84,717)
Reclassifications		11,123	684,429	-	65,870	1,114,579	-	1,979,727	-	(3,771,593)	84,135
Transfer-in	*14*	9,925	-	-	71	697	1,028	180	4,730,260	-	4,742,161
December 31, 2024		**13,521,029**	**12,784,538**	**542,949**	**5,111,839**	**17,402,475**	**523,026**	**23,270,405**	**4,935,340**	**4,333,908**	**82,425,509**
Accumulated Depreciation and Amortization											
December 31, 2022		-	3,396,304	103,348	2,811,150	10,187,370	261,145	6,134,737	204,955	-	23,099,009
Depreciation and amortization		-	331,454	13,905	247,528	966,277	34,064	935,157	-	-	2,528,385
Disposals		-	(875)	-	(1,923)	(34,949)	-	-	-	-	(37,747)
Reclassifications		-	-	-	(35,137)	34,384	-	(328,987)	-	-	(329,740)
December 31, 2023		-	3,726,883	117,253	3,021,618	11,153,082	295,209	6,740,907	204,955	-	25,259,907
Depreciation and amortization		-	348,163	14,153	242,849	1,122,983	42,794	1,335,909	165,248	-	3,272,099
Disposals		-	-	-	(2,120)	(80,299)	(2,289)	-	-	-	(84,708)
Reclassifications		-	(864)	-	(3,077)	(13,626)	-	(8,903)	-	-	(26,470)
Transfer-in	*14*	-	-	-	60	493	673	180	437,368	-	438,774
December 31, 2024		**-**	**4,074,182**	**131,406**	**3,259,330**	**12,182,633**	**336,387**	**8,068,093**	**807,571**	**-**	**28,859,602**
Carrying Amounts											
December 31, 2023		P13,499,981	P7,852,048	P423,824	P1,730,684	P4,160,199	P178,966	P13,891,435	P -	P2,945,073	P44,682,210
December 31, 2024		**P13,521,029**	**P8,710,356**	**P411,543**	**P1,852,509**	**P5,219,842**	**P186,639**	**P15,202,312**	**P4,127,769**	**P4,333,908**	**P53,565,907**

Interest expense on loans capitalized as part of property and equipment amounted to P12.1 million, P11.1 million and P10.9 million in 2024, 2023 and 2022, respectively (see Note 18).

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

The cost of fully depreciated property and equipment that are still being used in the Group's operations amounted to P10.4 billion and P8.6 billion as at December 31, 2024 and 2023, respectively.

13. Investment Properties

This account consists of:

(In thousands)	Land	Building	Construction in-Progress	Total
Cost				
December 31, 2022	P4,934,762	P6,043,846	P169,007	P11,147,615
Additions	105,521	42,048	28,498	176,067
Reclassifications	(232,383)	(86,468)	(106,034)	(424,885)
December 31, 2023	4,807,900	5,999,426	91,471	10,898,797
Additions	15,962	89,110	8,910	113,982
Reclassifications	(11,123)	(51,394)	(7,208)	(69,725)
December 31, 2024	**4,812,739**	**6,037,142**	**93,173**	**10,943,054**
Accumulated Depreciation				
December 31, 2022	-	1,563,567	-	1,563,567
Depreciation	-	132,422	-	132,422
Reclassification	-	(794)	-	(794)
December 31, 2023	-	1,695,195	-	1,695,195
Depreciation	-	133,536	-	133,536
December 31, 2024	**-**	**1,828,731**	**-**	**1,828,731**
Carrying Amounts				
December 31, 2023	P4,807,900	P4,304,231	P91,471	P9,203,602
December 31, 2024	**P4,812,739**	**P4,208,411**	**P93,173**	**P9,114,323**

Depreciation expense is charged to cost of rent (see Note 22). Reclassifications pertain to cost of investment properties that are transferred to property and equipment during the consolidation process. Total reclassifications amounted to P69.7 million and P424.9 million in 2024 and 2023, respectively.

As at December 31, 2024 and 2023, the fair value of the investment properties amounted to P38.0 billion based on independent appraisals obtained in 2019. The fair value of the land and buildings is determined based on the comparative sales of similar or substitute properties and related market data and is based on current cost and comparison with similar new properties, respectively, which is categorized as Level 3 under the fair value hierarchy.

The rental income earned by the real estate and property leasing segment of the Group from these properties amounted to P1.1 billion, P0.9 billion and P0.8 billion in 2024, 2023 and 2022, respectively (see Note 30).

Direct costs incurred pertaining to the lease of these properties amounted to P978.9 million, P734.3 million and P727.5 million in 2024, 2023, and 2022, respectively (see Note 22).

14. Goodwill and Other Intangibles

This account consists of:

(In thousands)	**2024**	2023
Goodwill	**P16,378,842**	P16,253,526
Trademark	**3,716,661**	3,709,661
Customer relationships	**889,453**	889,453
Leasehold rights - net	**48,477**	38,042
Computer software and licenses - net	**248,256**	198,010
	P21,281,689	P21,088,692

Goodwill

Goodwill acquired in business combinations represents the excess of the purchase price over the fair value of net identifiable assets of acquired entities which represent the separate CGUs expected to benefit from that business combination. The details are as follows:

(In thousands)	**2024**	2023
Retail		
Kareila	**P12,079,474**	P12,079,474
Budgetlane Supermarkets	**837,974**	837,974
Gant	**742,341**	742,341
Daily Commodities, Inc. and First Lane Super Traders Co., Inc. (DCI and FLSTCI)	**685,904**	685,904
Company E	**358,152**	358,152
Black & White (B&W) Supermart	**187,204**	187,204
Puregold Junior Supermarket, Inc. (PJSI)	**11,374**	11,374
Specialty Retail		
OWI	**893,790**	893,790
CHC	**9**	9
Real Estate and Property Leasing		
NPSCC	**457,304**	457,304
Energy		
MRDC	**125,316**	-
	P16,378,842	P16,253,526

Acquisition of MRDC and Catuiran

The acquisition of MRDC and Catuiran (Note 1) was accounted for using the acquisition method of accounting in accordance with PFRS 3, *Business Combinations.*

The following summarizes the consideration transferred, the assets acquired and liabilities assumed and the provisional goodwill and gain on bargain purchase at the acquisition date:

	MRDC	Catuiran
Acquisition cost	P1,762,210	P552,053
Assets acquired and liabilities assumed	(1,636,894)	1,375,297
Share of NCI in net assets	-	(550,119)
Net assets acquired	(1,636,894)	825,178
Provisional goodwill (gain on bargain purchase)	**P125,316**	**(P273,125)**

Using provisional amounts, there was no identifiable intangible assets recognized as at acquisition and valuation dates. The excess of the purchase price over the net assets of acquired is recognized as provisional goodwill and gain on bargain purchase.

The acquisition of Catuiran Hydropower Corporation resulted in a gain on the bargain purchase of P273 million, which has been recognized as part of Other Income. The gain on bargain purchase arose because of favorable negotiation terms by the Cosco Capital with Catuiran Hydropower Corporation.

Since the acquisition dates, MRDC and Catuiran contributed revenue of P278 million and P109 million, respectively, and net profit (loss) of P160 million and (P53) million, respectively, to the Group's results in 2024. Had the acquisition occurred at the beginning of the year, MRD and Catuiran would have contributed revenue of P109 and P382 million, respectively, and net profit (loss) of P220 million and (P53) million, respectively, to the Group's results in 2024.

Trademarks and Customer Relationships

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

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

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

VIU
Value in use is determined using discounted cash flow projections that generally cover a period of five years and are based on the financial plans approved by the Group's management. The key assumptions for the value-in-use calculations relate to the weighted average cost of capital (discount rate), sales growth, operating margin and growth rate (terminal value). The discount rates reflect the key assumptions used in the cash flow projections. The discount rates reflect the key assumptions used in the cash flow projections. The pre-tax discount rates ranged between 8.5% and 11.1% in 2024, and between 8.5% and 11.1% in 2023. The sales growth rates and operating margins used to estimate future performance are based on past performance and experience of growth rates and operating margins achievable in the Group's markets. The average annual compound sales growth rates applied in the projected periods ranged between 5.0% and 6.0% for the CGUs. The average operating margins applied in the projected periods ranged between 2.0% and 6.0% for the CGUs. The terminal value to extrapolate cash flows beyond the explicit forecast period is 3.6% for the CGUs.

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

	Pre-tax Discount Rate		**Growth Rate (Terminal Value)**	
	2024	2023	**2024**	2023
Kareila	**10.1%**	8.6%	**3.5%**	3.6%
Budgetlane Supermarkets	**10.2%**	8.7%	**3.5%**	3.6%
Gant	**10.5%**	8.6%	**3.5%**	3.6%
DCI and FLSTCI	**10.4%**	8.5%	**3.5%**	3.6%
MRDC	**10.0%**	-	**3.0%**	-
OWI	**11.0%**	11.1%	**3.0%**	5.4%
NPSCC	**11.0%**	11.1%	**3.0%**	5.4%

As at December 31, 2024, management assessed that a reasonably possible change in key assumptions of B&W Supermart and NPSCC would result in the headroom being reduced to nil if either of the following change occurs:

	B&W Supermart	**NPSCC**
Increase in discount rate	**0.3%**	**4.0%**
Decrease in revenue growth rate	**1.2%**	**1.0%**

Computer Software and Licenses
The movements in computer software and licenses are as follows:

(In thousands)	**2024**	2023
Cost		
Balance at January 1	**P628,490**	P533,796
Additions	**116,160**	94,694
Balance at December 31	**744,650**	628,490
Accumulated Amortization		
Balance at January 1	**430,480**	373,772
Amortization	**65,914**	56,708
Balance at December 31	**496,394**	430,480
Carrying Amount at December 31	**P248,256**	P198,010

Leasehold Rights
The movements in leasehold rights are as follows:

(In thousands)	**2024**	2023
Cost		
Balance at January 1	**P75,955**	P75,355
Additions	**15,000**	600
	90,955	75,955
Accumulated Amortization		
Balance at January 1	**37,913**	34,037
Amortization	**4,565**	3,876
Balance at December 31	**42,478**	37,913
Carrying Amount at December 31	**P48,477**	P38,042

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

Amortization of computer software licenses and leasehold rights are both charged under cost of revenue.

15. Deferred Oil and Mineral Exploration Costs

This account consists of:

(In thousands)	***Note***	**Participating Interest**	**2024**	2023
I. Oil Exploration Costs				
SC 14:	*a*			
Block C2 (West Linapacan)		6.12%	**P57,223**	P56,724
Block D		5.84%	**8,111**	8,111
Block B1 (North Matinloc)		13.55%	**4,192**	4,192
			69,526	69,027
SC 6A:	*b*	1.67%		
Octon Block			**17,597**	17,597
North Block			**600**	600
SC 6B (Bonita)	*c*	8.18%	**8,143**	8,116
			26,340	26,313
MPSA:	*d*		**32,817**	32,817
Other oil projects			**527**	527
			33,344	33,344
			129,210	128,684
Allowance for impairment loss			**(127,470)**	(127,470)
Balance at end of year			**1,740**	1,214

Forward

(In thousands)	***Note***	**Participating Interest**	**2024**	2023
II. Mineral Exploration Costs				
Nickel project		100.00%	**19,210**	19,210
Anoling gold project		3.00%	**13,818**	13,818
Gold projects		100.00%	**13,036**	13,036
Cement project		100.00%	**21,851**	21,851
Other mineral projects			**383**	383
			68,298	68,298
Accumulated for impairment losses			**(56,047)**	(56,047)
Balance at end of year			**12,251**	12,251
III. Other Deferred Charges			**619**	619
Allowance for impairment loss			**(619)**	(619)
Balance at year end			**-**	-
			P13,991	P13,465

On July 2, 2015, the Department of Energy (DOE) approved the transfer of all participating interest of the Parent Company in its various petroleum service contracts in the Philippines to APMC. APMC hereby assumes the responsibility and work commitments on the service contracts.

All deferred oil and mineral exploration costs are classified as intangible assets on the basis that these costs are recognized in respect of licenses and surveys. These costs were incurred in developing an intangible asset. Oil and mineral explorations are governed by permits issued by the Philippine Government either through DOE under SC or by DENR under Exploration Permit (EP) or MPSA.

In 2019, the management assessed that the deferred oil and mineral exploration costs are impaired given the final plug and abandonment of nine production wells for SC 14 and lack of significant progress on the remaining projects. Accordingly, the Group recognized full impairment loss in 2019. As at December 31, 2024 and 2023, allowance for impairment loss amounted to P127.4 million.

a. <u>SC 14 C2 - West Linapacan</u>
   In 2019, Philodrill is in the early stages of negotiation with a UK-based firm which intends to acquire interests in the SC14 C2-West Linapacan Block. The area is part of the ongoing seismic reprocessing and Quantitative Interpretation (QI) works over contiguous areas in SC 14 C2 and SC 74 that cover the West Linapacan and Linapacan discoveries. The Joint Quantitative Interpretation (QI) study on the Linapacan (SC 74) and West Linapacan (SC 14 C2) was officially commenced on the 4th week of April 2019, with IKON Science as the selected service provider. The project involves joint QI work on a 400 sq km reprocessed PSDM seismic data volume covering the West Linapacan A and B in SC 14 and the Linapacan A and B SC 74. As of end-June 2019, the Phase 1a of the study has been completed and the 2 Joint Venture consortia are now discussing on proceeding to the next phase of the Joint QI work which will involve trial inversion work on 30 sq km data volume of contiguous areas.

