



April 15, 2026

**Securities and Exchange Commission**

7907 Makati Avenue, Salcedo Village,  
Bel-Air, Makati City

Attention: **Mr. Oliver O. Leonardo**  
*Director, Markets and Securities Regulation Department*

**Philippines Stock Exchange**

6/F, PSE Tower, 5<sup>th</sup> Avenue corner 28<sup>th</sup> Street  
Bonifacio Global City, Taguig City

Attention: **Atty. Johanne Daniel M. Negre**  
*OIC, Disclosure Department*

Gentlemen:

For submission is the attached Annual Report (SEC Form 17-A) of Cosco Capital, Inc. for the year 2025.

Very truly yours,



**Atty. Jewelyn A. Jumalon**  
Assistant Corporate Secretary and  
Compliance Officer

**SEC FORM 17-A, AS AMENDED**  
**ANNUAL REPORT PURSUANT TO SECTION 17**  
**OF THE SECURITIES REGULATION CODE AND SECTION 141**  
**OF THE CORPORATION CODE OF THE PHILIPPINES**

1. **DECEMBER 31, 2025**

For the fiscal year ended

2. **147669**

SEC Identification Number

**000-432-378**

3. BIR Tax Identification No.

4. **COSCO CAPITAL, INC.**

Exact name of the issuer as specified in its charter

5. **MANILA, PHILIPPINES**

Province, country or other jurisdiction of  
incorporation or organization

6.  (SEC Use Only)

Industry Classification Code:

7. **No. 900 ROMUALDEZ ST., PACO, MANILA**

Address of principal office

**1007**

Postal Code

8. **09178612459**

Issuer's telephone number, including Area Code

9. **NOT APPLICABLE**

Former name, former address, and former fiscal year, if changed since the last report

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class

Number of Shares of Common Stock

Outstanding and Amount of Debt Outstanding

**Common Share**

**7,029,524,664 as of December 31, 2025**

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

Yes [ x ]    No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

Philippine Stock Exchange

Common Stock

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes  No

(b) has been subject to such filing requirements for the past ninety (90) days.

Yes  No

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form.

<b>Shares held by Non-affiliates as of December 31, 2025</b>	<b>Market Value per Share as of December 31, 2025</b>	<b>Total Market Value As of December 31, 2025</b>
1,494,989,131	P10,449,974,025.60	P49,136,377,401.30

#### **DOCUMENTS INCORPORATED BY REFERENCE**

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

- a. Management Discussion and Analysis (**Annex "A"**) – incorporated as reference for Item 6.
- b. 2025 Consolidated Audited Financial Statements (**Annex "B"**) – incorporated as reference for Items 2 (viii), 7, and 12.
- c. 2025 Sustainability Report (**Annex "C"**) - incorporated as reference for Item 2 (xiii).
- d. Business Profile of the members of the Board of Directors and Management Team (**Annex "D"**) – incorporated as reference for Item 9.
- e. List of Registered Trademarks of its Subsidiaries (**Annex "E"**) – incorporated as reference for Item 1 (2) (ix).



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## **PART 1: BUSINESS AND GENERAL INFORMATION**

### **ITEM 1 BUSINESS**

#### **(1) Business Development**

**Cosco Capital, Inc.** (“Cosco Capital,” “Group,” or the “Company”) was incorporated on January 18, 1988, as Alcorn Gold Resources Corporation. Its primary purpose was to partner with other companies in the exploration, development, and production of oil, gas, metallic, and non-metallic reserves.

On April 12, 2013, the Lucio Co Group and Alcorn Gold Resources Corporation executed a Deed of Assignment wherein the Lucio Co Group shall subscribe to the increase of Alcorn’s authorized capital stock at a subscription price of P15 per share for a total of 4,987,406,421 new shares in exchange of an aggregate price of P74,811,096,315.00 worth of shares in Puregold Price Club, Inc., Ellimac Prime Holdings, Inc., Go Fay & Co. Incorporada., SVF Subsidiaries, Nation Realty, Inc., 118 Holdings, Inc., Patagonia Holdings Corp., Fertuna Holdings Corp., Premier Wine & Spirits, Inc., Montosco, Inc., Meritus Prime Distributions, Inc., and Pure Petroleum Corp.

On May 30, 2013, the aforesaid share swap between the Company and the Lucio Co Group became effective as the new shares issued to the Lucio Co Group were listed on the Philippine Stock Exchange. Alcorn Gold Resources Corporation’s change of name to Cosco Capital, Inc. was approved by the Securities and Exchange Commission (“SEC”) on April 22, 2013. It became a conglomerate of 12 acquired companies effective June 1, 2013.

On July 5, 2013, the SEC approved the registration of Alcorn Petroleum Minerals Corporation (“APMC”) as a wholly-owned subsidiary of Cosco Capital, Inc., which was organized to pursue the exploration and development of Cosco’s interests in the oil and mining business activities. On June 11, 2014, a Deed of Assignment was executed between Cosco Capital, Inc. and APMC, formalizing the transfer of Cosco’s oil and mining interests to APMC, which was approved and granted by the Department of Energy on July 2, 2015.

On June 18, 2021, Cosco Capital and The Keepers Holdings, Inc. signed a Deed of Exchange of Shares whereby Cosco subscribed to 11,250,000,000 shares of The Keepers Holdings, Inc. at P2.00 per share in exchange for its 100% ownership in three liquor companies namely: Montosco, Inc., Meritus Prime Distributions, Inc., and Premier Wine and Spirits Corporation.

The share swap transaction between Cosco Capital and The Keepers Holdings, Inc. resulted in the strategic spin-off of Cosco Capital's three liquor subsidiaries and the injection of these companies into a separate publicly listed Company through Cosco Capital acquiring a controlling interest in The Keepers Holdings, Inc.

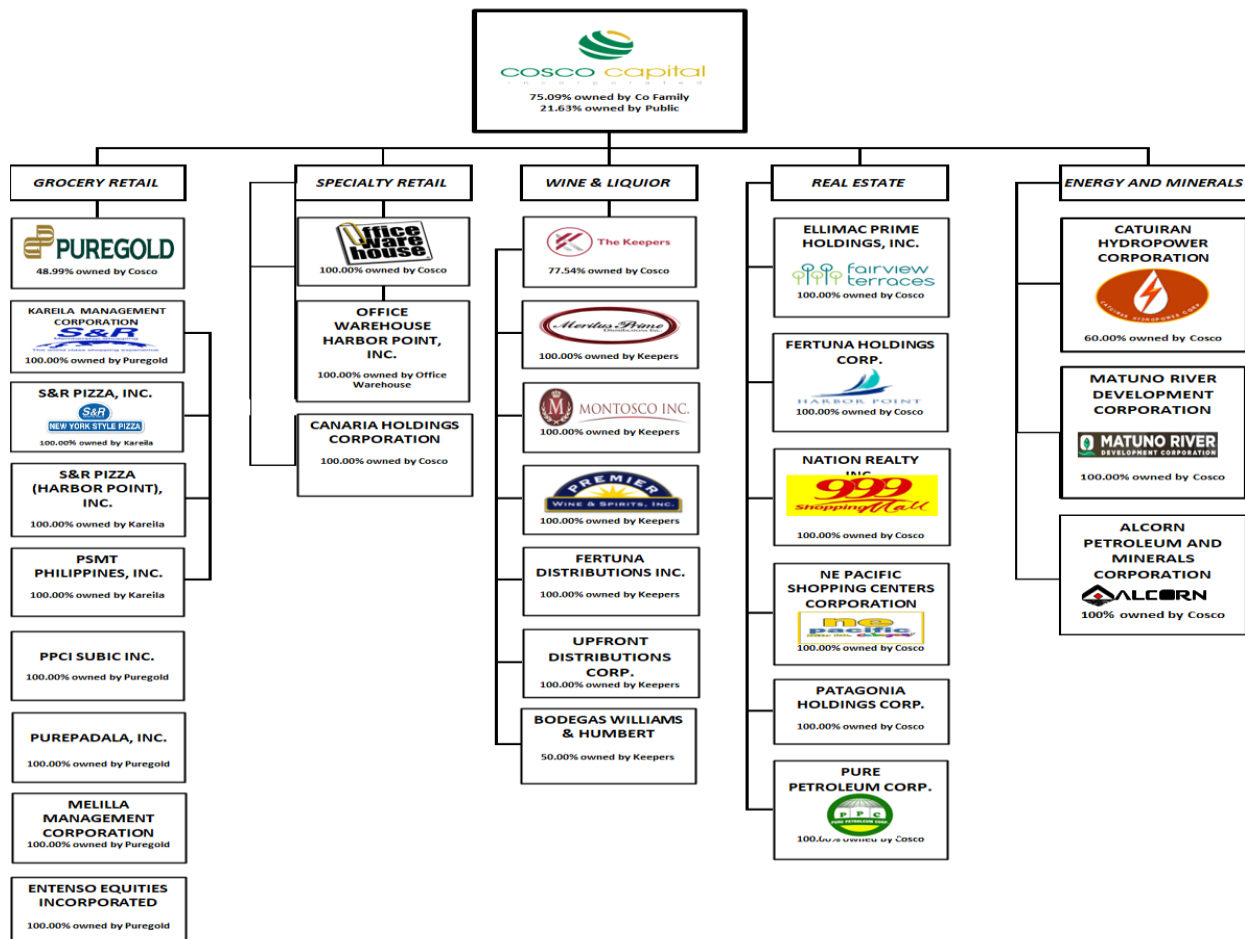
#### **(2) Business of the Issuer**

Cosco Capital is currently a publicly listed investment holding Company with a diversified portfolio of business interests in various industries and business segments:

Grocery Retail	Specialty Retail	Wine and Liquor	Real Estate	Energy and Minerals
Puregold Price Club, Inc. ("Puregold")	Office Warehouse, Inc.	The Keepers Holdings, Inc.	Ellimac Prime Holdings, Inc.	Alcorn Petroleum and Minerals Corporation
Kareila Management Corporation ("S&R")	Office Warehouse Harbor Point, Inc.	Montosco, Inc.	Fertuna Holdings Corp.	Matuno River Development Corporation
	Canaria Holdings Corporation	Meritus Prime Distributions, Inc Premier Wines and Spirits, Inc Fertuna Distributions, Inc. Upfront Distributions Corp.	NE Pacific Shopping Centers Corporation Patagonia Holdings Corp. Pure Petroleum Corp. Nation Realty, Inc.	Catuiran Hydropower Corporation

The Company's conglomerate map is presented below:

**COSCO CAPITAL, INC. AND SUBSIDIARIES CONGLOMERATE MAP**



Cosco Capital, Inc. ownership as of December 31, 2024

## 1. Principal Products and Services

Brief business discussion of the companies under the Cosco Group:

### **Retail – Puregold Price Club, Inc. (“Puregold”)**

**PUREGOLD PRICE CLUB, INC.** (“*Puregold*”) operates various retail formats throughout the Philippines. Currently, it has 680 retail stores carrying the brand names “Puregold” or “S&R,” with a combined 759,309 square meters of net selling area. Puregold also has several joint ventures with third parties operating other types of supermarkets, namely “San Roque Supermarkets” and “Merkado.” As of December 31, 2025, the Company has a total of 822 retail stores consisting of 680 Puregold stores, 33 S&R Membership Shopping Warehouse, 71 S&R New York Style Pizza (QSR), 35 San Roque Supermarkets and three Mercado Supermarkets.

As of 31 December 2025, Cosco Capital, Inc. owns 48.58% of Puregold’s equity.

For more details about Puregold, please refer to its 2025 Annual Report posted on its company website ([www.puregold.com.ph](http://www.puregold.com.ph)) and disclosed on the Edge System of the Philippine Stocks Exchange

### **Retail – Office Warehouse**

Office Warehouse has been a provider and a partner consultant to small and medium enterprises, government institutions, and the education sector for quality, cost-efficient, and value-adding office and school solutions. It currently has ninety-one (97) Office Warehouse outlets, mainly in Metro Manila. It also has branches in North and South Luzon. In addition to its branches, it has a store-within-a-store concept in nineteen (20) Puregold outlets.

Office Warehouse offers relevant product assortment at the best possible price. It continues to improve its supply chain capability by automating orders for product replenishment and streamlining its cross-docking services. It maintains its transportation fleet for deliveries to stores and customers while engaging third-party logistical services to ensure prompt order fulfillment.

To maximize market reach, Office Warehouse is visible online through its shopping site, [officewarehouse.com.ph](http://officewarehouse.com.ph). It offers fresh and exclusive promos and has partnered with several e-commerce marketplaces. It also offers digital payment platforms and other e-wallets for its general business.

As of December 31, 2025, Cosco Capital owns 100% of Office Warehouse’s equity.

### **Real Estate**

There are six (6) companies operating in Cosco Capital, Inc.’s real estate segment. These companies are as follows: (a) Ellimac Prime Holdings, Inc., (b) Fertuna Holdings Corp., (c) NE Pacific Shopping Centers Corporation, (d) Patagonia Holdings Corp., (e) Pure Petroleum Corp., and (f) Nation Realty, Inc.

**Ellimac Prime Holdings, Inc.** is the flagship of the real estate companies. Thirteen (13) out of fourteen (14) land assets and 33 out of 37 commercial buildings of the Group are under Ellimac's portfolio. The said properties are in the following locations:

**Land Lease:**

1. Brgy. Subangdaku, Mandaue City, Metro Cebu
2. Angel Linao Street, Brgy. 687, Zone 75, Malate District, Manila
3. Aguinaldo Highway, Brgy. Panapaan 1, Bacoor City, Cavite
4. Governor's Drive, Brgy. San Gabriel, General Mariano Alvarez, Cavite
5. Alabang-Zapote Road, Brgy. Talon Tres, Las Piñas City
6. Colago Avenue, Brgy. 1A (Poblacion), San Pablo City
7. Shaw Boulevard corner S. Laurel St., Brgy. Pleasant Hills, Mandaluyong City
8. Quirino Highway cor. Maligaya Drive, Brgy. Pasong Putik, Novaliches District, Quezon City
9. Juan Luna St., Tayuman, Tondo, Manila
10. Rizal Street, Brgy. Poblacion, Cabatuan, Iloilo City
11. Bagombong Rd., Caloocan City
12. Pulilan – Baliuag Bypass Road, Tarcan, Baliwag, Bulacan
13. P. Faustino St., Punturin, Valenzuela City

**Commercial Building Lease:**

1. Quirino Highway cor. Maligaya Drive, Brgy. Pasong Putik, Novaliches District, Quezon City
2. San Nicolas Market, Miranda St. corner Rizal St., Angeles City, Pampanga
3. McArthur Highway, Brgy. Dau, Mabalacat, Pampanga
4. Emilio Aguinaldo Highway, Brgy. Anabu II-B, Imus, Cavite
5. Benigno S. Aquino Avenue, Brgy. Bagong Nayon, Baliuag, Bulacan
6. Gen. Luna corner Rizal Streets, Poblacion, San Juan, Batangas
7. Maharlika Highway, Brgy. Bernardo District, Cabanatuan City, Nueva Ecija
8. No. 300 Samson Road, Brgy. 76, Caloocan City
9. Maharlika Highway, Brgy. Masin Sur, Candelaria, Quezon
10. G. Araneta Avenue, Araneta Center, Cubao District, Quezon City
11. Holy Spirit Avenue, Don Antonio Heights, Brgy. Holy Spirit, Quezon City
12. McArthur Highway, Brgy. Sta. Cruz, Guiguinto, Bulacan
13. M. Concepcion Avenue, Brgy. San Joaquin, Pasig City
14. E. Rodriguez, Sr. Avenue corner G. Araneta Avenue, Quezon City
15. Dr. A Santos Avenue, Brgy. San Isidro, Sucat, Parañaque City
16. General Luna St. corner Vesosa St., Brgy. Tuktukan, Taguig City.
17. Avenida R.G. Tanchoco corner Manila East Road, Brgy. San Juan, Taytay, Rizal
18. Juan Luna St. corner Tayuman Road Brgy. 154, Zone 14, Tondo District, Manila
19. No. 419 McArthur Highway, Brgy. Dalandanan, Km. 14, Valenzuela City
20. Circumferencial Road, San Juan Accfa, Cabanatuan City
21. Maharlika Road, Brgy. Abar 2nd, San Jose City, Nueva Ecija
22. NE Mall Suklayin, Baler, Aurora
23. NE Mall - Zulueta St., Cabanatuan City
24. Maunlad Mall, Estrella St., Malolos, Bulacan
25. Agro, Putatan, Muntinlupa City
26. Brookside Lane San Francisco, General Trias, Cavite
27. Ilwas, Subic, Zambales
28. Brgy. 2, Maria Aurora, Aurora
29. Liwasang Kalayaan, Marikina City
30. Bayawan, Negros Oriental
31. San Rafael, Montalban, Rizal
32. Brgy. Poblacion, Biñan, Laguna
33. Circumferencial Road, Brgy. San Roque, Antipolo City

**Fertuna Holdings Corp.** owns one commercial mall building at Harbor Point, Rizal Highway corner Magsaysay Avenue, Subic Bay Freeport Zone, Zambales, which operates under the "Harbor Point Mall" brand. The mall, which opened in September 2012, is situated within the eco-friendly Subic Bay area. Covering 6.5 hectares in area, the mall is a registered Subic Bay Freeport Enterprise within the Freeport Zone. As a business governed by the Subic Bay Metropolitan Authority (SBMA) under Republic Act No. 7227, Fertuna is eligible for tax and duty-free importation of certain goods.

**NE Pacific Shopping Centers Corporation** operates a shopping center/mall located at 111 Maharlika Highway, Cabanatuan City, Nueva Ecija. The 10-hectare property, which houses the mall, carries a total gross floor area exceeding 35,000 square meters. The mall offers a variety of leasable spaces for different brands and establishments, including a supermarket, department store, hardware and appliance centers, restaurants, and more. Notable tenants include Puregold and government satellite offices such as Social Security System (SSS), Philippine Statistics Authority (PSA), and Philippine Health Insurance Corporation (PhilHealth). This all-in-one shopping destination provides a unique shopping experience for the families, offering great value for money. Additionally, the NE Pacific complex is home to an S&R Membership Shopping Warehouse Club, catering to S&R cardholders in Cabanatuan City and neighboring towns in Nueva Ecija

**Patagonia Holdings Corp.** owns 1.3 hectares of land in Bonifacio Global City, Taguig City. This property is currently leased to Kareila Management Corporation, which operates the S&R Membership Warehouse Club on the site.