Meanwhile, Philodrill implemented the final plug and abandonment (P&A) of nine production wells in the Nido, Matinloc and North Matinloc fields immediately after these fields finally ceased production in early 2019. Using the workboat MV ENA Habitat, Philodrill successfully completed P&A works on seven wells (Matinloc-1,-2,-3, Nido B-1, -2, -3, and North Matinloc-2) from March 30 to May 21, 2019. The completion of the P&A of the remaining wells (Nido A-1 and A-2) was deferred for a separate campaign in April 2020.

During 2020, the SC 14C2 JV entered into a Sale-Purchase Agreement (SPA) and a Farm-out Agreement (FOA) with an Independent Oil & Gas Production, Development and Exploration Company (IOGPDE) that would take over the operatorship of the SC. Following the execution of the SPA & FOA, the JV agreed that the proposed redevelopment strategy by the eventual operator will be adopted and submitted to the DOE during the process of securing the DOE approval for the Deeds of Assignment (DOAs) arising out of the SPA and FOA.

The finalization and execution of DOAs, however, has been greatly delayed by the COVID 19 situation and the Community Quarantines' restrictions since mid-March 2020.

To comply with the commitments under the SC, the proposed 2020 Work Program and Budget (WP&B) covering the period November 2020 to March 2021 was submitted for approval. The proposed work activity will complement the subsequent redevelopment effort for the West Linapacan Field.

On July 1, 2021, the SPA and FOA were terminated. A two-phased technical evaluation of West Linapacan B was undertaken during the last quarter of 2021. Phase 1 was carried out to constrain the uncertainties surrounding the West Linapacan B reservoir properties to determine probabilistic range of resources. The Phase 2 of the study involves formulating an appraisal/conceptual development strategy and economic analysis of resource and development scenarios.

The 2022 Work Program and Budget has been submitted with component for the technical studies that will be undertaken to continue to assess and fully understand the feasibility for the joint development of West Linapacan A & B and the administrative management of the SC.

Also in 2022 the outstanding SC 14C2 Training Fund balance was settled with DOE.

The 2023 Work Program and Budget has been approved later part of the year and payment was made for the 2022 Training Fund obligation.

The Reservoir Engineering Study (RES) continued during Q4 of 2024. It is being undertaken to identify the location/concentration of remaining mobile oil in the reservoir of West Linapacan A. The study will provide the necessary information to optimally locate WLA-7 on the structure and to formulate the drilling plan and well design. There is no further development as at report date.

b. <u>SC 6A (Octon and North Block) - Offshore Northwest Palawan Philippines</u>
The SC 6A oil field, discovered in 1990, is located in Offshore Northwest Palawan near Galoc Block. This oil field was not put into production due to low oil price in 1990 and also due to limited data. As at December 31, 2019, the Group has participating interest of 1.67%.

The impending expiry of SC 6A-Octon Block was finally resolved in a DOE letter on June 18, 2009. The letter informed the Operator, Philodrill, (PLL) of the 15-year contract extension of the SC Octon Block subject to some terms and conditions.

On December 8, 2011, the DOE approved the transfer of Filipino Consortium's 70% undivided interest to PLL. DOE has also approved the appointment of PLL as the Operator in accordance with the Deed of Assignment and Assumption dated July 1, 2011.

The work commitments approved by the DOE for 2012 include the seismic acquisition, processing and interpretation of 500 square kilometers of 3D data area in Octon. The Group for its part will be carried free up to the drilling of the two exploration wells on the block.

In 2013, the 3D seismic acquisition has been completed and the data is now in Vietnam for data processing and interpretation. Oil reserves have already been determined and would be further refined and fine-tuned by the complete seismic acquisition.

In 2021, additional deferred charges amounting to P0.02 million were capitalized.

The Seismic Inversion and Reservoir Characterization project in the north block of SC 6A was completed in mid-December 2020. The stochastic inversion, used to characterize the thinly bedded sands of the GCU, generated promising results and highlighted potential areas of key interest in the vicinity of the Malajon-1 well. Zones exhibiting a high probability of pay were identified within the GCU and are considered plausible locations for well drilling.

The Notice of Surrender of the Service Contract was approved by the Department of Energy (DOE) on September 5, 2022 while the new Service Contract over the same area under the Philippine conventional Energy Contracting Program (PCECP) is in process.

In March 2023, Alcorn has formally notify the Philodrill Corporation that it wil not participate in the new Service Contract. There is no further development as at report date.

c. SC 6B (Bonita) - Offshore Nortwest Palawan, Philippines
In 2012, DOE approved the amendments to the Farm-In agreement between the Filipino farmers and the Group of Operators. The Operators proposed to conduct a simultaneous study of Bonita with Cadlao. The $200,000 approved budget will be shared halfway. However, the Group of Operators failed to submit the financial documents required by the DOE which would prove that it has the financial capability to implement the work programs.

During 2020, Manta Oil Corporation (MOC), operator of the SC, completed a comprehensive technical subsurface review using the 2016 PSTM reprocessed 3D seismic data. The recent subsurface mapping work on the Cadlao structure resulted in an improved P50 STOIIP, with an increase of 15% from previous volumetric.

In 2022, Nido Petroleum and Minerals Corporation submitted their farming proposal for the JVP to review. Under the proposal, they will increase their participating interest and take over the operatorship of the block.

As at December 31, 2023, a Deed of Assignment is subject for finalization and for submission to the DOE for approval and increase of participating interest of Nido Petroleum.

In 2024, the Department of Energy (DOE) completed the evaluation of the Development and Production Petroleum Service Contract (DPPSC) application, thus confirming that the consortium is qualified to enter into a Petroleum Service Contract with the government.

Likewise in preparation for redevelopment activities, Nido to process application to secure Environmental Compliance Certificate from DENR-EMB and Certificate of Non-Overlap from NCIP.

d. <u>MPSA No. 066-97-VIII - Cement Project, Isabel, Merida, Leyte</u>
The MPSA was assigned last June 1997 and calls for the extraction of limestone as raw material for the manufacture of cement. The assignment is for 25 years with an option to extend for another 25 years.

On March 4, 2003, the DENR granted the Parent Company's application for a 2-year exploration period in its Cement Leyte Project which ended on March 14, 2005.

On September 9, 2011, the Parent Company received the approval for the second extension of the MPSA Exploration. The approved exploration and environmental work programs shall end with the Declaration Mining Project Feasibility in September 2013 or earlier.

The Parent Company, as part of new requirements, is required to conduct a new round of Information, Education and Communication (IEC) before implementing the exploration surveys. The Parent Company has also committed to participate in the National Greening Program initiated by the President.

For the first half of 2012, the Parent Company continued in preparation to conduct a new IEC campaign for the drilling operation it committed to conduct in the contract area within the 2-year extension of the MPSA exploration period.

In 2016, the Group paid occupation amounting to P0.5 million for the project.

On May 20, 2020, exploration permit for the project was for the two-year exploration period was granted, subject to the compliance of conditions set forth. Currently, the Group is in the process of fulfilling its obligations in relation to the renewed exploration permit.

For the years ended December 31, 2021, 2020 and 2019, the Group paid occupation fee amounting to P0.01 million, P0.2 million and P0.1 million respectively. For the year ended December 31, 2021, the Group paid the amount of P0.6 million for mapping activities.

In 2022, Integrated Safety, Health, Environmental and Social (ISHES) monitoring/inspection at the area, located within the municipalities of Merida and Leyte was once again conducted.

The renewal of the Mineral Production sharing Agreement No 066-97-VIII (MPSA 066-97-VIII) for another 25 years was approved on June 14, 2022 subject to certain conditions.

In 2023, in addition to the regular payment of occupational fee and conduct of ISHES, there was site visit with PIMI in Isabel to Merida, Leyte MPSA 066-97-VIII to conduct a geological assessment and due diligence of MPSA. The new potential JV partner is in discussion with the Parent Company.

Meetings with the local government of Merida and Leyte were conducted with regards to the Community Development Plan implementation and the possible job opportunities.

In 2024, conducted regular sites visit with MGB for the safety and environmental monitoring, compliance to the work program in the affected barangays and mangrove planting in Guiwanon Seashore Barangay Benabaye, Merida, Leyte. Payment of occupational fee was processed for FY2024 corresponding to the MPSA 066-97-VIII.

16. Other Noncurrent Assets

This account consists of:

(In thousands)	***Note***	**2024**	2023
Security deposits	*32, 33*	**P3,006,031**	P2,815,838
Advances to contractors		**498,668**	453,514
Deferred input VAT - net of current portion		**90,370**	115,613
Accrued rent income		**74,543**	116,243
Prepaid rent		**835**	3,230
Others		**35,467**	46,469
		P3,705,914	P3,550,907

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

Advances to contractors pertain to payments made in advance for the construction of new stores and buildings, which will be applied to future billings.

Accrued rent income pertains to excess of rent income determined using the straight-line basis for financial reporting purposes over the rent income pursuant to terms of lease agreement.

17. Accounts Payable and Accrued Expenses

This account consists of:

(In thousands)	***Note***	**2024**	2023
Trade payables:			
Third parties		**P21,664,425**	P17,319,240
Related party	*26*	**1,381,093**	1,177,848
Non-trade payables:			
Third parties		**2,933,280**	3,199,176
Related party	*26*	**3,598**	3,451
Due to government agencies		**1,022,009**	978,488
Advance rentals		**56,837**	54,480
Construction bonds		**24,932**	24,113
Dividends payable	*29*	**19,893**	2,938,863
Retention payable		**5,603**	5,301
Accrued expenses:			
Manpower agency services		**1,278,299**	1,083,594
Fixed asset	*22*	**769,474**	881,162
Utilities		**485,068**	522,204
Rent		**278,473**	229,488
Others		**840,058**	703,974
		P30,763,042	P29,121,382

Trade payables generally on a 30-to-60-day payment terms.

Non-trade payables consist of claims arising from billed expenditures in relation to operations other than purchases of goods.

The accrued expenses for fixed assets include the remaining obligations for the purchase of a parcel of land which is payable until 2027. The current portion amounted to P266.1 million and P276.6 million as at December 31, 2024 and 2023, respectively, while the noncurrent portion, which is included in the “Noncurrent liabilities” account in the consolidated statements of financial position, amounted to P289.8 million and P567.3 million as at December 31, 2024 and 2023, respectively.

18. Loans Payable

As at December 31, 2024 and 2023, the Group has the following outstanding loans:

a. Short-term Loans

Details of short-term loans follow:

(In thousands)	**2024**	2023
Balance at beginning of year	**P -**	P148,000
Repayments	**-**	(148,000)
Balance at end of year	**P -**	P -

b. Long-term Loans

The balance of long-term loans of the Group as follow:

(In thousands)	**2024**	2023
Fixed-rate peso-denominated:		
PPCI	**P11,520,000**	P11,640,000
KMC	**5,200,000**	-
MRDC	**892,604**	-
CHC	**514,167**	-
TKHI	**260,000**	-
Unamortized debt issuance costs	**(63,536)**	(78,871)
	18,323,235	11,561,129
Less: Current portion	**381,131**	120,000
	P17,942,104	P11,441,129

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

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

b. *KMC*
In 2024, Kareila obtained a total bank loan amounting to P4.0 billion that has a three-year tenor and P0.5 billion loan that has a five-year tenor with interest rate of 5.175% to 5.750%. The loans are not subject to any debt covenant.

c. *MRDC*
On September 25, 2024, Matuno obtained a long-term interest-bearing peso denominated loan amounting to P892.6 million from a bank maturing on March 25, 2035 with an interest rate of 6.75% payable quarterly every year.

d. *CHC*
As a result of the business combination discussed in Note 14, the Group assumed Catuiran's secured long-term interest-bearing peso-denominated loan and various other unsecured long-term interest-bearing peso-denominated loans from a local bank with interest rates ranging from 5.10%-5.50 % per annum and are due on various dates.

e. *TKHI*
On September 18, 2024, PWSI entered into unsecured 5-year loan with a bank which shall mature on August 23, 2029, amounting to P280,000 with annual interest rate of 5.5%.

Total interest expense charged to profit or loss amounted to P772,696 million, P566.5 million and P527.2 million in 2024, 2023 and 2022, respectively.

Interest expense on loans capitalized as part of property and equipment amounted to P12.1 million, P11.1 million and P10.9 million in 2024, 2023 and 2022, respectively (see Note 12).