**Nation Realty, Inc.** operates "999 Shopping Mall" in Binondo, Manila, a specialty mall offering a modern take on the traditional flea market, or 'tiangge'. The mall serves as a popular shopping destination for Filipino shoppers and resellers seeking quality items at affordable prices. The 999 Shopping Mall consists of two (2) buildings: a four-storey building with a gross floor area of 31,931 square meters, and a seven-storey building with a total floor area of 84,292 square meters

**Pure Petroleum, Inc.** operates a terminal fuel facility within the Subic Bay Freeport Zone. The facility features a tank farm with nine (9) fuel storage tanks, offering a combined capacity of 89.45 million liters for Diesel and Gasoline products. It also includes seven (7) Ethanol tanks of varying sizes (350KL, 100KL, and 50KL), with a total capacity of 700KL, and five (5) CME storage tanks, each with a capacity of 50KL, totaling 250KL. Additionally, the terminal is equipped with jetty facilities for bulk loading and unloading, two (2) mooring buoy units, a water storage tank for fire protection and maintenance, and a truck loading rack. The facility provides a holding area for truck pre-inspections prior to loading, as well as office spaces for its lessees.

As of December 31, 2025, Cosco Capital's real estate portfolio comprises the following:

	<b>Gross Leasable Area</b>	<b>Occupied</b>	<b>%</b>
Land under Lease	167,607.82 sq.m.	167,607.28	100.0%
Commercial Buildings	288,246.23 sq.m.	249,355.69	86.51%
<b>Total</b>	<b>455,853.51 sq.m.</b>	<b>416,962.97</b>	<b>91.47%</b>

As of December 31, 2025, Cosco Capital, Inc. owns 100% capital stock of all real estate companies.

## **Wine and Liquor Segment**

The Keepers Holdings, Inc. is a listed company that wholly owns three major players—Montosco, Meritus, and Premier—in the Philippines' liquor, wine, and specialty beverage distribution businesses.

For more details about The Keepers Holdings, Inc., please refer to its 2025 Annual Report posted on its company website ([www.thekeepers.com.ph](http://www.thekeepers.com.ph)) and disclosed in the Edge System of the Philippine Stocks Exchange.

As of December 31, 2025, Cosco Capital owns 77.54% of The Keepers' equity.

## **Oil & Mining Segment**

**Alcorn Petroleum and Minerals Corporation** was incorporated on July 5, 2013, as a wholly-owned subsidiary of Cosco Capital to pursue its legacy business in the exploration and development of the Company's interests in oil and mining business activities. The oil and mining interests include a portfolio of participating investments in petroleum exploration and extraction activities in the Palawan and Eastern Visayas regions.

As of December 31, 2025, Cosco Capital owns 100% of Alcorn's equity.

### **2. Percentage of Sales or Revenues from Foreign Sales**

None.

### **3. Distribution Methods**

Puregold replenishes and distributes its merchandise to various stores by (a) Direct-to-Store delivery, (b) cross-sock facilities (c) store-to-store transfer. A substantial portion of Puregold's inventory and other supplies and materials, about 75%, are delivered directly by suppliers to the stores. About 25% of the suppliers who cannot provide to Puregold's stores directly deliver their products to Puregold's out-sourced cross-dock facilities for onward distribution to Puregold stores. All of the Company's stores have a stockroom on-premises with warehousing capabilities for additional inventory. However, stores with large warehouses can accommodate goods intended for nearby small-format stores. As needed, products are transferred from a large store to a small store.

Kareila Management Corporation (S&R) sends buyers worldwide to source its best products. S&R imports 50% of its merchandise. It currently operates nine distribution centers to handle the logistical requirements of its network of warehouse clubs.

Office Warehouse's suppliers deliver products directly to the store or utilize cross-docking through its warehouse facility.

Office Warehouse offers customers several convenient purchasing options, including in-store shopping, phone-in service for delivery and pick up from any and all of its branches and through its online shopping site ([www.officewarehouse.com.ph](http://www.officewarehouse.com.ph)) and major marketplaces such as Lazada, Shopee, Tiktok, Grabmart, Metromart, Pickaroo and SM Malls.

The Keepers has nationwide sales coverage through sub-distributors, but the bulk of business is mainly in urbanized areas. It sells to all segment channels like supermarkets, wholesalers, and on-premises outlets (hotels, restaurants, and bars).

#### **4. New Products and Services**

In July 2025, the Keepers Holdings, Inc. acquired fifty percent (50%) of subscribed and outstanding shares of Cervia Global, Inc., a domestic corporation behind the world-class Filipino liqueur brand "SULÀ".

#### **5. Competition**

Puregold competes with SM Supermarkets, Savemore, SM Hypermarkets, Shopwise/Rustan's, Robinsons, Metro Gaisano, and Walter-Mart. But smaller formats like Alfamart of S.M. group, DALI, and O-Save are also becoming our strong competitors; likewise, the online retailers Lazada, Shopee, Zalora, Grab Food, Food Panda, and Metromart. Landers competes with the group's S&R Warehouse Club format. It also has a membership shopping format, offers imported products, and caters to our population's "A" and "B" class segments.

Office Warehouse mainly competes with National Bookstore in the office and school supplies category. In the business technology segment, it faces competition from stores like Octagon, Silicon Valley, PC Express, etc., while the furniture category competes with established furniture stores and online sellers.

Community malls like Waltermart, Primark, Victory Mall, Novomart, Xentro, Fishermall, Malabon Square, and Divimart are the closest competitors of the Real Estate Group, especially in the leasing segment.

Major competitor of The Keepers include Emperador Inc. ("Emperador"). This company offer different brands that the group carries. The Liquor group believes that it has the brands, scale, resources, organization, and infrastructure to compete, succeed, lead, and sustain.

#### **6. Suppliers**

With over 2,000 regular suppliers, Puregold's supplier base is diversified between local suppliers such as Universal Robina Corporation, Monde Nissin, Century Pacific Food, Inc., and multi-national corporations such as Nestle, Unilever, and Procter & Gamble. Puregold selects its suppliers using several criteria, including product assortment and quality, market share of the Company in a particular supplier's location, brand reputation, supplier's capacity, business plans and budgets, logistic possibilities, and compliance with Puregold's economic principles.

S&R sources most of its merchandise from global vendors who have been supplying to membership clubs worldwide and continue to work with Local community manufacturers and suppliers. In this regard, a collaboration was made with vendors and manufacturers to produce the products using quality specifications that will provide best value to the members.

Office Warehouse's office and school supplies are mainly sourced from local distributors which includes notable brands such as Mongol, Faber Castel, 3M, Double A, and Sterling, among others. 95% of its office furniture is sourced from China, Taiwan and Malaysia. In the print category, it sources multinational brands namely Brother, Epson, HP and Canon. It also engages in exclusive distributorship of global brands such as Fellowes (shredders, binding and laminating machines), Schneider (writing instruments), and Eagle (desk accessories and filing supplies).

The Liquor Group has trading relationships with the world's biggest spirits and wine producers, carrying either the top or number-two brands in their respective categories in its portfolio. It also markets key brands in wine, energy drinks, and premium water categories. The Liquor Group brings in finished products from principal suppliers, namely Bodegas Williams & Humbert, Diageo Philippines, Inc., Casa Cuervo, William Grants & Sons, and Red Bull Asia FZE. Existing supply contracts are exclusive and continuing, with terms reviewed annually.

#### **7. Dependence upon a single or few suppliers or customer**

None of the companies under the Group depends on a single or few suppliers or customers.

Puregold has more than 2,000 regular suppliers and offers various merchandise to the buying public in general. The Company's three largest food suppliers are Nestlé Philippines, Universal Robina Corporation, and Monde Nissin. The Company's three largest non-food suppliers are Procter & Gamble, Unilever Philippines, and Colgate. Likewise, S&R is not dependent on a single or few customers but on the buying public in general, who become members.

Office Warehouse has a diverse customer base of business owners, government agencies, students and the education sector. Approximately 80% of its customers are SMEs

There are over 170 suppliers servicing the entire Office Warehouse operations, complementing a healthy product mix that makes it a one-stop shop office solutions store

The Real Estate and Liquor groups depend on the general public as customers.

The Liquor Group targets all businesses that cater to all Filipino consumers of the legal drinking age from all walks of life. The top customers of the Company in 2025 are as follows: (1) Puregold Price Club, Inc. (2) Kareila Management Corporation (3) Tristar Trusted Marketing Inc. (4) Magis Distribution Inc. (5) Advect Marketing Corp. These customers accounted for 55% of the Company's total sales in 2025.

#### **8. Transactions with Related Parties**

For the group's related party transactions, please refer to the 2025 Consolidated Audited Financial Statements (Annex "B").

## 9. Trademarks

The Company's subsidiaries have registered trademarks with the Intellectual Property Office. Puregold has eighty-two (82) registered trademarks, The Keepers has forty-five (45) trademarks, and Office Warehouse has three (3) trademarks. For the list of trademarks, please refer to Annex "E".

## 10. Government Approvals

The Group secures permits, licenses, and approvals from various government agencies before operating its business activities.

## 11. Research and Development

None.

## 12. Effect of Existing Governmental Regulations

The Company and its subsidiaries monitor government regulations that may have effect on the business operations or financial position; and to date, have not identified any with material or adverse effect.

## 13. Cost and Effect of Compliance with Environmental Laws

The Company estimates its annual cost for maintaining and renewing the Environmental Compliance Certificates and other environmental permits for its existing stores to be about P8.97 million. For more details on the Company's compliance with environmental laws, please refer to the Company's Sustainability Report (Annex "C")

## 14. Employees

The Company and its subsidiaries have a total of 15,455 employees as of December 31, 2025, the breakdown is as follows:

Location	Cosco Capital	Puregold	Real Estate	Office Warehouse	The Keepers	Energy and Minerals
Operations	-	13,099	152	83	111	25
Head Office	36	1,674	59	77	134	5
Total	36	14,773	211	160	245	30

Rank	Cosco Capital	Puregold	Real Estate	Office Warehouse	The Keepers	Energy and Minerals
Executive	6	41	12	2	8	
Senior Manager	1	163	4	13	4	
Manager	10	930	19	21	39	1
Officer	2	956	24	11	48	1
Supervisor	6	6,130	28	83	-	9
Rank & File	8	6,542	124	29	128	18
Consultant	3	11	-	1	18	1
Total	36	14,773	211	160	245	30

Puregold anticipates employing approximately 1,025 employees within the next 12 months for the planned 25 to 30 Puregold stores. S&R plans to hire 360 new employees for the planned 12 QSRs and 450 employees for 3 S&R warehouses. Office Warehouse plans to hire 20 employees for an additional five stores in 2025.

The Company does not expect to encounter any difficulty sourcing the workforce for these additional positions. The Company believes that its relations with its employees are generally good. The Company did not experience work stoppages or strikes in 2024 and in the past five years due to employees' strife. The Company currently has no labor union nor any collective bargaining agreement with any group of employees.

## 15. Major Risks

The Company considers the following significant risks that may have a potentially adverse effect on its financial condition and operation:

### (a) Market risk –

**Competition** – each of the Company's subsidiaries faces competition in their respective industries and markets. The intensity of the competition in the Philippine modern retail industry varies from region to region. Some of the significant competitors considered by the Company are the SM malls, SM supermarkets, SM hypermarkets, Robinson's Supermarkets, Metro Gaisano, All Home, and Rustan's Supercenters, DALI, and O-Save. The competition includes product selection, quality, customer service, and store locations. Puregold performs market research to locate areas to maximize market coverage and penetrate its targeted customers. This careful selection of store locations and focus on specific markets has enabled it to build brand strength and loyalty across its targeted customer base. Aside from that, offering unique features, building strong brand identity, using market research to competitively set prices, bundles, loyalty programs, exploring new customer segments and diversified products offerings, are in place as strategies to stay competitive.

The Liquor Group competes with various distributors and manufacturers of liquor, local and international. To differentiate its products and brands from its competitors, the Liquor Group creates a dedicated marketing team to effectively market and promote each of its essential products and has a designated brand manager for certain large brands to maintain strong branding and differentiation. The Company believes that it will be able to maintain its position in the market by relying on its scale, strong brands under its portfolio, and readily available financial resources.

**Supply** - A supply shortage and disruption and price volatility may adversely affect the operations and financial performance of the Company. The Company's subsidiaries address this risk by regularly monitoring its inventories and ensuring that the stock is always at its optimum level. The Company continuously deals with many suppliers to ascertain that its merchandising requirements are filled throughout the year. Further, the Group is also closely monitoring any possible supply chain disruptions so as to properly plan inventory stocking to prevent shortages.

**Credit** - The Company's fast-paced operation requires sufficient liquidity throughout the year. Failure of the Company to collect its trade receivables on time could potentially affect its ability to pay its suppliers on time or increase financing costs should working capital financing be resorted to bridge temporary liquidity gaps. The Company maintains a credit and collection policy, ensuring that receivables are collected on time to maintain liquidity and steady cash flow for business operations, reduce financial risk and also strengthening customer relationships through proper credit management.

**Pricing** - The country's economic condition and market competition are the main drivers of this risk. Any adverse change in the economic environment of the Philippines may affect the purchasing power of consumers and unfavorably affect the Company's operating results. Low-growth consumer market means low-demand growth and low turnover for the Company. The entry of new competitors especially large-scale producers that can afford to offer products at lower prices, may trigger a more aggressive price competition that may lead to aggressive pricing strategies, among industry players as they try to dominate the market. The Company's continuous expansion and revenue growth help mitigate this risk and allow the Company to develop better competitive pricing strategies with consideration of lingering effect of inflation. Pricing strategies are constantly reviewed to remain competitive and attract or retain customers and implement strategic price adjustments. Also, unnecessary costs or expenses are to be avoided by checking the supply chain management and eliminating non-value-adding activities, which will allow the Company to offer lower prices.

#### **(b) Regulation and compliance risk –**

The Company monitors and oversees issuances or protocols from regulating bodies and ensures the Company's compliance with these regulations.

As liquor is considered a health hazard when taken in excess, the possible risk would be issuing regulations like the ban on alcohol drinking for some age groups and a curfew either or both from the national or local government. We consider this risk, however, as remote.

Oil exploration projects are under the supervision of the Philippine government's Department of Energy. Changes in policies or regulations or legislative and fiscal frameworks governing these activities may have a material impact on the exploration and development activities of the companies in these sectors. Also, changes in regulations may affect the Company's operation and increase the cost of doing business.

Upon the lapse of approval from regulatory authorities, there is no guarantee that these will be renewed or renewed under the terms acceptable to the Company. The Company ensures that the licenses and permits are valid by monitoring the validity period, complying with governmental regulations, constant communication with the authorities, and updating itself with the new laws and regulations, monitoring regulatory changes and legal updates and strictly implementing policy and procedures.

#### **(c) Environmental risk –**

Environmental risk for the real estate business includes the effect of climate change like flooding, erosion, and other unforeseen calamities that might affect the real estate properties. The Company mitigates this risk by carefully selecting the sites. A group within the Company conducts research and studies on-site selection, including environmental factors.

The business of oil exploration and development carries environmental risks and hazards. Under various international conventions and existing Philippine laws and regulations, it is subject to environmental regulation. Environmental legislation provides for, among other things, restrictions and prohibitions on oil spills, releases, or emissions of various substances produced in association with oil operations.

The Company's compliance with such legislation, including health and safety laws, can involve high costs and expenses. Any breach of these laws may result in the imposition of fines and penalties, which could be material. There can be no assurance that environmental regulations will not increase exploration and development costs or curtailment of operations, which could adversely affect the results of operations and financial condition and prospects.

The Company's compliance to Environmental, Social and Governance (ESG) is also one of the key strategies for managing environmental risk by aligning with regulatory requirements.

## ITEM 2. PROPERTIES

As of December 31, 2025, the Group owns the following properties:

(a) Puregold's real properties:

Location	Owned parcels of land	Owned buildings	Leased parcels of land	Leased buildings
North Luzon	2	69	71	137
South Luzon	8	120	120	146
Metro Manila	2	55	56	124
Visayas	2	5	4	53
Mindanao		3	3	25
Total Number	14	252	254	485
Total Square Meters	37,328.57	436,931.53	415,028.40	860,154.73

(b) S&R's real properties:

Location	Owned parcels of land	Owned buildings	Leased parcels of land	Leased buildings
North Luzon	-	7	7	-
South Luzon	1	9	8	-
Metro Manila	-	12	12	-
Visayas	-	3	3	-
Mindanao	-	2	2	-
Total Number	1	33	32	-
Total Square Meters	20,871	307,811.54	574,078.58	-

(c) The real estate group has thirty-seven (37) commercial buildings and fourteen (14) lands for lease as of December 31, 2025, situated in the following locations:

#### Land Lease:

1. Aguinaldo Highway, Brgy. Panapaan 1, Bacoor City, Cavite
2. Rizal Street Brgy. Poblacion Cabatuan, Iloilo City
3. Bagumbong, Caloocan
4. Brgy. Subangdaku, Mandaue City, Metro Ceb
5. Quirino Highway cor. Maligaya Drive, Brgy. Pasong Putik, Novaliches District, Quezon City
6. Governor's Drive, Brgy. San Gabriel, General Mariano Alvarez, Cavite
7. Alabang-Zapote Road, Brgy. Talon Tres, Las Piñas City
8. Angel Linao Street, Brgy. 687, Zone 75, Malate District, Manila
9. Colago Avenue, Brgy. 1A (Poblacion), San Pablo City
10. Shaw Boulevard corner S. Laurel St., Brgy. Pleasant Hills, Mandaluyong City
11. Juan Luna St., Tayuman, Tondo, Manila
12. Brgy. Tarcan, Baliuag, Bulacan
13. Punturin, Valenzuela