The movements in debt issuance costs are as follows:

	2024	2023
Balance at beginning of year	**P78,871**	P94,207
Amortizations	**(15,335)**	(15,336)
Balance at end of year	**P63,536**	P78,871

Changes in Liabilities Arising from Financing Activities:
The movements and balances of this account are as follows:

	Short Term Loans Payable	Long Term Loans Payable	Dividend Payable (Notes 17 and 29)	Lease Liabilities (Note 22)	Total
Balance at January 1, 2024	**P -**	**P11,561,129**	**P2,938,863**	**P37,068,656**	**P51,568,648**
Changes from financing cash flows:					
Payment of loans	**-**	**(358,765)**	**-**	**-**	**(358,765)**
Availment of loans	**-**	**5,480,000**	**-**	**-**	**5,480,000**
Lease payments	**-**	**-**	**-**	**(4,052,234)**	**(4,052,234)**
Cash dividends paid	**-**	**-**	**(6,042,002)**	**-**	**(6,042,002)**
Total changes from financing cash flows	**-**	**5,101,235**	**(6,042,002)**	**(4,052,234)**	**(4,993,001)**
Other Changes					
Liability-related					
Additions	**-**	**-**	**-**	**3,363,228**	**3,363,228**
Cash dividends declared	**-**	**-**	**1,487,911**	**-**	**1,487,911**
Loans assumed from business combination	**-**	**1,645,536**	**-**	**-**	**1,645,536**
Amortization of debt issuance cost	**-**	**15,336**	**-**	**-**	**15,336**
Other adjustments	**-**	**-**	**1,635,121**	**3,201,021**	**4,836,142**
Total liability-related changes	**-**	**1,660,871**	**3,123,032**	**6,564,249**	**11,348,152**
Balance at December 31, 2024	**P -**	**P18,323,235**	**P19,893**	**P39,580,671**	**P57,923,799**

	Short Term Loans Payable	Long Term Loans Payable	Dividend Payable (Notes 17 and 29)	Lease Liabilities (Note 22)	Total
Balance at January 1, 2023	P148,000	P11,665,793	P2,668,718	P35,926,028	P50,408,539
Changes from financing cash flows:					
Payment of loans	(148,000)	(120,000)	-	-	(268,000)
Lease payments	-	-	-	(3,330,500)	(3,330,500)
Payment of dividends	-	-	(2,668,718)	-	(2,668,718)
Total changes from financing cash flows	(148,000)	(120,000)	(2,668,718)	(3,330,500)	(6,267,218)
Other Changes					
Liability-related					
Additions	-	-	-	3,700,808	3,700,808
Amortization of debt issuance cost	-	15,336	-	-	15,336
Other lease adjustments	-	-	-	772,320	772,320
Declaration of dividends	-	-	2,938,863	-	2,938,863
Total liability-related changes	-	15,336	2,938,863	4,473,128	7,427,327
Balance at December 31, 2023	P -	P11,561,129	P2,938,863	P37,068,656	P51,568,648

19. Other Current Liabilities

This account as at December 31 consists of:

(In thousands)	***Note***	**2024**	2023
Customers' deposits	*22, 32, 33*	**P527,075**	P454,106
Unredeemed gift certificates		**203,371**	187,213
Promotional discount		**131,170**	177,793
Output VAT		**77,712**	307,898
Others	*32*	**23,100**	72,491
		P962,428	P1,199,501

Customers' deposits consist of payments from the lessees that are refundable at the end of the lease term. These are intended to answer for any unpaid obligations of the lessee to the Group including damages to the leased properties.

Unredeemed gift certificates represent members' claims for issued yet unused gift certificates. These will be closed to sales account upon redemption and are due and demandable anytime.

Contract Liabilities

The Group identified its unredeemed gift certificates as contract liabilities as of December 31, 2024 and 2023. These represent the Group's obligation to provide goods or services to the customers for which the Group has received consideration from the customers.

Below is the rollforward of contract liabilities:

(In thousands)	**2024**	2023
Beginning balance	**P187,213**	P189,893
Receipts	**480,202**	379,667
Sales recognized	**(464,044)**	(382,347)
Ending balance	**P203,371**	P187,213

20. Revenues

The revenue from contracts with customers is disaggregated by revenue stream.

(In thousands)	**2024**	2023	2022
Revenue from Contracts with Customers			
Merchandise Sales and Energy Generation			
Grocery	**P219,171,530**	P199,031,905	P184,302,945
Wine and liquor	**14,201,964**	12,344,351	10,165,497
Office and technology supplies	**2,071,397**	2,145,140	1,785,725
Energy generation	**491,922**	-	-
	235,936,813	213,521,396	196,254,167
Other Revenue			
Concession fee income	**1,668,591**	1,632,541	1,743,522
Membership income	**857,443**	778,437	670,476
Miscellaneous	**491,125**	392,159	270,547
	3,017,159	2,803,137	2,684,545
Lease Revenue			
Real estate and property leasing	**1,020,040**	963,030	882,597
Retail	**491,934**	472,035	502,543
	1,511,974	1,435,065	1,385,140
	P240,465,946	P217,759,598	P200,323,852

21. Cost of Revenues

Cost of goods sold consists of:

(In thousands)	***Note***	**2024**	2023	2022
Beginning inventory		**P35,387,312**	P34,873,683	P25,390,956
Purchases		**190,396,485**	173,628,475	167,783,975
Total goods available for sale		**225,783,797**	208,502,158	193,174,931
Ending inventory		**35,636,291**	35,387,312	34,873,683
		P190,147,506	P173,114,846	P158,301,248

Cost of services consists of:

(In thousands)	**2024**	2023	2022
Depreciation	**P479,103**	P278,773	P255,226
Security services	**93,875**	87,297	82,641
Taxes and licenses	**78,582**	95,668	85,121
Repairs and maintenance	**74,394**	85,013	78,098
Janitorial services	**61,648**	57,924	44,690
Management fees	**50,032**	44,587	38,588
Salaries and wages	**43,265**	31,471	27,238
Insurance	**33,741**	17,760	21,694
Utilities	**32,866**	24,135	82,471
Others	**31,388**	11,655	11,758
	P978,894	P734,283	P727,525

22. Leases

As Lessee

The Group leases parcels of land, stores, warehouses, distribution centers, and parking spaces. The lease terms range from 5 years to 42 years, which are generally renewable based on certain terms and conditions. Rental payments are fixed monthly or per square meter subject to 1%-10% escalation or percentage of store sales, whichever is higher. Variable lease payments that depend on sales are recognized in profit or loss in the period in which the condition that triggers those payments occurs.

The movements in right-of-use assets are as follows:

(In thousands)	**2024**	2023
Cost		
Balance at January 1	**P45,179,990**	P41,191,525
Additions	**3,570,339**	4,645,774
Modifications	**(116,949)**	(164,580)
Terminations	**(603,393)**	(130,455)
End of lease term	**(418,889)**	(362,274)
Balance at December 31	**47,611,098**	45,179,990
Accumulated Depreciation		
Balance, January 1	**15,065,181**	12,812,652
Depreciation	**2,453,144**	2,347,559
Terminations	**(19,142)**	(28,248)
End of lease term	**(418,848)**	(83,487)
Others	**(109,130)**	16,705
Balance, December 31	**16,971,205**	15,065,181
Carrying amount at December 31	**P30,639,893**	P30,114,809

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

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

(In thousands)	**2024**	2023
Due within one year	**P1,509,820**	P1,432,914
Due beyond one year	**38,070,851**	36,759,766
	P39,580,671	P38,192,680

The movements in lease liabilities are as follows:

(In thousands)	**2024**	2023
January 1	**P38,192,680**	P35,926,028
Additions	**3,363,228**	3,700,808
Accretion of interest	**2,439,127**	2,017,991
Repayments	**(3,809,618)**	(3,330,500)
Terminations	**(593,864)**	(90,803)
Modifications	**(10,882)**	(30,844)
December 31	**P39,580,671**	P38,192,680

Shown below is the maturity analysis of the undiscounted lease payments for the years ended December 31:

(In thousands)	**2024**	2023
Less than one year	**P4,544,807**	P4,081,407
One to five years	**18,034,309**	15,824,790
More than five years	**60,522,340**	51,622,714
	P83,101,456	P71,528,911

The following are the amounts recognized in profit or loss:

(In thousands)	**2024**	2023	2022
Variable lease payments not included in the measurement of lease liabilities*	**P513,739**	P703,858	P656,742
Expenses related to leases of low-value assets	**165,792**	25,271	29,538
Expenses related to short-term leases	**23,125**	20,449	8,572
Total rent expense	**702,656**	749,578	694,852
Interest accretion on lease liabilities	**2,439,127**	2,017,991	2,033,571
Depreciation charge for right-of-use assets	**2,453,144**	2,347,559	1,964,224
Gain from lease terminations	**54,036**	47,030	4,593

**This includes the concession fee expense presented as separate line item under "Operating expenses" in the statements of income.*

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

Total cash outflows for all leases amounted to P4.0 billion and P4.1 billion in 2024 and 2023, respectively.

As Lessor

The Group leases out its investment properties to various lessees. These non-cancellable leases have lease terms of up to twenty-five (25) years. Some of the leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

The lease agreements, among others, include customers' deposits. These deposits shall answer for any unpaid obligations of the lessee to the Group including damages to the leased properties. Customers' deposits, which are carried at amortized cost, are non-interest bearing and refundable upon termination of the lease agreement, provided that there are no outstanding charges against the tenant. Customers' deposits amounted to P872.0 million and P793.8 million as at December 31, 2024 and 2023, composed of current and noncurrent portion, broken down as follows:

(In thousands)	***Note***	**2024**	2023
Current	*19*	**P527,075**	P454,106
Noncurrent		**344,986**	339,651
		P872,061	P793,757

Customers' deposits are recognized initially at fair value and subsequently carried at amortized cost. The fair values of customers' deposits are determined using risk-free interest rates. These are amortized on a straight-line basis.

Rent income recognized as part of "Revenues" account in profit or loss amounted to P1.0 billion, P0.96 billion and P0.88 billion in 2024, 2023 and 2022, respectively.

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

(In thousands)	**2024**	2023	2022
Less than one year	**P1,279,924**	P1,348,030	P1,196,342
One to two years	**1,175,856**	1,250,724	984,535
Two to three years	**1,302,051**	932,487	920,940
Three to four years	**829,386**	908,232	745,740
Four to five years	**792,520**	747,084	740,343
More than five years	**5,691,617**	6,037,320	6,507,489
	P11,071,354	P11,223,877	P11,095,389

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

Rent income recognized as part of "Other revenue" account in profit or loss amounted to P491.9 million, P472.0 million and P501.3 million in 2024, 2023 and 2022, respectively (see Note 23).

The future minimum lease collections under non-cancellable operating leases as at December 31 are as follows:

(In thousands)	**2024**	2023	2022
Less than one year	**P331,236**	P315,926	P273,377
One to two years	**267,383**	259,577	129,561
Two to three years	**143,061**	106,009	90,248
Three to four years	**115,977**	88,247	61,240
Four to five years	**80,275**	71,837	49,217
More than five years	**1,178,717**	1,187,251	974,404
	P2,116,649	P2,028,847	P1,578,047

23. Other Revenue

This account consists of:

(In thousands)	***Note***	**2024**	2023	2022
Concession fee income	*20*	**P1,668,591**	P1,632,541	P1,743,522
Membership income	*20*	**857,443**	778,437	670,477
Rent income	*20*	**491,934**	472,035	501,338
Miscellaneous	*20*	**491,125**	392,159	271,751
		P3,509,093	P3,275,172	P3,187,088

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

24. Operating Expenses

This account consists of:

(In thousands)	***Note***	**2024**	2023	2022
Depreciation and amortization	*12, 13, 14, 22*	**P5,477,198**	P4,730,262	P4,315,784
Manpower agency		**5,242,622**	4,536,285	3,850,837
Salaries and wages		**3,809,334**	3,290,029	2,886,260
Communication, light and water		**3,583,888**	3,285,279	3,212,311
Outside services		**1,500,229**	1,436,167	1,304,965
Taxes and licenses		**1,379,427**	1,245,989	1,072,741
Advertising and marketing		**1,270,553**	1,006,478	867,960
Repairs and maintenance		**997,208**	874,053	722,042
Store and office supplies		**796,963**	874,759	827,236
Rent	*22, 26*	**699,945**	749,578	770,663
Transportation		**692,157**	615,310	539,879
Distribution costs		**673,312**	562,598	493,564
Credit card charges		**636,100**	546,423	585,388
SSS/Medicare and HDMF contributions		**382,480**	314,551	253,368
Retirement benefits cost	*27*	**345,861**	915,574	291,810
Insurance		**330,555**	293,048	266,323
Input VAT allocable to exempt sales		**213,386**	214,427	206,970
Representation and entertainment		**185,485**	202,686	157,375
Fuel and oil		**188,697**	167,670	178,163
Professional fees		**116,026**	100,498	62,532
Royalty expense	*26*	**72,181**	66,587	61,872
Provision for doubtful accounts	*6*	**6,340**	89,409	14,192
Others		**856,083**	563,400	637,034
		P29,456,030	P26,681,060	P23,579,269