#### Commercial Building Lease:

1. Quirino Highway cor. Maligaya Drive, Brgy. Pasong Putik, Novaliches District, Quezon City
2. San Nicolas Market, Miranda St. corner Rizal St., Angeles City, Pampanga
3. McArthur Highway, Brgy. Dau, Mabalacat, Pampanga
4. Emilio Aguinaldo Highway, Brgy. Anabu II-B, Imus, Cavite
5. Benigno S. Aquino Avenue, Brgy. Bagong Nayon, Baliuag, Bulacan
6. Gen. Luna corner Rizal Streets, Poblacion, San Juan, Batangas
7. Maharlika Highway, Brgy. Bernardo District, Cabanatuan City, Nueva Ecija
8. No. 300 Samson Road, Brgy. 76, Caloocan City
9. Maharlika Highway, Brgy. Masin Sur, Candelaria, Quezon
10. G. Araneta Avenue, Araneta Center, Cubao District, Quezon City
11. Holy Spirit Avenue, Don Antonio Heights, Brgy. Holy Spirit, Quezon City
12. McArthur Highway, Brgy. Sta. Cruz, Guiguinto, Bulacan
13. M. Concepcion Avenue, Brgy. San Joaquin, Pasig City
14. E. Rodriguez, Sr. Avenue corner G. Araneta Avenue, Quezon City
15. Dr. A Santos Avenue, Brgy. San Isidro, Sucat, Parañaque City
16. General Luna St. corner Vesosa St., Brgy. Tuktukan, Taguig City.
17. Avenida R.G. Tanchoco corner Manila East Road, Brgy. San Juan, Taytay, Rizal
18. Juan Luna St. corner Tayuman Road Brgy. 154, Zone 14, Tondo District, Manila
19. No. 419 McArthur Highway, Brgy. Dalandanan, Km. 14, Valenzuela City
20. Circumferencial Road, San Juan Accfa, Cabanatuan City
21. Maharlika Road, Brgy. Abar 2nd, San Jose City, Nueva Ecija
22. NE Mall Suklayin, Baler, Aurora
23. NE Mall - Zulueta St., Cabanatuan City
24. Maunlad Mall, Estrella St., Malolos, Bulacan
25. Agro, Putatan, Muntinlupa City
26. Brookside Lane San Francisco, General Trias, Cavite
27. Ilwas, Subic, Zambales
28. Brgy. 2, Maria Aurora, Aurora
29. Liwasang Kalayaan, Marikina City
30. Bayawan, Negros Oriental
31. San Rafael, Montalban, Rizal
32. Harbor Point, Rizal Highway cor. Magsaysay Ave. Subic Bay Freeport Zone, Zambales
33. Maharlika Highway, Cabanatuan City, Nueva Ecija
34. Soler Corner Roman Streets Brgy. 293, Zone 28, Binondo District, Manila
35. Claro M. Recto Avenue Brgy. 293, Zone 28, Binondo District, Manila
36. Brgy. Poblacion, Biñan, Laguna
37. Circumferencial Road, Brgy. San Roque, Antipolo City

As of December 31, 2025, the real estate group has a gross leasable area of 455,853.51 square meters.

## Alcorn Petroleum and Minerals Corporation

It has participating interests in the following petroleum and mineral exploration properties in the Philippines:

1. SC 6A (Octon and North Block) - Offshore Northwest Palawan Philippines. The SC 6A oil field, discovered in 1990, is located in Offshore Northwest Palawan near Galoc Block. This oil field was not produced due to low oil prices in 1990 and limited data. As of December 31, 2021, the Group has a participating interest of 1.67%.

In 2019, additional deferred charges amounting to P0.1 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 crucial 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.

Exploration efforts in the license area continued through most of the first quarter of 2021. The Reservoir Characterization/Quantitative Interpretation Study in the North Block was completed in February 2021, indicating potential targets for exploratory drilling.

A program for 2022 to finish the last outstanding piece of technical work to identify a drilling location and prepare a drilling program and budget was prepared by PLL. With the impending expiration of the SC's 50-year term in February 2024, the Group opted to surrender the contract and apply for a new Service Contract over the same area by nomination under the DOE's Philippines Conventional Energy Contracting Program (PCECP). This will allow the Group to reconstitute and have sufficient time to drill and develop any future discoveries in the area.

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 still ongoing.

In March 2023, the company has formally notified the Philodrill Corporation that it will not participate in the new Service Contract.

2. SC 14 C2 – West Linapacan – In 2019, Philodrill is in the early stages of negotiation with a UK-based firm that 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, covering 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 4<sup>th</sup> 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, Phase 1a of the study has been completed. The 2 Joint Venture consortia are now discussing proceeding to the next phase of the Joint QI work, which will involve trial inversion work on a 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 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.

In 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 would be adopted and submitted to the DOE while securing the DOE approval for the Deeds of Assignment (DOAs) arising out of the SPA and FOA.

However, the finalization and execution of DOAs have significantly been 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 from 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 and B and the administrative management of the SC. Also, in 2022 the outstanding SC 14C2 Training Fund balance was settled with DOE.

The Reservoir Engineering Study (RES) continued during the last quarter 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.

In 2025, Philodrill transmitted to the JV partners the final copy of the RES and also requested to submit the legal, financial, and technical documents required by DOE for the application of the new service contract.

The Plan of Development (POD) study is ongoing with Philodrill instruction for Three60 to submit the POD as a separate report from the Plug and Abandonment (P&A) study of the old wells in West Linapacan.

In compliance with DOE's instruction, Philodrill as operator of SC14C2, turned over a check amounting to US\$20,000 to Western Philippines University under the SC's Scholarship Assistance Fund.

3. SC 6B (Bonita) - Offshore Northwest 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.

In 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 STOIPP, increasing 15% from the previous volumetric.

In December 2021, MOC withdrew a contractor and operator of the SC and Nido Petroleum and Minerals Corporation (NPPL) was designated as the technical operator with the mandate to prepare and implement a program for Cadlao Oil Field Redevelopment for the drilling and extended well test of one or possibly two appraisal/exploration wells in the latter part of 2022.

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.

In 2024, the 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.

4. MPSA No. 066-97-VIII - Cement Project, Isabel, Merida, Leyte –The MPSA was assigned last June 1997 and called 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 of Mining Project Feasibility in September 2013. As part of the new requirements, the Parent Company must 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 conducting in the contract area within the 2-year extension of the MPSA exploration period. In 2013, the project was considered delinquent and may soon be canceled by the regional mining office. In 2016, the Group paid occupation amounting to P0.5 million for the project. On May 20, 2020, the exploration permit for the project for the two-year exploration period was granted, subject to the compliance conditions set forth. Currently, the Group is fulfilling its obligations to renew its exploration permit.

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 the company processed Annual Occupation Fee corresponding to the Minerals Production Sharing Agreement (MPSA). Site visit with PIMI in Isabel to Merida, Leyte MPSA 066-97-VIII to conduct a geological assessment and due diligence of MPSA. New potential JV partner in discussion with the Company.

In 2024, the company 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 the year 2024 corresponding to the MPSA 066-97-VIII.

On August 5, 2024, Purchase Agreement between Parent Company and Premium Infinite Mining Inc. (PIMI) was signed. Parent Company formally withdraws its application for approval of assignment of rights and interests under the approved MPSA No-066-97-VIII dated October 21, 2024 and was received by MGB Region 8 on November 7, 2024.

On March 13, 2025, staffs from Cosco Capital, Inc., PIMI and Mines and Geosciences Bureau (MGB), conducted barangay visits for their annual monitoring for the compliance work program of COSCO Company in the affected barangays under Mineral Sharing Agreement (MPSA) 066-97- VIII and on March 14, 2025, a barangay site visit for the SHES monitoring in the affected barangays under Mineral Sharing Agreement (MPSA) 066-97-VIII.

Participated for the coastal clean-up and mangrove planting in Guiwanon Seashore Barangay Benabaye, Merida, Leyte. With the Cosco Capital (CCI) staff, Benabaye Barangay Officials and Barangay volunteers on June 30, 2025.

### **Use of Property**

Except for the oil and mining participating interest, the Company uses its properties primarily for retail operations as well as commercial real estate development for leasing. There is no mortgage, lien, or encumbrance over any of the properties owned by the Company that may limit or restrict its ownership or usage.

### **General Lease Provisions**

Lease periods are, on average, up to 25 years. Rental rates depend on the location and the condition of the property. All renewal of leases is upon mutual agreement of the parties. Lease provisions are mutually agreed upon by the parties and based on general standards set by the Company in terms of rental, period, and other stipulations.

### **ITEM 3. LEGAL PROCEEDINGS**

There is no material pending legal (civil, criminal, or arbitrary) proceeding in which the Company is involved, or any of its property is a subject except for minor cases that are incidental to its business.

#### ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Except for matters submitted to the stockholders' vote during the last stockholders' meeting, no other matters were presented to a majority vote of security holders during the fiscal year covered by this report through the solicitation of proxies or otherwise.

#### PART II - OPERATIONAL AND FINANCIAL INFORMATION

##### ITEM 5. (A) MARKET FOR ISSUER'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

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		2025	
	High	Low	High	Low	High	Low	High	Low
1 <sup>st</sup> Quarter	5.24	4.82	4.97	4.00	5.32	4.72	5.58	5.22
2 <sup>nd</sup> Quarter	4.96	4.24	5.24	4.00	5.02	4.52	7.14	5.12
3 <sup>rd</sup> Quarter	4.50	3.80	5.42	4.82	5.50	4.55	7.68	6.91
4 <sup>th</sup> Quarter	4.67	3.92	4.95	4.40	5.62	5.20	7.83	6.80

As of December 31, 2025, the Company's share is trading at PHP 6.99 per share.

##### (B) Stockholders

As of December 31, 2025, the Company has 999 stockholders on record, 7,405,263,564 issued shares, 7,029,524,664 outstanding capital stock, and 375,738,900 treasury shares

The Company's Top 20 Stockholders as of December 31, 2025:

	STOCKHOLDER	OUTSTANDING SHARES	%
1	CO, LUCIO L.	2,380,741,492	33.87%
2	CO, SUSAN P.	1,780,182,230	25.32%
3	CITIBANK N.A	552,691,950	7.86%
4	ELLIMAC PRIME HOLDINGS, INC.	244,228,990	3.47%
5	CO, FERDINAND VINCENT P.	225,141,822	3.20%
6	CO, PAMELA JUSTINE P.	225,120,671	3.20%
7	VFC LAND RESOURCES INC.	220,066,029	3.13%
8	STANDARD CHARTERED BANK	206,555,378	2.94%
9	KMC REALTY CORPORATION	150,832,231	2.15%
10	DEUTSCHE BANK MANILA – CLIENTS A/C	123,724,167	1.76%
11	CO, CAMILLE CLARISSE P.	106,838,231	1.52%
12	THE HSBC. LTD. – CLIENTS ACCT.	88,528,887	1.26%
13	ANSALDO, GODINEZ & CO., INC.	87,240,339	1.24%
14	KATRINA MARIE P. CO	58,884,384	0.84%
15	SPC RESOURCES, INC.	58,500,000	0.83%
16	COL FINANCIAL GROUP, INC.	53,347,735	0.83%
17	BDO SECURITIES CORPORATION	34,290,349	0.49%
18	FIRST METRO SECURITIES BROKERAGE CORP.	30,792,679	0.44%
19	CNN SECURITIES, INC.	30,455,500	0.43%
20	ELLIMAC MANAGEMENT	27,000	0.00%

## (C) Dividends

The Company's cash dividend declarations from 2014 to 2025 are as follows:

Declaration Date		Dividend Per Share	Record Date	Payment Date
June 27, 2014	R	P0.06 per share	July 11, 2014	July 28, 2014
December 18, 2014	R	P0.06 per share	January 12, 2015	February 5, 2015
	S	P0.02 per share		
December 18, 2014	R	P0.06 per share	January 8, 2016	January 18, 2016
	S	P0.02 per share		
December 22, 2016	R	P0.06 per share	January 12, 2017	January 20, 2017
	S	P0.02 per share		
December 15, 2017	R	P0.06 per share	January 2, 2018	January 26, 2018
	S	P0.04 per share		
February 1, 2019	R	P0.06 per share	February 15, 2019	March 1, 2019
	S	P0.04 per share		
December 18, 2020		P0.08 per share	January 8, 2021	January 29, 2021
		P0.04 per share		
December 18, 2020	S	P0.04 per share	January 15, 2021	February 9, 2021
December 21, 2021	R	P0.08 per share	January 10, 2022	February 3, 2022
	S	P0.04 per share		
December 21, 2022	R	P0.14 per share	January 18, 2023	January 28, 2023
	S	P0.04 per share		
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
April 11, 2025	R	P0.264 per share	May 9, 2025	June 4, 2025
April 11, 2025	S	P0.132 per share	September 4, 2025	September 30, 2025

The Company's Cash Dividends are declared upon the approval of the board of directors, depending on the Company's available cash and profitability. This declaration does not require the assent of the stockholders.

Declaration of Stock or Property Dividends require prior approval of the stockholders and the SEC. To date, the Company has not yet declared any stock or property dividends.

## (D) Recent Sales of Securities

None.

## ITEM 6. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL POSITION AND RESULTS OF OPERATION

Please refer to the Management's Discussion and Analysis of the Financial Position and Results of the Operation of the Company (Annex "A").

## ITEM 7. FINANCIAL STATEMENTS

Please refer to the 2025 Consolidated Audited Financial Statement of the Company (Annex "B")

## ITEM 8. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

(a) Audit Fees

	2024	2025
Cosco Capital Group	P12,320,000	P12, 320,000

**PART III - CONTROL AND COMPENSATION INFORMATION**

**ITEM 9. DIRECTORS AND EXECUTIVE OFFICERS OF THE ISSUER**

**(A) Directors**

The Company's board of directors comprises eight members—five males and three females. No director of the Company concurrently serves as a director in five or more listed companies.

	<b>Name</b>	<b>Age</b>	<b>Citizenship</b>	<b>Position</b>
1	Mr. Lucio Co	71	Filipino	Chairman of the Board
2	Ms. Susan Co	68	Filipino	Vice-Chairman
3	Mr. Leonardo Dayao	82	Filipino	President
4	Mr. Roberto Juanchito Dispo	61	Filipino	Regular / Executive Director
5	Mr. Levi Labra	67	Filipino	Regular / Executive Director
6	Ms. Lily Gruba	76	Filipino	Regular Director
7	Mr. Ramon Jesus Paje	65	Filipino	Independent Director
8	Ms. Cecilia Borromeo	66	Filipino	Independent Director
9	Mr. Antonio Abacan, Jr.	83	Filipino	Independent Director

For the Directors' business profile, please refer to Business Profiles of Directors and Key Officers (Annex "D").

**(B) Corporate Officers and Key Officers**

The Company's Corporate and Key Officers are as follows:

	<b>Name</b>	<b>Age</b>	<b>Citizenship</b>	<b>Position</b>
1	Mr. Lucio Co	71	Filipino	Chairman of the Board
2	Ms. Susan Co	68	Filipino	Vice-Chairman
3	Mr. Leonardo Dayao	82	Filipino	President
4	Mr. Gerardo Teofilo, Jr.	37	Filipino	Deputy Comptroller
5	Ms. Katrina Co – Go	33	Filipino	Treasurer
6	Atty. Jose Santos, Jr.	85	Filipino	Corporate Secretary
7	Atty. Jewelyn Jumalon	31	Filipino	Assistant Corporate Secretary and Compliance Officer
8	Ms. Emerlinda Llamado	64	Filipino	Internal Auditor
9	Mr. Ferdinand Vincent Co	44	Filipino	President – Puregold Price Club, Inc.
11	Mr. Anthony Sy	65	Filipino	President – Kareila Management Corp.
12	Mr. Jose Paulino Santamarina	62	Filipino	President – The Keepers Holdings, Inc.
14	Ms. Girlie Sy	63	Filipino	Head – Real Estate Group
15	Mr. John Marson Hao	43	Filipino	Investor Relations Officer and Sustainability Officer

For the Officers' complete business profile, please refer to the business profile of Directors and Key Officers (Annex "D").

**(D) Significant Employees**

All employees of the Company are expected to make a significant contribution to the business's operation. The Company's business is not highly dependent on the services of certain key personnel.

**(E) Family Relationships**

1. Mr. Lucio L. Co and Mrs. Susan P. Co are husband and wife.
2. Mr. Ferdinand Vincent P. Co (President of Puregold), Ms. Camille Clarisse P. Co (Regular Director of The Keepers Holdings, Inc.), Ms. Pamela Justine P. Co – Yuyitung (Regular Director of Puregold Price Club, Inc.), and Ms. Katrina Marie P. Co – Go (Treasurer of Cosco Capital, Inc.) are the children of Mr. and Mrs. Lucio and Susan Co

**(F) Involvement in Certain Legal Proceedings**

As of December 31, 2025, and for the past five years, the Company has no director, executive officer, or principal officer who is involved in 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.

**ITEM 10. EXECUTIVE COMPENSATION**

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 eight (8) board meetings and six (6) committee meetings in 2025.

The total annual compensation of the President and the four most highly compensated officers of the Company amounted to P8,065,010.00 in 2025 and the projected compensation for the year 2026 is P8,065,010.00, 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

<b>Aggregate compensation of the President and the four most highly compensated officers</b>	2024	P8,065,010.00	-	-
	2025	P8,065,010.00	-	-
	2026 Projected	P8,065,010.00	-	-
<b>Aggregate compensation paid to all other officers and managers</b>	2024	P3,700,000.00	-	-
	2025	P3,700,000.00	-	-
	2026	P3,700,000.00	-	-
	2026 Projected		-	-

### (B) Standard Arrangements

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

### (C) Other Arrangements

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

### (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 that follow the country's labor laws. The Company also has a retirement plan that is in accordance with current labor laws.

### (E) Warrants and Options

None.