25. Other Income (Charges)

This account consists of:

(In thousands)	***Note***	**2024**	2023	2022
Share in income (loss) of joint ventures and associates	*11*	**P326,764**	P19,826	(P107,047)
Foreign exchange gain (loss)		**319,826**	(27,091)	(3,128)
Gain from reversal of provision		**60,065**	8,848	-
Gain from lease terminations	*22*	**54,036**	47,030	4,593
Bank charges		**(3,157)**	(3,490)	(4,048)
Gain from disposal of property and equipment		**854**	566	570
Loss from insurance claims		**-**	-	(1,585)
Unrealized valuation gain (loss) on financial assets	*8*	**-**	6,405	(324)
Gain from sale of financial assets	*8*	**-**	6,524	-
Miscellaneous		**26,243**	10,547	13,942
		P784,631	P69,165	(P97,027)

26. Related Party Transactions

The Group's transactions and balances with its related parties follow *(in thousands)*:

Related Party	Year	Note	Amount of Transactions for the Year	Cash and Cash Equivalents/ Receivables	Due from Related Parties	Trade and Nontrade Payables	Lease Liabilities	Due to Related Parties	Terms	Conditions
Stockholder										
▪ Advances	**2024**	*a*	**P -**	**P -**	**P -**	**P -**	**P -**	**P -**	Due and demandable	Unsecured
	2023		-	-	-	-	-	-		
Under Common and Joint Control										
▪ Loans receivable										
Principal	**2024**		**-**	**-**	**-**	**-**	**-**	**-**		
Interest	**2024**		**-**	**-**	**-**	**-**	**-**	**-**		
Principal	2023		-	-	-	-	-	-	Due on September 30,	Unsecured;
Interest	2023		-	672,390	-	-	-	-	2021; interest bearing	unimpaired
▪ Advances for working capital requirements	**2024**		**217**	**-**	**-**	**-**	**-**	**363,263**	Due and demandable;	Unsecured;
	2023		-	-	-	-	-	363,046	non-interest bearing	unimpaired
▪ Purchase of inventories	**2024**	*b*	**6,535,909**	**-**	**-**	**1,381,093**	**-**	**-**	Due and demandable	Unsecured
	2023		6,077,369	-	-	1,177,848	-	-		
▪ Management fees	**2024**	*c*	**42,813**	**-**	**-**	**3,598**	**-**	**-**	Due and demandable;	Unsecured
	2023		36,764	-	-	3,451	-	-	non-interest bearing	
Associates										
▪ Advances for working capital requirements	**2024**		**15,268**	**-**	**60,502**	**-**	**-**	**474,057**	Due and demandable;	Unsecured;
	2023		186,346	-	60,502	-	-	458,789	non-interest bearing	unimpaired
▪ Acquisition of investment	**2024**	*e*	**-**	**-**	**-**	**-**	**-**	**-**		
	2023		-	-	-	-	-	-		
▪ Royalty expense	**2024**	*d*	**57,743**	**-**	**-**	**-**	**-**	**57,743**	Due and demandable;	Unsecured
	2023		53,270	-	-	-	-	53,270	non-interest bearing	
Key Management Personnel										
▪ Short-term benefits	**2024**		**95,655**	**-**	**-**	**-**	**-**	**-**		
	2023		50,064	-	-	-	-	-		
Total	**2024**			**P -**	**P60,502**	**P1,384,691**	**P -**	**P895,063**		
Total	2023			P672,390	P60,502	P1,181,299	P -	P875,105		

a. Advances from a Stockholder

A stockholder provided advances to PSMT which were used for the acquisition of three (3) parcels of land located in Brgy. Tambo, Paranaque City with an aggregate area of 10,913.59 square meters. The amount was fully paid in 2023.

b. Purchase of Inventories
The Group also purchased inventoriable items from its investment in joint venture amounting to P6,535,909 and P6,077,369 for the years ended December 31, 2024 and 2023, respectively.

c. Management Agreement

The Group entered into a management agreement with Puregold Realty Leasing and Management, Inc. (PRLMI), an entity under common control. Under the agreement, PRLMI shall handle the leasing and marketing, billing and collection, documentation, and property management services of the properties owned by the realty segment of the Group. In consideration of such services, the Group shall pay monthly management fee to PRLMI equivalent to 5.0% to 8.5% of rental collected by PRLMI. The agreement is valid for a year, and is renewable upon mutual agreement of both parties.

d. License Agreement

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

e. Acquisition of investment

In September 2022, the Group through The Keepers Holdings, Inc. acquired a total of 646,775 shares representing 50% equity interest in Bodegas Williams Humbert SA ("Bodegas") for a total consideration of EUR 88.75 million. Remaining unpaid portion of the consideration amounted to P730.0 million. The remaining unpaid portion was fully paid in 2023.

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

Related Party Transactions and Balances Eliminated During Consolidation
The terms, conditions, balances and the volume of related party transactions which were eliminated during consolidation in 2024 and 2023 are as follows:

a. Advances and trade receivables from the Parent Company to its subsidiaries

(In thousands)	**Outstanding Balance**
2024	**P5,164,451**
2023	5,164,451

These advances are unsecured and with various terms. These are payable in cash.

b. Receivables from subsidiaries to their fellow subsidiaries

(In thousands)	**Outstanding Balance**
2024	**P882,275**
2023	923,984

These advances are unsecured and with various terms. These are payable in cash.

c. Sale of goods of the subsidiaries within the Group

(In thousands)	**Amount of Transactions**	**Outstanding Balance**
2024	**P4,333,462**	**P719,480**
2023	3,976,561	764,735

Receivables from sale of goods are non-interest bearing are generally on a 30-day credit terms.

d. Sale of services of the subsidiaries within the Group

(In thousands)	**Amount of Transactions**	**Outstanding Balance**
2024	**1,026,065**	**66,308**
2023	982,196	135,639

Receivables from sale of services are unsecured, non-interest bearing are generally on a 30-day credit terms.

e. Dividend income received by the Parent Company from dividends declared by its subsidiaries

(In thousands)	**Amount of Transactions**	**Outstanding Balance**
2024	**P2,394,780**	**P75,000**
2023	2,534,711	3,059,265

Cash dividends are due on payment date.

f. Dividend income received by a subsidiary from dividends declared by the Parent Company

(In thousands)	**Amount of Transactions**	**Outstanding Balance**
2024	**P51,288**	**P51,288**
2023	48,193	48,193

Cash dividends are due on payment date.

On April 11, 2025, Keeper's BOD approved the declaration of cash dividends of approximately P0.12 per share or an aggregate amount of P1,741,050 for stockholders of record as of May 6, 2025. Payment date is expected to be on May 30, 2025.

g. Right-of-use assets, lease liabilities and prepayments eliminated as a result of intra-group lease of properties

Right-of-Use Assets

(In thousands)	Amount of Transactions	Outstanding Balance
2024	**P241,674**	**P3,077,387**
2023	93,752	2,836,013

Lease Liabilities

(In thousands)	Amount of Transactions	Outstanding Balance
2024	**P344,634**	**P5,861,199**
2023	180,422	5,568,257

h. Loan receivable issued by the Parent Company to a subsidiary

(In thousands)	Amount of Transactions	Outstanding Balance
2024	**P -**	**P3,637,500**
2023	-	3,637,500

27. Retirement Benefits Cost

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

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

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

The retirement benefits liability recognized in the consolidated statements of financial position as at December 31 are as follows:

(In thousands)	**2024**	2023
Present value of defined benefits obligation	**P2,117,969**	P2,123,518
Fair value of plan assets	**(32,239)**	(30,869)
	P2,085,730	P2,092,649

The following table shows reconciliation from the opening balances to the closing balances of the present value of defined benefits obligations:

(In thousands)	**2024**	2023
Balance at beginning of year	**P2,123,518**	P1,376,417
Included in Profit or Loss		
Current service cost	**232,144**	244,167
Interest cost	**119,419**	113,154
Amendment	**-**	561,387
	351,563	918,708
Included in Other Comprehensive Income		
Remeasurements gain (loss):		
Financial assumptions	**(21,698)**	(365,154)
Demographic assumptions	**(231,580)**	-
Experience adjustments	**(96,549)**	201,016
	(349,827)	(164,138)
Benefits paid	**(7,956)**	(7,682)
Effect of business combination	**672**	213
Balance at end of year	**P2,117,970**	P2,123,518

The following table shows reconciliation from the opening balances to the closing balances for fair value of plan assets:

(In thousands)	**2024**	2023
Balance at beginning of year	**P30,869**	P29,502
Interest income	**1,888**	2,130
Return on plan asset excluding interest	**(518)**	(763)
Balance at end of year	**P32,239**	P30,869

The Group's plan assets as at December 31 consist of the following:

(In thousands)	**2024**	2023
Cash in banks	**P205**	P592
Debt instruments - government bonds	**11,936**	16,418
Trust fees payable	**(7)**	(10)
Other	**20,105**	13,869
	P32,239	P30,869

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

	2024	2023
Discount rate	**6.1% to 6.12%**	6.1% to 6.9%
Future salary increases	**5.0% to 10.0%**	5.0% to 10.0%

Assumptions regarding future mortality have been based on published statistics and mortality tables.

The weighted average duration of the defined benefit obligation as at December 31, 2024 and 2023 is 20.2 years and 17.6 years, respectively.

Sensitivity Analysis
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

2024

(In thousands)	**Increase**	**Decrease**
Discount rate (1% movement)	**(P467,194)**	**P362,523**
Future salary increase rate (1% movement)	**454,209**	**(358,588)**

2023

(In thousands)	Increase	Decrease
Discount rate (1% movement)	(P410,198)	P315,474
Future salary increase rate (1% movement)	397,894	(313,197)

It should be noted that the changes assumed to be reasonably possible at the valuation date are open to subjectivity, and do not consider more complex scenarios in which changes other than those assumed may be deemed to be more reasonable.

These defined benefit plans expose the Group to actuarial risks, such as longevity risk, interest rate risk, and market (investment) risk.

Since the Group does not have a formal retirement plan, benefit claims under the retirement obligation are paid directly by the Group when they become due.

The 10-year maturity analysis of the benefit payments:

	2024 *(In thousands)*				
	Carrying Amount	**Contractual Cash Flows**	**Within 1 Year**	**Within 1 - 5 Years**	**Within 5 - 10 Years**
Defined benefit obligation	**P2,085,730**	**P436,481**	**P98,298**	**P58,819**	**P279,364**

	2023 *(In thousands)*				
	Carrying Amount	Contractual Cash Flows	Within 1 Year	Within 1 - 5 Years	Within 5 - 10 Years
Defined benefit obligation	P2,295,125	P463,280	P75,743	P65,157	P322,380

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

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

Asset-liability Matching (ALM)
The Group does not have a formal retirement plan and therefore has no plan assets to match against the liabilities under the retirement obligation.

The Group has no expected future contribution for 2025.

28. Income Taxes

The provision for income tax consists of:

(In thousands)	**2024**	2023	2022
Current	**P4,301,210**	P3,959,898	P3,911,750
Deferred	**(336,220)**	(517,352)	(268,088)
	P3,964,990	P3,442,546	P3,643,662

The reconciliation of the income tax expense computed at the statutory income tax rate to the actual income tax expense shown in profit or loss is as follows:

(In thousands)	**2024**	2023	2022
Income before income tax	**P21,485,231**	P15,849,333	P15,927,061
Income tax expense at the statutory income tax rate:			
Regular - 25%	**P5,624,727**	P3,898,114	P3,941,183
- 5%	**13,344**	13,241	15,381
Income tax effects of:			
Deduction from gross income due to optional standard deduction	**(272,865)**	(267,872)	(205,023)
Interest income subject to final tax	**(425,350)**	(341,332)	(199,531)
Changes in unrecognized DTA	**25,089**	44,140	32,588
Non-deductible expenses	**26,489**	91,433	21,419
Non-deductible interest expense	**91,786**	77,576	35,685
Other income subject to final tax	**(937,881)**	(11,914)	(11,601)
Share in income of associates and joint ventures	**(82,844)**	(74,058)	17,263
Non-taxable income	**(88,065)**	(9,052)	(3,702)
Application/Expiration of NOLCO	**(9,440)**	-	-
Unrealized gross profit	**-**	22,270	-
	P3,964,990	P3,442,546	P3,643,662

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

Net deferred tax assets as at December 31:

(In thousands)	**2024**	2023
Deferred tax assets (liabilities) on:		
Excess of lease liabilities over ROU assets	**P2,904,619**	P2,663,476
Fair value of intangible assets from business combination	**(1,149,778)**	(1,149,778)
Retirement benefits liability	**766,032**	685,334
Remeasurement on defined benefits liability	**(246,927)**	(160,102)
Accrued rent income	**(443,182)**	(264,918)
Allowance for impairment losses on receivables	**7,637**	8,335
Unrealized foreign exchange gain	**(724)**	(1,187)
Others	**85,719**	(40,366)
	P1,923,396	P1,740,794

The aggregate current and deferred tax relating to items recognized directly in equity amounted to P4.0 billion and P3.4 billion in 2024 and 2023, respectively.

The realization of these deferred tax assets is dependent upon future taxable income when temporary differences and carry forward benefits are expected to be recovered or applied. Deferred tax expense recognized in other comprehensive income pertains to the remeasurements of the retirement benefits liability.
The Group has temporary differences for which deferred tax assets were not recognized because management believes that it is not probable that sufficient taxable profits will be available against which the benefits of the deferred taxes can be utilized.

The unrecognized deferred tax assets as at December are as follows:

(In thousands)	**2024**	2023
Impairment of property, plant and equipment	**P40,009**	P40,009
NOLCO	**103,171**	80,511
MCIT	**65**	65
Unrealized foreign exchange loss	**(218)**	(218)
	P143,027	P120,367

The unrecognized deferred tax assets came from the Parent Company, Canaria Holdings Corporation and Alcorn Petroleum and Mineral Corporation.

The details of the Group's NOLCO which are available for offsetting against future taxable income are shown below (in thousands):

Year Incurred	Amount Incurred	Expired/Applied During the Year	Remaining Balance	Expiration Date
2020	P2,298	P -	P2,298	2025
2021	250,535	-	250,535	2026
2022	58,962	-	58,962	2025
2023	88,098	-	88,098	2026
	P399,893	P -	P399,893	

The details of the Group's MCIT which are available for offsetting against future taxable income are shown below (in thousands):

Year Incurred	Amount Incurred	Expired/Applied During the Year	Remaining Balance	Expiration Date
2023	49,199	P -	49,199	2026
	P49,576	P -	P49,576	

29. Equity

Capital Stock

The details of the Parent Company's common shares follow:

	2024		2023	
	Number of Shares	**Amount**	Number of Shares	Amount
Authorized - P1.00 par value	**10,000,000,000**	**P10,000,000**	10,000,000,000	P10,000,000
Issued and outstanding:				
Issued	**7,405,264,000**	**P7,405,264**	7,405,264,000	P7,405,264
Less: Treasury shares	**586,070,865**	**2,444,912**	484,071,165	1,945,735
Outstanding	**6,819,193,135**	**P4,960,352**	6,921,192,835	P5,459,529
Treasury shares:				
Balance at beginning of year	**484,071,165**	**P1,945,735**	466,926,165	P1,866,402
Buy back of shares	**101,999,700**	**499,177**	17,145,000	79,333
Balance at end of year	**586,070,865**	**P2,444,912**	484,071,165	P1,945,735

Treasury Shares

On December 18, 2014, the Parent Company's BOD approved to buy back its common shares up to P1.0 billion within one year from the approval. This aims to enhance the shareholders' value through the repurchase of shares whenever the stock is trading at a price discount perceived by the Parent Company as not reflective of its fair corporate value. In 2024 and 2023, the Company renewed its program to buy back its shares for another year up to P2.0 billion, respectively.

Retained Earnings

Declaration of Cash Dividends

In 2024, 2023, and 2022, the Parent Company's BOD approved cash dividends for common shareholders with the following details:

Type	Date of Declaration	Date of Record	Date of Payment	Dividend Per Share
Cash	December 18, 2020	January 8, 2021	January 29, 2021	0.08
Cash	December 18, 2020	January 15, 2021	February 9, 2021	0.04
Cash	December 18, 2020	January 8, 2021	January 29, 2021	0.04
Cash	December 21, 2021	January 10, 2022	February 3, 2022	0.08
Cash	December 21, 2021	January 10, 2022	February 3, 2022	0.04
Cash	December 21, 2022	January 18, 2023	January 28, 2023	0.14
Cash	December 21, 2022	January 18, 2023	January 28, 2023	0.05
Cash	December 14, 2023	January 2, 2024	January 23, 2024	0.20
Cash	May 14, 2024	May 29, 2024	June 21, 2024	0.21

As of December 31, 2024 and 2023, unpaid cash dividends on common shares amounting to P19.9 million and P2.9 billion, respectively, are included as part of "Accounts payable and accrued expenses" account in the consolidated statements of financial position (see Note 17).

On April 11, 2025, the Company's BOD approved the declaration of cash dividends amounting to P0.26 per share for stockholders of record as of May 9, 2025. Payment date is expected to be on June 4, 2025. On the same date, the Company's BOD approved the declaration of cash dividends amounting to P0.13 per share for stockholders of record as of September 4, 2025. Payment date is expected to be on September 30, 2025.

Non-controlling Interests

For the years ended December 31, 2024 and 2023, movements in NCI pertain to the share in net earnings of and dividends paid to non-controlling shareholders, and sale/buyback of the subsidiary shares.

The following table summarizes the financial information of subsidiaries that have material non-controlling interests:

This information is based on amounts before inter-company eliminations.

	2024				2023		
(In thousands)	**PPCI**	**TKHI**	**CHC**	**CHPC**	PPCI	TKHI	CHC
NCI percentages	**50.77%**	**22.46%**	**10%**	**40%**	50.77%	22.46%	10%
Carrying amounts of NCI	**P48,980,618**	**P3,908,457**	**P738,913**	**P638,295**	P44,865,389	P3,434,279	P738,877
Current assets	**P88,957,330**	**P14,990,454**	**P11,802,155**	**P760,704**	P79,191,704	P13,634,334	P12,686,909
Noncurrent assets	**98,643,583**	**5,752,116**	**-**	**1,718,722**	92,528,819	5,380,083	-
Current liabilities	**30,164,477**	**3,029,540**	**4,413,024**	**469,520**	28,867,357	3,678,876	5,298,136
Noncurrent liabilities	**60,960,924**	**309,776**	**-**	**414,167**	54,483,285	44,893	-
Net assets	**P96,475,512**	**P17,403,254**	**P7,389,131**	**P895,739**	P88,369,881	P15,290,648	P7,388,773
Net income attributable to NCI	**P5,292,447**	**P794,825**	**P41**	**P88,177**	P4,369,963	P655,052	P46
Other comprehensive income (loss) attributable to NCI	**P132,337**	**P6,230**	**P -**	**P -**	(P46,073)	(P381)	P -
Revenue	**P219,171,530**	**P18,527,106**	**P -**	**P382,428**	P199,031,905	P16,312,942	P -
Net income	**P10,424,359**	**P3,538,847**	**P408**	**P220,442**	P8,595,521	P2,916,528	P46
Other comprehensive income (loss)	**260,300**	**25,177**	**-**	**-**	(90,622)	(1,694)	-
Total comprehensive income	**P10,684,659**	**P3,564,024**	**P408**	**P220,442**	P8,504,899	P2,914,834	P46
Net cash flows provided by (used in):							
Operating	**P17,398,249**	**P4,630,365**	**P408**	**P204,512**	P19,005,222	(P93,310)	P46
Investing	**(27,838,434)**	**(240,853)**	**-**	**(117)**	(8,621,870)	(32,224)	-
Financing	**(5,713,367)**	**(2,379,103)**	**-**	**(206,253)**	(7,743,300)	(1,765,712)	-
Net increase (decrease) in cash and cash equivalents	**(P16,153,749)**	**P2,005,954**	**P408**	**(1,858)**	P2,640,052	(P1,891,246)	P46

**Adjusted for the share in income in LPC and CHPI recognized from date of acquisition to date of sale and other eliminating adjustment.*

30. Segment Information

Segment information reported externally was analyzed on the basis of types of goods supplied and services provided by the Group's operating divisions. However, information reported to the Group's chief operating decision maker for the purposes of resource allocation and assessment of segment performance is more specifically focused on the types of goods or services delivered or provided. The Group's reportable segments are as follows:

Grocery retail	Includes selling of purchased goods to a retail market
Specialty retail	Includes selling of office supplies both on wholesale and retail business and import, export, storage and transshipment of LPG, filling and distributions of LPG cylinders as well as distributions to industrials, wholesale and other customers.
Liquor distribution	Includes selling of purchased goods based on a distributorship channel to a wholesale market
Real estate and property leasing	Includes real estate activities such as selling and leasing of real properties
Oil and mining	Includes exploration, development and production of oil, gas, metallic and nonmetallic reserves

The following segment information does not include any amounts for discontinued operations.

Information regarding the Group's reportable segments is presented hereunder:

Segment Revenue and Results

The following is an analysis of the Group's revenue and results from continuing operations by reportable segment:

	Segment Revenues			Segment Profit		
(In thousands)	**2024**	2023	2022	**2024**	2023	2022
Grocery retail	**P219,171,530**	P199,031,905	P184,302,945	**P 10,424,359**	P8,595,521	P9,287,427
Liquor distribution	**18,527,106**	16,312,942	13,957,192	**3,538,847**	2,916,528	2,235,013
Specialty retail	**2,079,717**	2,153,112	1,787,793	**65,206**	78,416	68,767
Real estate and property leasing	**2,046,105**	1,945,225	1,815,916	**1,125,448**	932,610	844,704
Energy, oil and mining	**491,922**	-	-	**177,086**	9,835	
Holding	**-**	-	-	**2,368,621**	2,472,359	1,810,326
Total	**242,316,380**	219,443,184	201,863,846	**17,699,567**	15,005,269	14,246,237
Eliminations of intersegment revenue/profit	**5,359,527**	4,958,758	4,727,082	**2,209,768**	2,598,482	1,962,838
	P236,956,853	P214,484,426	P197,136,764	**P 15,489,799**	P12,406,787	P12,283,399

Revenue reported above represents revenue generated from external customers and inter-segment sales and is broken down as follows:

(In thousands)	**2024**	2023	2022
Grocery retail:			
From external customers	**P219,171,530**	P199,031,905	P184,302,945
Liquor distribution:			
From external customers	**14,201,964**	12,344,351	10,165,497
From intersegment sales	**4,325,142**	3,968,591	3,791,695
	18,527,106	16,312,942	13,957,192
Specialty retail:			
From external customers	**2,071,397**	2,145,140	1,785,725
From intersegment sales	**8,320**	7,970	2,068
	2,079,717	2,153,110	1,787,793
Real estate and property leasing:			
From external customers	**1,020,040**	963,030	882,597
From intersegment sales	**1,026,065**	982,196	933,319
	2,046,105	1,945,226	1,815,916
Energy, Oil and mining:			
From external customers	**491,922**	-	-
Total revenue from external customers	**P236,956,853**	P214,484,426	P197,136,764
Total intersegment revenue	**P5,359,527**	P4,958,757	P4,727,082

No single customer contributed 10% or more to the Group's revenue in 2024, 2023 and 2022.

The Group's reportable segments are all domestic operations.

Segment Assets and Liabilities

Below is the analysis of the Group's segment assets and liabilities:

(In thousands)	**2024**	2023	2022
Segment assets:			
Grocery retail	**P187,600,914**	P171,720,522	P163,797,514
Specialty retail	**1,110,962**	1,158,660	1,162,730
Liquor distribution	**20,742,571**	19,014,417	19,633,800
Real estate and property leasing	**27,188,847**	26,162,843	25,259,907
Energy, oil and mining	**5,353,214**	333,905	324,012
Parent	**115,998,694**	117,942,276	116,921,391
Total segment assets	**357,995,202**	336,332,623	327,099,354
Intercompany assets	**108,604,315**	109,167,598	108,561,948
Total assets	**P249,390,887**	P227,165,025	P218,537,406
Segment liabilities:			
Grocery retail	**P91,125,401**	P83,350,641	P81,152,913
Specialty retail	**546,317**	655,539	637,082
Liquor distribution	**3,339,315**	3,723,769	6,140,690
Real estate and property leasing	**7,939,632**	8,229,010	8,022,945
Energy, oil and mining	**2,118,084**	302,097	302,039
Parent	**4,655,149**	6,980,489	6,952,328
Total segment liabilities	**109,723,898**	103,241,545	103,207,997
Intercompany liabilities	**14,989,177**	18,027,598	17,476,485
Total liabilities	**P94,734,721**	P85,213,947	P85,731,512

Segment Other Income (Expenses)

Below is the analysis of the Group's segment material other income and expenses:

(In thousands)	**2024**	2023	2022
Segment interest income:			
Grocery retail	**P1,477,089**	P1,302,778	P678,357
Specialty retail	**13,194**	11,654	2,838
Liquor distribution	**99,256**	78,215	112,793
Real estate and property leasing	**70,083**	6,946	1,732
Energy, oil and mining	**13,367**	13,325	67,248
Parent	**64,023**	29,219	4,845
Total interest income	**1,737,012**	1,442,137	867,813
Segment depreciation and interest expense:			
Grocery retail	**P9,336,286**	P7,322,653	P6,683,393
Specialty retail	**131,144**	97,430	100,750
Liquor distribution	**84,430**	83,654	84,552
Real estate and property leasing	**324,409**	118,047	106,327
Energy, oil and mining	**247,149**	-	-
Parent	**11,027**	23,885	8,521
Total segment depreciation and interest expenses	**10,134,445**	7,645,669	6,983,543
Intercompany expenses	**(989,240)**	(909,734)	(640,293)
Total Other Expenses	**P9,145,205**	P6,735,935	P6,343,250

31. Earnings Per Share

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

(In thousands except per share data)	**2024**	2023	2022
Net income attributable to common equity holders of the Parent Company (a)	**P9,313,224**	P7,381,787	P7,054,012
Weighted average number of common shares (b)	**6,844,525**	6,927,056	6,942,330
Basic/diluted EPS (a/b)	**P1.36**	P1.07	P1.02

There were no potential dilutive common shares in 2024, 2023 and 2022.