## ITEM 11. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

- A. Security ownership of more than 5% of the stock of the Company as of December 31, 2025:

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 of Outstanding Voting Shares
Common	Mr. Lucio Co No. 900 Romualdez St., Paco Manila	Chairman	Direct	Filipino	2,380,741,492	33.87%

Common	Ms. Susan Co No. 900 Romualdez St., Paco Manila	Vice- Chairman	Direct	Filipino	1,780,182,230	25.32%
Common	PCD Nominee Corp. (Non- Filipino) Makati City	Stockholder	For Various Accounts	Non-Filipino	945,200,508	13.45%
Common	PCD Nominee Corp. (Filipino) Makati City	Stockholder	For Various Accounts	Filipino	526,373,489	7.49%

**B. Security Ownership of Directors and Executive Officers of the Company as of December 31, 2025:**

<b>Title of Class</b>	<b>Name of Beneficial Owner</b>	<b>Nature of beneficial ownership</b>	<b>Citizenship</b>	<b>Number of shares</b>	<b>Percent of Outstanding Voting Shares</b>
Common	Mr. Lucio Co	Direct	Filipino	2,380,741,492	33.87%
Common	Ms. Susan Co	Direct	Filipino	1,780,182,230	25.32%
Common	Mr. Leonardo Dayao	Direct	Filipino	750,982	0.01%
Common	Mr. Levi Labra	Direct	Filipino	100	0.00%
Common	Mr. Roberto Juanchito Dispo	Direct	Filipino	100	0.00%
Common	Atty. Lily Gruba	Direct	Filipino	1,000	0.00%
Common	Mr. Ramon Jesus Paje	Direct	Filipino	1,000	0.00%
Common	Ms. Cecilia Borromeo	Direct	Filipino	1,000	0.00%
Common	Mr. Antonio Abacan, Jr.	Direct	Filipino	1,000	0.00%
Common	Mr. Gerardo Teofilo, Jr.	Direct/Indirect	Filipino	300	0.00%
Common	Ms. Katrina Co – Go	Direct	Filipino	58,884,384	0.83%
Common	Atty. Jose Santos, Jr.	-	Filipino	-	-
Common	Atty. Jewelyn Jumalon	-	Filipino	-	-
Common	Ms. Emerlinda Llamado	Direct/Indirect	Filipino	200	0.00%
Common	Mr. John Marson Hao	-	Filipino	-	-

Mr. and Mrs. Lucio and Susan Co do not have any voting trust agreement for their ownership of more than 5% of the Company's stock.

There has been no change in the control of the Company in the last fiscal period.

**ITEM 12. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS**

For discussion of the Related Party Transactions of the Company, please refer to 2025 Consolidated Audited Financial Statements (Annex "B").

**PART IV – 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 other Companies' practices 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. On 12 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. 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.

<b>Year</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>	<b>Seminar Provider</b>
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 – 5:00 pm	Acacia Hotel, Alabang, Muntinlupa City	Philippine Chamber of Commerce and Industry (PCCI)
2025	October 13	1:00 – 5:00 pm	Acacia Hotel, Alabang, Muntinlupa City	Center for Global Best Practices

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 2025, the board held six (6) regular/special board of directors' meeting, (4) Audit Committee meetings and two (2) Corporate Governance Committee meetings.

Please see below the record of attendance of directors in the 2024 board and committee meetings:

<b>No. of</b>	<b>No. of Audit</b>	<b>No. of Corporate</b>	<b>Total</b>
---------------	---------------------	-------------------------	--------------

	<b>Meetings Held/Attended</b>	<b>Committee Meetings Held/Attended</b>	<b>Governance Committee Meeting Held/Attended</b>	
Mr. Lucio L. Co	6/6	Not a member	Not a member	100%
Ms. Susan P. Co	6/6	4/4	Not a member	100%
Mr. Leonardo B. Dayao	6/6	4/4	2/2	100%
Mr. Levi B. Labra	6/6	Not a member	Not a member	100%
Mr. Roberto Juanchito T. Dispo	6/6	Not a member	2/2	100%
Atty. Lily K. Gruba	6/6	Not a member	Not Member	100%
Mr. Ramon Jesus P. Paje (ID)	6/6	3/4	1/2	83%
Ms. Cecilia C. Borromeo (ID)	6/6	4/4	2/2	100%
Mr. Antonio S. Abacan, Jr.	6/6	4/4	1/2	92%

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.

(e) 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 13, 2025, as follows:

<b>Executive Committee</b>	<b>Corporate Governance Committee</b>	<b>Audit Committee</b>
Mr. Lucio Co (Chairman)	*Mr. Ramon Jesus Paje (Chairman)	*Ms. Cecilia Borromeo (Chairman)
Ms. Susan Co	*Ms. Cecilia Borromeo	*Mr. Ramon Jesus Paje
Mr. Leonardo B. Dayao	Mr. Leonardo B. Dayao	Mr. Leonardo Dayao
	Mr. Roberto Juanchito Dispo	Ms. Susan Co
	*Mr. Antonio Abacan, Jr.	*Mr Antonio Abacan

*Legend: \* - Independent Director*

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

On October 13, 2025, the Company engaged the services of the Center for Global Best Practices (CGBP) to conduct an Annual Corporate Governance Training for all directors and key officers.

**PART V - EXHIBITS AND SCHEDULES**

A. Annexes

2025 Management Discussion and Analysis of Financial Position	Annex "A"
2025 Consolidated Audited Financial Statements	Annex "B"
2025 Sustainability Report	Annex "C"
Business Profiles of Directors and Key Officers	Annex "D"

## B. Summary of SEC Form 17-C Reports:


Date of Board Meeting	Items approved by the Board
January 28, 2025	(1) Company's Management Plans and Budget for the year 2025
April 11, 2025	<p>(1) 2024 Audited Financial Report.</p> <p>(2) Nominees for the 2025 Annual Election of Directors: 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 are the nominees for regular directors in the forthcoming Annual Stockholders' Meeting and Mr. Mr. Ramon Jesus P. Paje, Ms. Cecilia C. Borromeo and Mr. Antonio S. Abacan, Jr. are the nominees for the election of independent directors.</p> <p>(3) Details of the Company's 2025 Annual Stockholders Meeting:  Date; May 27, 2024  Time: 1:00 PM  Manner: Hybrid  Record Date: May 6, 2025  Agenda:  a. Call to Order  b. Certification of Notice and Quorum  c. Approval of the minutes of the Previous Meeting and Ratification of Previous Acts and Resolutions of the Board of Directors  d. Approval of the 2024 Annual Report and 2024 Audited Financial Statements  e. Election of Regular Directors and Independent Directors  f. Re-Appointment of External Auditor and Fixing Remuneration  g. Other Matters  h. Adjournment</p> <p>(4) Declaration of Cash Dividends (Regular and Special)</p> <p style="padding-left: 40px;">Type: Regular Cash Dividend  Price: Php0.264 per share  Total Payout: Php1.86 Billion  2024 Year Net Income: Php 9.31 Billion  Record Date: May 9, 2025  Payment Date: June 4, 2025  Payout Ratio: 20%  Dividend Yield: 4.97%</p> <p style="padding-left: 40px;">Type: Special Cash Dividend  Price: Php 0.132 per share  Total Payout: Php 931 Million  2024 Year Net Income: Php 9.31 Billion  Record Date: September 4, 2025  Payment Date: September 30, 2025  Payout Ratio: 10%  Dividend Yield: 2.48%</p>
May 8, 2025	<p>(1) Financial Report for the 1<sup>st</sup> Quarter of CY 2025</p> <p>(2) Promotion of Mr. Gerardo S. Teofilo, Jr. from "Deputy Comptroller" to "Comptroller"</p>
May 27, 2025	<p>(1) Appointment of the following key officers:</p> <p style="padding-left: 40px;">Chairman: Mr. Lucio L. Co  Vice-Chairman: Mrs. Susan P. Co</p>

	<p>President: Mr. Leonardo B. Dayao  Treasurer: Ms. Katrina Marie P. Co-Go  Corporate Secretary: Atty. Jose S. Santos, Jr.  Asst. Corporate Secretary and Compliance Officer:  Atty. Jewelyn A. Jumalon  Lead Independent Director: Mr. Ramon Jesus P. Paje  Comptroller: Mr. Gerardo S. Teofilo, Jr.  Investor Relations and Sustainability Officer: Mr. John Marson T. Hao  Internal Auditor and Risk Officer: Ms. Emerlinda D. Llamado</p> <p>Board-level Committees:</p> <p>Executive Committee:  Chairman: Mr. Lucio L. Co  Members: Mrs. Susan P. Co and Mr. Leonardo B. Dayao  ExCom Secretary: Atty. Jewelyn A. Jumalon</p> <p>Audit Committee / Related Party Transactions Committee:  Chairman: Ms. Cecilia C. Borromeo  Members: Mr. Ramon Jesus P. Paje, Mr. Antonio S. Abacan, Jr., Mr. Leonardo B. Dayao and Mrs. Susan P. Co</p> <p>Corporate Governance Committee:  Chairman: Mr. Jesus P. Paje  Members: Ms. Cecilia C. Borromeo, Mr. Antonio S. Abacan, Jr., Mr. Leonardo B. Dayao and Mr. Roberto Juanchito T. Dispo</p>
August 8, 2025	(1) 2 <sup>nd</sup> Quarter Financial Report for the year 2025
November 11, 2025	(1) 3 <sup>rd</sup> Quarter Financial Report for the year 2024 (2) Adoption of Cosco Capital Group Multi-Employer Retirement Plan and Retirement Committee Charter (3) Appointment of Metrobank Trust as Retirement Fund Trustee.

**SIGNATURES**

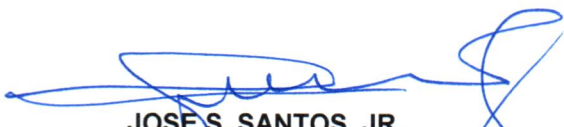
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in the City of Manila, Philippines on 15<sup>th</sup> day of April, 2026.