The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transaction during the year.

32. Financial Risk and Capital Management Objectives and Policies

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

- Credit Risk
- Liquidity Risk
- Interest Rate Risk

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

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

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

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

Credit Risk
Credit risk represents the risk of loss the Group would incur if credit customers and counterparties fail to perform their contractual obligations.
Exposure to credit risk is monitored on an ongoing basis. Credit is not extended beyond authorized limits. Credit granted is subject to regular review, to ensure it remains consistent with the customer's credit worthiness and appropriate to the anticipated volume of business.

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

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

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

(In thousands)	***Note***	**2024**	2023
Cash and cash equivalents [(1)]	*4*	**P45,059,166**	P60,441,802
Short-term investments	*5*	**6,156,518**	-
Receivables - net	*6*	**10,194,654**	7,620,747
Financial assets at FVPL	*8*	**19,878,181**	4,626,140
Security deposits [(2)]	*16*	**3,006,031**	2,815,838
Due from related parties	*26*	**60,502**	60,502
Financial assets at FVOCI	*9*	**3,768**	5,399
		P84,358,820	P75,570,428

[(1)] Excluding cash on hand.
[(2)] Included as part of "Other noncurrent assets"

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

	December 31, 2024			
(In thousands)	**Grade A**	**Grade B**	**Grade C**	**Total**
Financial Assets at Amortized Cost				
Cash and cash equivalents[(1)]	**P45,059,166**	**P -**	**P -**	**P45,059,166**
Short-term investments	**6,156,518**	**-**	**-**	**6,156,518**
Receivables	**7,798,652**	**2,319,081**	**76,921**	**10,194,654**
Due from related parties	**60,502**	**-**	**-**	**60,502**
Security deposits[(2)]	**-**	**3,006,031**	**-**	**3,006,031**
Financial Assets at FVPL				
Investments in trading securities	**19,878,181**	**-**	**-**	**19,878,181**
Financial Assets at FVOCI				
Investments in preferred shares	**7,262**	**-**	**-**	**7,262**
Investment in common shares				
Quoted	**2,699**	**-**	**-**	**2,699**
Unquoted	**2,304**	**-**	**-**	**2,304**
	P78,965,284	**P5,325,112**	**P76,921**	**P84,367,317**

[(1)] Excluding cash on hand.
[(2)] Included as part of "Other noncurrent assets".

(In thousands)	December 31, 2023 Grade A	Grade B	Grade C	Total
Financial Assets at Amortized Cost				
Cash and cash equivalents[1]	P60,441,802	P -	P -	P60,441,802
Receivables	5,850,326	1,639,775	130,646	7,620,747
Due from related parties	60,502	-	-	60,502
Security deposits[2]	-	2,815,838	-	2,815,838
Financial Assets at FVPL				
Investments in trading securities	4,626,140	-	-	4,626,140
Financial Assets at FVOCI				
Investments in preferred shares	7,262	-	-	7,262
Investment in common shares				
Quoted	3,712	-	-	3,712
Unquoted	2,304	-	-	2,304
	P70,992,048	P4,455,613	P130,646	P75,578,307

(1) Excluding cash on hand.
(2) Included as part of "Other noncurrent assets".

The Group has assessed the credit quality of the following financial assets that are neither past due nor impaired as high grade:

a. Cash in banks and cash equivalents and short-term investments were assessed as high grade since these are deposited in reputable banks with good credit standing, which have a low profitability of insolvency and can be withdrawn anytime. The credit risk for investment in debt securities are considered negligible, since the counterparties are reputable entities with high external credit ratings. The credit quality of these financial assets is considered to be high grade.

b. Trade receivables were assessed as high grade since majority of trade receivables are credit card transactions and there is no current history of default. Non-trade receivables from suppliers relating to rental, display allowance and concession and advances to contractors were assessed as high grade since these are automatically deducted from the outstanding payables to suppliers and contractors. Advances to employees were assessed as high grade as these are paid through salary deductions and have a high probability of collections.

c. Financial assets at fair value through profit or loss were assessed as high grade since these are government securities and placed in entities with good favorable credit standing.

d. Security deposits were assessed as high grade since these have a high profitability of collection and there is no history of default.

e. Due from related parties and security deposits were assessed as high grade since these have a high profitability of collection and there is no history of default.

The Group applies the simplified approach using provision matrix in providing for ECL which permits the use of the lifetime expected loss provision for trade and other receivables. The expected loss rates are based on the Group's historical observed default rates. The historical rates are adjusted to reflect current and forward looking macroeconomic factors affecting the customer's ability to settle the amount outstanding. However, given the short period exposed to credit risk, the impact of this macroeconomic factor identified has not been considered significant within the reporting period.

Liquidity Risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risk by forecasting projected cash flows and maintaining balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	December 31, 2024				
(In thousands)	**Carrying Amount**	**Contractual Cash Flow**	**1 Year or Less**	**More than 1 Year to 5 Years**	**More than 5 Years**
Other Financial Liabilities					
Accounts payable and accrued expenses[1]	**P29,741,036**	**P29,741,036**	**P29,741,036**	**P -**	**P -**
Lease liabilities	**39,580,671**	**83,101,456**	**4,544,807**	**18,034,309**	**60,522,340**
Due to related parties	**895,063**	**895,063**	**895,063**	**-**	**-**
Long-term loans[2]	**18,323,235**	**20,938,420**	**1,162,019**	**14,693,461**	**5,082,940**
Accrued fixed assets	**555,925**	**720,956**	**320,425**	**400,531**	**-**
Customers' deposits[3]	**872,061**	**872,061**	**872,061**	**-**	**-**
	P89,967,991	**P136,268,992**	**P37,535,411**	**P33,128,301**	**P65,605,280**

[1] Excluding due to government agencies.
[2] Including current, non-current portion and future interest payment.
[3] Including current and non-current portion.

	December 31, 2023				
(In thousands)	Carrying Amount	Contractual Cash Flow	1 Year or Less	More than 1 Year to 5 Years	More than 5 Years
Other Financial Liabilities					
Accounts payable and accrued expenses[1]	P28,142,894	P28,142,894	P28,142,894	P -	P -
Lease liabilities	38,192,680	71,528,912	4,081,407	15,824,790	51,622,715
Due to related parties	875,105	875,105	875,105	-	-
Long-term loans[2]	11,441,129	14,107,817	617,377	8,524,242	4,966,198
Accrued fixed assets	844,303	1,041,381	320,425	720,956	-
Customers' deposits[3]	793,757	793,757	793,757	-	-
	P80,289,868	P116,489,866	P34,830,965	P25,069,988	P56,588,913

[1] Excluding due to government agencies.
[2] Including current, non-current portion and future interest payment.
[3] Including current and non-current portion.

Market Risk
Market risk is the risk that changes in market prices such as interest rates that will adversely affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.
The Group is mainly subject to interest rate risks.

Interest Rate Risk
Interest rate risk is the risk that future cash flows from a financial instrument (cash flow interest rate risk) or its fair value (fair value interest rate risk) will fluctuate because of changes in market interest rates. The Group may be exposed to interest rate risk on interest earned on cash deposits in banks which have variable rates exposing the Group further to cash flow interest rate risk. However, the management believes that the Group is not significantly exposed to interest rate risk since its short and long-term loans have fixed rates and are carried at amortized cost.

The Group's policy is to obtain the most favorable interest available without increasing its interest rate risk exposure.

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

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

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

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

The Parent Company maintains equity at a level that is compliant with its loan covenants.

The Group is not subject to externally imposed requirements.

33. Fair Value of Financial Instruments

The carrying values of the Group's financial instruments approximate fair values as at December 31, 2024 and 2023.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Short-term Investments, Receivables, Due from Related Parties
The carrying amounts approximate their fair values due to the relatively short-term maturities of these instruments.

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

Financial Assets at FVPL (Level 2)
The fair values are based on observable market inputs for government securities and quoted market prices in an active market for equity securities.

Financial Assets at FVOCI - Quoted (Level 1)
The fair values of financial assets at FVPL and quoted financial assets at FVOCI and similar investments are based on quoted market prices in an active market.

Financial Assets at FVOCI - Unquoted
The fair value of the unquoted equity securities at FVOCI is not determinable because of the unpredictable nature of future cash flows and the lack of suitable methods of arriving at a reliable fair value.

Accounts Payable and Accrued Expenses, Short-term Loans and Due to Related Parties

The carrying amounts of accounts payable and accrued expenses, short-term loans, due to related parties and customers' deposits approximate the fair value due to the relatively short-term maturities of these financial instruments.

Long-term Loans, Lease Liabilities and Customers' Deposits
The carrying amounts approximate their fair values because the difference between the interest rates of these instruments and the prevailing market rates for similar instruments is not considered significant.

Fair Value Hierarchy
The Group analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at December 31, 2024 and 2023, the Group's financial assets at FVPL for equity securities, and quoted equity investments at OCI are classified as Level 1 while financial assets at FVPL for government securities are classified as Level 2.

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

SEC Registration Number

A 1 9 9 8 1 3 7 5 4

COMPANY NAME

COSCO CAPITAL, INC. AND SUBSIDIARIES

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

900 Romualdez Street
Paco, Manila

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS		

COMPANY INFORMATION

Company's email Address	Company's Telephone Number/s	Mobile Number
www.coscocapital.com	(02) 548-7110	

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
	Any day 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
Gerardo S. Teofilo	gerardo.teofilo.jr@coscocapital.com	(02) 8257-0851	

CONTACT PERSON's ADDRESS

900 Romualdez, Street, Paco, Manila

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

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

R.G. Manabat & Co.
The KPMG Center, 6/F
6787 Ayala Avenue, Makati City
Philippines 1209
Telephone +63 (2) 8885 7000
Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

REPORT OF INDEPENDENT AUDITORS TO ACCOMPANY SUPPLEMENTARY INFORMATION FOR FILING WITH THE SECURITIES AND EXCHANGE COMMISSION

The Board of Directors and Stockholders
Cosco Capital, Inc. and Subsidiaries
900 Romualdez Street
Paco, Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cosco Capital, Inc. and Subsidiaries (the “Group”) as at and for the years ended December 31, 2024 and 2023 and for each of the three years in the period ended December 31, 2024 and have issued our report thereon dated April 15, 2025.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements of the Group taken as a whole. The supplementary information included in the following accompanying additional components is the responsibility of the Group’s management. Such additional components include:

- Supplementary Schedules of Annex 68-J
- Map of Conglomerate
- Reconciliation of Retained Earnings Available for Dividend declaration of the Company

This supplementary information is presented for purposes of complying with the Revised Securities Regulation Code Rule 68, and is not a required part of the basic financial statements. Such supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and up to audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
Tax Identification No. 912-535-864
BIR Accreditation No. 08-001987-031-2022
Issued June 27, 2022; valid until June 27, 2025
PTR No. MKT 10467159
Issued January 2, 2025 at Makati City

April 15, 2025
Makati City, Metro Manila

COSCO CAPITAL, INC. AND SUBSIDIARIES

SCHEDULE A. FINANCIAL ASSETS

(Amounts in Thousands, except Number of Shares Principal amounts of Bonds and Notes)

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount shown in the balance sheet	Valued based on market quotation at balance sheet date	Income received and accrued
Various banks/Cash and cash equivalents	N/A	P45,059,166	P45,059,166	P1,476,534
Various customers and suppliers/Receivables - net	N/A	10,194,654	10,194,654	-
Various lessors/Security deposit	N/A	3,006,031	3,006,031	-
Bureau of Treasury (BTR)/Government securities	4,588,450,000	4,579,063	4,579,063	190,398
Various short term investments		1,599,803	1,599,803	70,084
Various publicly-listed companies/Financial Assets at FVPL	959,578	19,855,834	19,855,834	193,162
Various publicly-listed companies/Financial Assets at FVOCI	95,999	3,768	3,768	(1,631)
Due from related parties/Related parties outside the Group	N/A	60,502	60,502	-
		84,358,821	84,358,821	P1,928,547

Notes:

*This represents interest income earned, net of final tax

** This represents unrealized valuation loss on trading securities.

COSCO CAPITAL, INC. AND SUBSIDIARIES

SCHEDULE B. AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN AFFILIATES)
(Amounts in Thousands)

Name and Designation of Debtor	Balance at Beginning of Period	Additions	Amounts Collected	Amounts Written Off	Current	Not Current	Balance at End of Period
Lucio L. Co - Chairman	P65,032	P -	(P4,530)	P -	P60,502	P -	P60,502
Various Employees	8,921	-	(8,921)	-	-	-	-
	P73,953	**P -**	**(P13,451)**	**P -**	**P60,502**	**P -**	**P60,502**

COSCO CAPITAL, INC. AND SUBSIDIARIES
SCHEDULE C. AMOUNTS RECEIVABLE FROM RELATED PARTIES WHICH ARE ELIMINATED DURING THE CONSOLIDATION OF SEPARATE FINANCIAL STATEMENTS
(Amount in Thousands)

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period
Advances							
Ellimac Prime Holdings, Inc.	3,724,902		(80)		3,724,822		3,724,822
Fertuna Holdings Corporation	68,341				68,341		68,341
Patagonia Holdings Corporation	828,508		(50,000)		778,508		778,508
Nation Realty, Inc.	240,966		(50,000)		190,966		190,966
Alcorn Petroleum and Minerals Corporation	301,733		(5,000)		296,734		296,734
Canaria Holdings Corporation	10,500		(10,500)		-		-
Catuiran Hydropower Corp		333,166			333,166		333,166
Matuno River Development Corp.		38,081			38,081		38,081
Dividends							
Puregold Price Club, Inc.	1,368,541	1,269,780	(2,638,321)		-		-
Canaria Holdings Corporation	450,000		(450,000)		-		-
The Keepers Holdings, Inc.	866,250	1,125,000	(1,991,250)		-		-
Ellimac Prime Holdings, Inc.	48,193	75,000	(48,193)		75,000		75,000
Trade and Other Receivables							
Meritus Prime Distributions Inc	286,907	872,750	(983,107)		176,550		176,550
Montosco, Inc.	322,241	2,524,755	(2,522,262)		324,734		324,734
Premier Wines and Spirits, Inc..	163,215	927,637	(873,914)		216,938		216,938
Office Warehouse, Inc.	-	8,320	(7,061)		1,259		1,259
Nation Realty, Inc	30	17,538	(17,304)		264		264
Fertuna Holdings Corporation	1,279	41,585	(42,864)		-		-
Ellimac Prime Holdings, Inc.	126,899	792,141	(863,660)		55,380		55,380
NE Pacific Shopping Center Corp.	2,344	37,658	(29,338)		10,664		10,664
Patagonia Holdings Corporation	5,087	137,143	(142,230)		-		-
Canaria Holdings Corporation	626,403			-	626,403	-	626,403
Alcorn Petroleum and Minerals Corporation	72,000				72,000		72,000
Note Receivable							
Canaria Holdings Corporation	3,637,500		(424,719)		3,212,781		3,212,781
					10,202,591		**10,202,591**

COSCO CAPITAL, INC. AND SUBSIDIARIES
SCHEDULE D. LONG TERM DEBT
(Amount in Thousands)

Title of Issue and type of obligation	Lender	Outstanding Balance	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet	Interest Rates	Number of Periodic Installments	Final Maturity
Long-term debt	China Banking Corporation	P3,360,000	P35,000	P3,325,000	4.5%	N/A	September 30, 2030
	Development Bank of the Philippines	2,880,000	30,000	2,850,000	4.0%	N/A	September 30, 2027
	Keb Hana Bank	480,000	5,000	475,000	4.0%	N/A	September 30, 2027
	Land Bank of the Philippines	1,440,000	15,000	1,425,000	4.0%	N/A	September 30, 2027
	Land Bank of the Philippines	1,440,000	15,000	1,425,000	4.5%	N/A	September 30, 2030
	Metropolitan Bank & Trust Co.	960,000	10,000	950,000	4.0%	N/A	September 30, 2027
	Shinhan Bank	480,000	5,000	475,000	4.0%	N/A	September 30, 2027
	The Insular Life Assurance Company, Ltd.	480,000	5,000	475,000	4.0%	N/A	September 30, 2027
	BDO Unibank	400,000	-	400,000	5.2%	N/A	March 25, 2027
	BDO Unibank	600,000	-	600,000	5.2%	N/A	April 8, 2027
	BDO Unibank	600,000	-	600,000	5.2%	N/A	May 7, 2027
	BDO Unibank	800,000	-	800,000	5.2%	N/A	June 4, 2027
	Metropolitan Bank & Trust Co.	1,600,000	-	1,600,000	5.3%	N/A	June 4, 2027
	BDO Unibank	500,000	-	500,000	5.2%	N/A	August 14, 2029
	BDO Unibank	350,000	-	350,000	5.2%	N/A	November 16, 2029
	BDO Unibank	350,000	-	350,000	5.2%	N/A	November 30, 2029
	Metropolitan Bank & Trust Co.	260,000	-	260,000	5.5%	N/A	August 23, 2029
	Metropolitan Bank & Trust Co.	65,476	65,476	-	5.1%	N/A	December 29,2025
	Metropolitan Bank & Trust Co.	30,000	6,429	23,571	5.5%	N/A	September 9, 2029
	Metropolitan Bank & Trust Co.	50,596	7,143	43,453	5.5%	N/A	October 14, 2031
	Metropolitan Bank & Trust Co.	33,333	28,571	4,762	5.1%	N/A	April, 15, 2026
	Metropolitan Bank & Trust Co.	325,000	65,000	260,000	5.5%	N/A	January 7, 2029
	Metropolitan Bank & Trust Co.	9,762	1,429	8,333	5.5%	N/A	October 26, 2031
	Development Bank of the Philippines	892,604	87,083	805,521	6.75%	N/A	March 25, 2035
Totals		**P18,386,771**	**P381,131**	**P18,005,640**			

COSCO CAPITAL, INC. AND SUBSIDIARIES

SCHEDULE E. INDEBTEDNESS TO RELATED PARTIES (LONG TERM LOANS FROM RELATED PARTIES)

Name of Related Parties (i)	Balance at beginning of period	Balance at end of period (ii)

NOT APPLICABLE

COSCO CAPITAL, INC. AND SUBSIDIARIES

SCHEDULE F. GUARANTEES OF SECURITIES OF OTHER ISSUERS

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

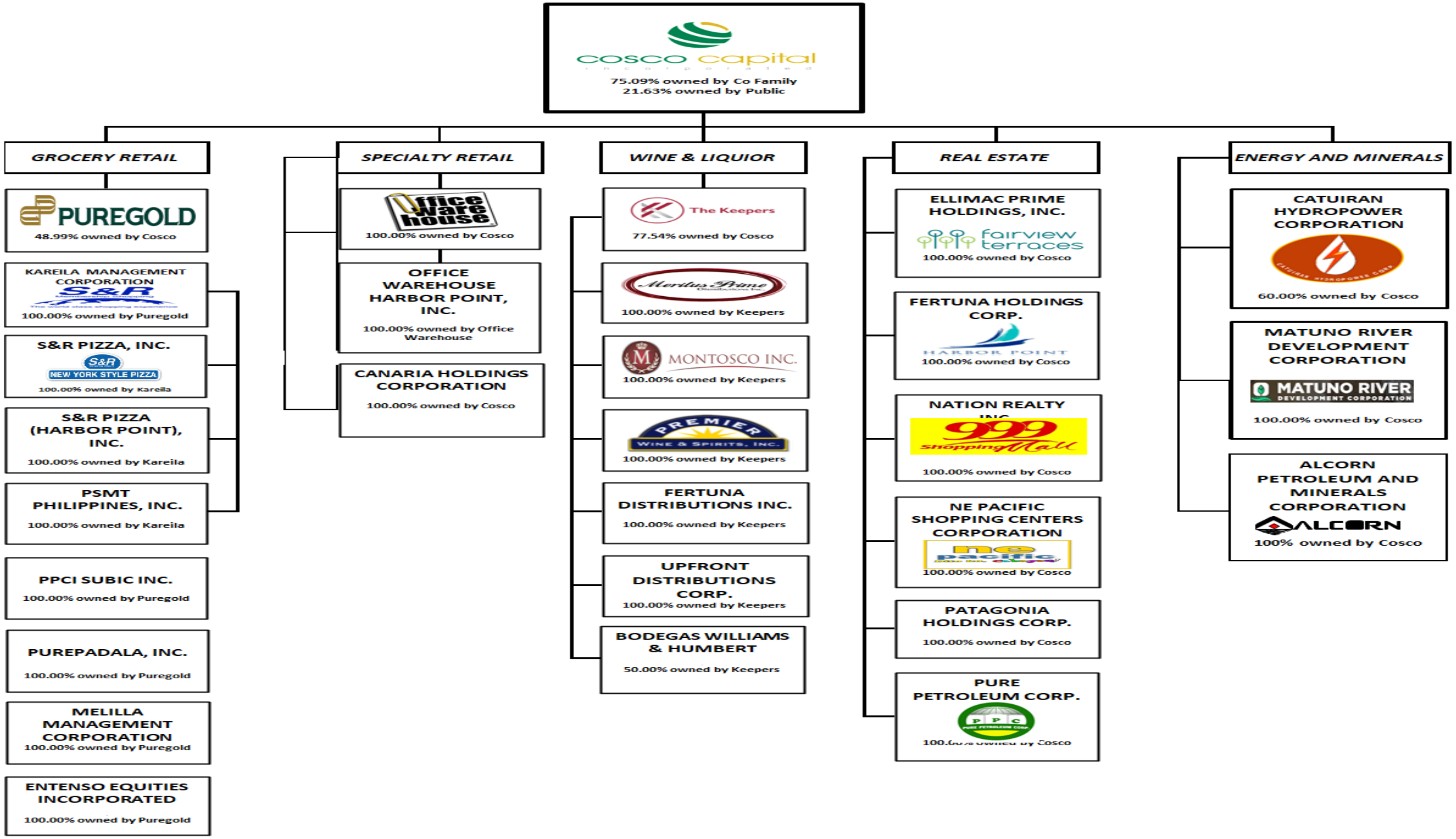
NOT APPLICABLE

COSCO CAPITAL, INC. AND SUBSIDIARIES
SCHEDULE G. CAPITAL STOCK

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding at shown under related Statement of Financial Position 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 Shares	10,000,000,000	7,405,263,564	-	-	-	-

COSCO CAPITAL, INC. AND SUBSIDIARIES

Map of Group of Companies Within which the Company Belongs
As at December 31, 2024



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

(Amounts in Thousands)

COSCO CAPITAL, INC.

900 Romualdez, Street, Paco, Manila

Unappropriated Retained Earnings, beginning of the reporting period		**P2,311,544**
Add: Category A: Items that are directly credited to Unappropriated Retained Earnings		
Reversal of Retained Earnings Appropriation/s		**-**
Effect of restatements or prior-period adjustments		**-**
Others (describe nature)		**-**
Less: Category B: Items that are directly debited to Unappropriated Retained Earnings		
Dividend declaration during the reporting period	(P1,487,911)	
Retained Earnings appropriated during the reporting period	-	
Effects of restatements or prior-period adjustments	-	
Others (describe nature)	-	**(1,487,911)**
Unappropriated Retained Earnings, as adjusted		**823,633**
Add: Net Income for the current year		**2,368,213**
Less: Category C.1: Unrealized income recognized in the profit or loss during the reporting period (net of tax)		
Equity in net income of associate/joint venture, net of dividends declared	-	
Unrealized foreign exchange gain, except those attributable to cash and cash equivalents	-	
Unrealized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Unrealized foreign exchange gain of Investment Property	-	
Other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		**-**

Forward

Add: <u>Category C.2</u>: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)		
Realized foreign exchange gain, except those attributable to cash and cash equivalents	P -	
Realized fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Realized foreign exchange gain of Investment Property	-	
Other realized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS (describe nature)	-	
Sub-total		**P -**
Add: <u>Category C.3</u>: Unrealized income recognized in profit or loss in prior reporting periods but reversed in the current reporting period (net of tax)		
Reversal of previously recorded foreign exchange gain, except those attributable to cash and cash equivalents	-	
Reversal of previously recorded fair value adjustments (mark-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	-	
Reversal of previously recorded fair value gain of Investment Property	-	
Reversal of other unrealized gains or adjustments to the retained earnings as a result of certain transactions accounted for under the PFRS, previously recorded (describe nature)	-	
Sub-total		**-**
Adjusted Income		**2,368,213**
Add: <u>Category D</u>: Non-actual losses recognized in profit or loss during the reporting period (net of tax)		
Depreciation on revaluation increment (after tax)	-	
Sub-total		**-**

Forward

Add/Less: <u>Category E</u>: Adjustment related to relief granted by the SEC and BSP		
Amortization of the effect of reporting relief	P -	
Total amount of reporting relief granted during the year	-	
Others (describe nature)	-	
Sub-total		**P -**
Add/Less: <u>Category F</u>: Other items that should be excluded from the determination of the amount of available for dividend distribution		
Net movement of treasury shares (except for reacquisition of redeemable shares)	-	
Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(499,177)	
Net movement in deferred tax asset and deferred tax liabilities related to same transaction, e.g., set-up of right of use of asset and lease liability, set-up of asset and asset retirement obligation, and set-up of service concession asset and concession payable	223	
Adjustment due to deviation from PFRS/GAAP - gain (loss)	-	
Others (describe nature)	-	
Sub-total		**(498,954)**
Total Retained Earnings, end of the reporting period available for dividend		**P2,692,892**

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Philippines 1209
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Fax +63 (2) 8894 1985
Internet www.home.kpmg/ph
Email ph-inquiry@kpmg.com

INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Board of Directors and Stockholders
Cosco Capital, Inc. and Subsidiaries
900 Romualdez Street
Paco, Manila

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of Cosco Capital, Inc. and Subsidiaries (the "Group") as at and for the years ended December 31, 2024 and 2023, and have issued our report thereon dated April 15, 2025.

Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule of Financial Soundness Indicators, including their definitions, formulas, calculations, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies.

KPMG

This schedule is presented for the purpose of complying with the Revised Securities Regulation Code (SRC) Rule 68 issued by the Securities and Exchange Commission and is not a required part of the consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at and for the years ended December 31, 2024 and 2023 and no material exceptions were noted.

R.G. MANABAT & CO.

DARWIN P. VIROCEL
Partner
CPA License No. 0094495
SEC Accreditation No. 94495-SEC, Group A, valid for the audit of annual financial statements for the year ended December 31, 2024 and up to audit of annual financial statements for the year ended December 31, 2025, pursuant to SEC Notice dated April 4, 2025
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Issued June 27, 2022; valid until June 27, 2025
PTR No. MKT 10467159
Issued January 2, 2025 at Makati City

April 15, 2025
Makati City, Metro Manila

COSCO CAPITAL INC. AND SUBSIDIARIES
AS OF DECEMBER 31, 2024

<table>
<tr><th rowspan="2">Ratio</th><th rowspan="2">Formula</th><th colspan="2">Years ended December 31</th></tr>
<tr><th>2024</th><th>2023</th></tr>
<tr><td>Current ratio</td><td>Total Current Assets divided by Total Current Liabilities

Total current assets 123,015,792
Divide by: Total current liabilities 35,953,493
3.42</td><td>3.42</td><td>3.27</td></tr>
<tr><td>Acid-test ratio</td><td>Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities

Total current assets 123,015,792
Less: Inventories 35,636,291
Other current assets 4,827,551
Quick assets 82,551,950
Divide by: Total current liabilities 35,953,493
Acid-test ratio 2.30</td><td>2.30</td><td>2.18</td></tr>
<tr><td>Solvency ratio</td><td>Solvency ratio (Profit plus depreciation and amortization over total liabilities)

Net income 15,489,797
Add: Depreciation and amortization 5,929,257
Total 21,419,054
Divide by: Total liabilities 94,734,720
Solvency ratio 0.23</td><td>0.23</td><td>0.20</td></tr>
<tr><td>Debt-to-equity ratio</td><td>Debt-to equity ratio (Total liabilities over total equity)

Total liabilities 94,734,720
Divide by: Total equity 154,656,165
0.61</td><td>0.61</td><td>0.60</td></tr>
<tr><td>Asset-to-equity ratio</td><td>Asset-to-equity ratio (Total assets over total equity)

Total assets 249,390,885
Divide by: Total equity 154,656,165
1.61</td><td>1.61</td><td>1.60</td></tr>
</table>

<table>
<tr><th rowspan="2">Ratio</th><th rowspan="2">Formula</th><th colspan="2">Years ended December 31</th></tr>
<tr><th>2024</th><th>2023</th></tr>
<tr><td>Interest rate coverage ratio</td><td>Interest rate coverage ratio (Profit before interest and taxes over interest expense)

Profit before interest and taxes 22,670,739
Divide by: interest expense 3,215,950
7.049</td><td>7.049</td><td>6.48</td></tr>
<tr><td>Return on equity</td><td>Return on Equity (Net Income by Total Equity)

Net income 15,489,797
Divide by: Average total equity 154,656,165
10.01</td><td>10.01%</td><td>9.00%</td></tr>
<tr><td>Return on assets</td><td>Return on Assets (Net Income by Average Total Assets)

Net income 15,489,797
Divide by: Average total assets 249,390,885
6.21%</td><td>6.21%</td><td>5.57%</td></tr>
<tr><td>Net profit margin</td><td>Net profit margin (Profit over Total Revenue)

Net income 15,489,797
Divide by: Total Revenue 236,956,853
6.54%</td><td>6.54%</td><td>5.81%</td></tr>
<tr><td>Other ratios</td><td>Operating profit margin (Operating profit over Total Revenue)

Operating profit 19,883,516
Divide by: Total Revenue 236,956,853
8.39%</td><td>8.39%</td><td>8.07%</td></tr>
</table>

COSCO CAPITAL, INC. AND SUBSIDIARIES
SUPPLEMENTARY SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION
December 31, 2024

	2024	2023
Total Audit Fees	**P12,999,276**	P10,770,520
Non-audit services fees:		
Other assurance services	**900,000**	6,100,000
Tax services	**-**	-
All other services	**-**	-
Total Non-audit Fees	**900,000**	6,100,000
Total Audit and Non-audit Fees	**P13,899,276**	P16,870,520
Audit and Non-audit Fees of Other Related Entities		
Audit fees	**P -**	P -
Non-audit services fees:		
Other assurance services	**-**	-
Tax services	**-**	-
All other services	**-**	-
Total Audit and Non-audit Fees of Other Related Entities	**P13,899,276**	P16,870,520

Minutes[1] of the Annual Stockholders' Meeting of Cosco Capital, Inc.

Date: 14 May 2024 Time: 03:00 PM Manner: Remote Communication (Zoom)

Board of Directors
1.) Mr. Lucio Co (via Zoom)
2.) Ms. Susan Co
3.) Mr. Leonardo Dayao
4.) Mr. Levi Labra
5.) Mr. Roberto Juancho Dispo
6.) Atty. Lily Gruba
7.) Ms. Cecilia Borromeo
8.) Mr. Ramon Jesus Paje
9.) Mr. Antonio Abacan, Jr.

Management Present
1.) Ms. Katrina Marie Co - Go
2.) Mr. Gerardo Teofilo
3.) Atty. Jose Santos, Jr.
4.) Mr. John Marson Hao
5.) Atty. Jewelyn Jumalon
6.) Ms. Emerlinda Llamado

Others Present:
1.) Representative from the External Auditor – RG Manabat and Company (KPMG)
2.) Representative from the Stock Transfer Agent – RCBC Trust Corporation

Stockholders Present: (attended via Zoom)
Stockholders representing 6,119,444,785 or 86.30% of the Corporation's Outstanding Capital Stock have attended the Corporation's 2024 Annual Stockholders' Meeting

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

The Corporation's stockholders of record as of 22 April 2024 voted on the matters submitted for approval as hereunder listed. The stockholders had casted their votes by filling out the Proxy form attached to the Corporation's Information Statement which was posted on the Corporation's website[2] starting 19 April 2024. After casting their votes, the stockholders were given until 06 May 2024 to either email their accomplished proxy forms to the official email address[3] of the Office of the Assistant Corporate Secretary or send the original hard copies thereof to the corporation's principal address. Thereafter, the Corporation's Stock Transfer Agent, in collaboration with the Corporate Secretary, validated the votes received and reproduced the same in a tabulated format.

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

The meeting began with a warm welcome from the Chairman of the Board of Directors, Mr. Lucio Co. Thereafter, Mr. Lucio Co asked the Corporate Secretary, Atty. Jose S. Santos, if Notice of the Annual Stockholders' Meeting was distributed to the Stockholders, in compliance with the provisions of the Revised Corporation Code, and other pertinent issuances from the Securities and Exchange Commission ("SEC"), and if there was quorum for today's meeting.

[1] The Minutes for the 2024 Annual Stockholders' Meeting of Cosco Capital, Inc. shall be submitted for the stockholders' approval on the next Annual Stockholders' Meeting scheduled on the following year (2025).
[2] www.coscocapital.com
[3] corporate.governance@coscocapital.com

Atty. Jose S. Santos responded in the affirmative, he certified the presence of quorum for today's meeting and informed that the Stockholders, as of record date 22 April 2024, have been provided with the required Notice of the Annual Stockholders' Meeting.

Atty. Santos likewise stated that the same Notice together with the Corporation's Information Statement were submitted to the Securities and Exchange Commission and the Philippine Stock Exchange, through its EDGE submission tool, where it was approved as a "Company Announcement" on 19 April 2024.

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

For the discussions on quorum, Atty. Santos informed that stockholders owning a total of 6,119,444,785 shares, representing at least 86.30% of the capital stock were present in the meeting via video/audio conferencing. Hence, certifying the presence of quorum to validly proceed with the meeting.

He also mentioned that the Board Members, who at the same time were nominees for reelection, together with Mr. Antonio Abacan Jr., nominee as new independent director, the executive officers of the Corporation, and representatives from External Auditor R.G. Manabat & Co., and stock transfer agent, RCBC Trust Corporation, were also present in the meeting.

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

After establishing the presence of quorum, Chairman, Mr. Lucio Co immediately proceeded to the first item on the meeting's Agenda – the approval of the minutes of the previous stockholders' meeting and ratification of all acts of the board ng officers of the Corporation since the last Annual Stockholders' Meeting held on 30 June 2023.

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

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

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

Thereafter, Mr. Lucio Co called upon the Corporate Secretary to present the voting results for this item on the Agenda, for which Atty. Santos presented the following results:

	In favor	Against	Abstain
Approval of the Minutes and Ratification of all acts of the Board of Directors and Management	6,119,444,785 (100%)	0	0

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

Moving forward to the next item on the Agenda, Mr. Gerardo Teofilo, Jr., Deputy Comptroller, presented the Corporation's Annual Report and Consolidated Audited Financial Statements[4] as of 31 December 2023.

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

Consequently, upon request by Mr. Lucio Co, Atty. Santos presented the voting results on the agenda at hand, to wit:

	In favor	Against	Abstain
Approval of the 2023 Annual Report and Audited Financial Statements	6,116,736,085 (99.96%)	0	2,708,700

D. Election of Directors

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

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

For Regular Directors:

1. Mr. Lucio Co
2. Ms. Susan Co
3. Mr. Leonardo Dayao
4. Mr. Roberto Juanchito Dispo
5. Mr. Levi Labra
6. Atty. Lily Gruba

For Independent Directors:
1. Mr. Ramon Jesus Paje
2. Ms. Cecilia Borromeo
3. Mr. Antonio Abacan, Jr.

Acting on Mr. Lucio Co's request to present the voting results for the said election, Atty. Jose Santos presented the following:

	In favor	Against	Abstain
Election of Lucio Co	6,082,673,404 (99.40%)	36,771,381	0
Election of Susan Co	6,090,368,470 (99.52%)	29,076,315	0
Election of Leonardo Dayao	6,083,337,504 (99.41%)	36,107,281	0

[4] A copy of Cosco Capital, Inc. Consolidated Audited Financial Statements for the year ending on 31 December 2023 is hereto attached as **ANNEX "A"**.

Election of Roberto Juanchito Dispo	6,111,749,719 (99.87%)	7,695,066	0
Election of Levi Labra	6,119,444,785 (100%)	0	0
Election of Lily Gruba	6,111,749,719 (99.87%)	7,695,066	0
Election of Ramon Jesus Paje	6,111,749,719 (99.87%)	7,695,066	0
Election of Cecilia Borromeo	6,119,444,785 (100%)	0	0
Election of Antonio Abacan, Jr.	6,119,444,785 (100%)	0	0

After the presentation of the voting results, Mr. Lucio Co thereby declared himself, together with Ms. Susan Co, Mr. Leonardo Dayao, Mr. Roberto Juanchito Dispo, Mr. Levi Labra, and Atty. Lily Gruba as the regular directors of Cosco Capital, Inc. for the year 2024 – 2025.

He also declared Mr. Ramon Jesus Paje, Ms. Cecilia Borromeo, and Mr. Antonio Abacan, Jr. as the Corporation's independent directors for the year 2024 – 2025.

E. *Re-appointment of External Auditor*

After the elections of the Corporation's regular and independent directors, Mr. Lucio Co then proceeded into the next item on the Agenda – the re-appointment of R.G. Manabat & Company (KPMG) as the Corporation's and its subsidiaries' external auditor for the year 2024, following the Corporation's Audit Committee's recommendation. The re-appointment comes with an auditor's fee of up to PHP 10.5 million.

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

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

Consequently, Mr. Lucio Co asked Atty. Santos to present the voting results for this item on the Agenda. Atty. Jose then presented the following results:

	In favor	Against	Abstain
Reappointment of RG Manabat and Company (KPMG) as External Auditor of the Corporation and its subsidiaries with up to PHP 10.5 million auditor's fees	6,118,321,666 (99.98%)	1,123,119	0

F. *Other Matters*

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

G. *Adjournment*

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

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

Prepared and certified true and correct by:

[Sgd]
Atty. Jose S. Santos, Jr.
Corporate Secretary

Approved by:

[Sgd]
Mr. Lucio L. Co
Chairman of the Board