  
**LUCIO L. CO**  
Chairman

  
**LEONARDO B. DAYAO**  
President

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

  
**KATRINA MARIE C. GO**  
Treasurer


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

  
**JEWELYN A. JUMALON**  
Assistant Corporate Secretary &  
Compliance Officer

**SUBSCRIBED AND SWORN** to before me this 15<sup>th</sup> day of April 2026 affiants exhibiting to me their competent proof of their respective identities, as follows:

- |                         |  |
|-------------------------|--|
| LUCIO L. CO             | Passport No. P9314761A valid until 25 October 2028   |
| LEONARDO B. DAYAO       | Passport No. P8815926A valid until 18 September 2028 |
| GERARDO S. TEOFILO, JR. | Driver's License No. N25-16-013431                   |
| KATRINA MARIE C. GO     | Passport No. P2693729B valid until 31 July 2029      |
| JOSE S. SANTOS, JR.     | TIN ID No. 136-370-487                               |
| JEWELYN A. JUMALON      | Passport No. P4726263B valid until 06 February 2030  |

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Series of 2026

  
**PATRICIA NICOLE B. HIZON**  
Notary Public for the City of Manila  
Commission No. 2025-196 valid until 12-31-2026  
Roll No. 92610  
IBP No. 583129 / 01-02-2026  
PTR No. 0379072 / 01-05-2026  
MCLE Compliance (admitted to the Bar on 1-24-2025)  
ULAS Compliance (not yet applicable)  
7/F New Tabacalera Bldg., No. 900 D. Romualdez Sr. St.,  
Brgy. 664-A, District V, Paco, Manila

## 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 2025 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:

<b>Performance Indicators</b>	<b>2025</b>	<b>2024</b>	2023
Return on investment	<b>9.99%</b>	<b>10.44%</b>	9.03%
Profit margin	<b>6.09%</b>	<b>6.54%</b>	5.78%
EBITDA to interest expense	<b>7.66x</b>	<b>8.03x</b>	7.71x
Current ratio	<b>3.12:1</b>	<b>3.42:1</b>	3.27:1
Asset turnover	<b>1.02:1</b>	<b>0.99:1</b>	0.96:1
Asset to equity	<b>1.61:1</b>	<b>1:61:1</b>	1.60:1
Debt to equity ratio	<b>0.61:1</b>	<b>0.61:1</b>	0.60:1

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 2025 and 2024

The table below shows the consolidated results of operations of the Group for the years ended December 31, 2025 and 2024.

<i>(In Thousands)</i>	FY2025	%	FY2024	%	INCREASE (DECREASE)	%
REVENUES	262,044,803	100.00%	236,956,853	100.00%	25,087,950	10.59%
COST OF SALES/SERVICES	210,278,604	80.25%	191,126,400	80.66%	19,152,204	10.02%
GROSS PROFIT	51,766,198	19.75%	45,830,453	19.34%	5,935,745	12.95%
OTHER REVENUE	4,053,194	1.55%	3,509,093	1.48%	544,101	15.51%
GROSS OPERATING INCOME	55,819,393	21.30%	49,339,546	20.82%	6,479,846	13.13%
OPERATING EXPENSES	34,115,298	13.02%	29,456,030	12.43%	4,659,269	15.82%
INCOME FROM OPERATIONS	21,704,094	8.28%	19,883,517	8.39%	1,820,578	9.16%
OTHER INCOME (CHARGES) - net	(1,424,018)	-0.54%	(483,211)	-0.20%	(940,807)	-194.70%
INCOME BEFORE INCOME TAX	20,280,076	7.74%	19,400,305	8.19%	879,770	4.53%
INCOME TAX EXPENSE	4,322,079	1.65%	3,964,990	1.67%	357,089	9.01%
NET INCOME FOR THE YEAR	15,957,997	6.09%	15,435,316	6.51%	522,681	3.39%
<b>PATMI</b>	<b>9,316,639</b>	<b>3.56%</b>	<b>9,259,826</b>	<b>3.91%</b>	<b>56,813</b>	<b>0.61%</b>
Non-controlling interests	6,641,358	2.53%	6,175,490	2.61%	465,868	7.54%
	15,957,997	6.09%	15,435,316	6.51%	522,681	3.39%

### Growth in Revenues

Cosco Capital, Inc. and subsidiaries (the "Group") posted a consolidated revenue of P262.04 billion for the year ended December 31, 2025 which reflects an increase by P25.09 billion or representing a growth of 10.59% compared to last year's revenue of P236.96 billion.

The Grocery Retail Segment continued to deliver strong sales performance and growth during 2025 which reflects the strong consumer demands driven by higher traffic and basket size.

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 posted growth in revenue due to steady high occupancy rates.

The Specialty Retail segment posted growth in revenue during the year. The management's continued effort to provide enhanced product offerings and aggressive sales and marketing campaigns provided cushion during the year, as well as the effect of back to school.

The energy and minerals segment growth in revenue is driven by energy generated and delivered and the effect FIT adjustment during the year.

## **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 P15.96 billion which represents a growth of 3.39% as compared to last year's net income of P15.43 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 2025 amounted to about P9.32 billion which increased by P57 million or 0.61% as compared to the 2024 PATMI amounting to P9.26 billion.

## **Segment Operating & Financial Highlights**

### **Grocery Retail**

#### **Net Sales**

For the year ended December 31, 2025, the Grocery Retail segment posted a consolidated net sales of P242,454 million for an increase of P23,283 million or 10.6% from P219,172 million in 2024. Net sales grew due to sales contribution from full operation of 2024 new stores (26 PGOLD stores and 4 S&R Warehouses) and revenue contribution from 2025 newly opened stores (181 PGOLD stores, including 153 acquired Puremart, and 3 S&R warehouses) of both Puregold and S&R. Same store sales growth (SSSG) is also up, for both Puregold and S&R, by 4.1% and 6.1%, respectively.

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

	<b>PGOLD</b>	<b>S&amp;R</b>
Net Sales <sup>(a)</sup>	<b>4.1%</b>	<b>6.1%</b>
Net Ticket <sup>(b)</sup>	<b>3.5%</b>	<b>-8.7%</b>
Traffic <sup>(c)</sup>	<b>0.6%</b>	<b>16.2%</b>

#### **Gross Profit**

For the year ended December 31, 2025, the Grocery Retail Segment realized an increase of 14.8% in consolidated gross profit from P39,502 million in 2024 at 18.0% margin to P45,347 million at 18.7% margin in 2025, driven by strong suppliers' support through rebates and discounts granted during the year.

#### **Other Operating Income**

Other operating income increased by P544 million or 15.5% from P3,509 million in 2024 to P4,053 million in 2025. This is attributable to increase in membership and other miscellaneous income during the year.

#### **Operating Expenses**

Operating expenses increased by P4,302 million or 15.5% from P27,809 million in December 31, 2024 to P32,111 million in 2025. Increase in the account is primarily due to full operation of 2024 new stores and expenses from the 2025 newly opened stores, specifically manpower, depreciation, transportation repairs and maintenance and advertising expenses.

#### **Other Expense - net**

Other expenses net of other income amounted to P2,569 million and P1,758 million in December 31, 2025 and 2024, 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. Increase in the account was primarily due to interest expense on lease liabilities recognized during the year.

#### **Net Income**

For the year ended December 31, 2025, the Grocery Retail segment earned a consolidated net income of P11,337 million at 4.7% net margin and an increase of 8.8% from P10,424 million at 4.8% net margin in 2024, driven by strong topline growth.

### **Commercial Real Estate**

The Group's Real Estate Segment posted a revenue of P2.13 billion in 2025 or 4.08% growth from the P2.05 billion revenue generated in 2024.

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

Income from operations before depreciation (EBITDA) amounted to P1.47 billion for the year 2025 which increased by 3.1% as compared to last year.

Net income for the year amounted to P1.23 billion or a 9.77% increase from last year's P1.12 billion due mainly to the growth in revenue.

### **Liquor Distribution**

Revenues generated by the Liquor Distribution Segment in 2025 increased to P20.19 billion or 9.0% higher from last year's P18.53 billion on the back of an 8% growth in volume (no. of cases) of sales.

The strong growth in sales is attributable to the robust sales performance from categories.

Net income for the year grew by 0.75% from P3.54 billion in 2024 to P3.56 billion in 2025.

### **Specialty Retail**

#### *Office Warehouse*

Sales revenues amounted to P2.12 billion in 2025 which increased by 1.83% compared to the 2024 revenue of P2.08 billion which reflect the effect of enhanced product offerings as well as aggressive sales and marketing campaign and effect of back to school during the year.

Net income in 2025 amounted to about P69.26 million which increased by 6.22% as compared to the net income contribution in 2024 amounting to P65.21 million.

### **Energy and Minerals**

Revenues generated by the Energy and Minerals Segment in 2025 to P525.90 million which grew by 6.91% as compared to P491.92 million in 2024 as a result of energy generated and delivered and effect of FIT adjustment during the year.

Net income for 2025 amounted to P186.08 million which increased by 5.08% as compared P177.09 million in 2024.

## Consolidated Statements of Financial Position

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

<i>(In Thousands)</i>	FY2025	%	FY 2024	%2	INCREASE (DECREASE)	%3
Cash and cash equivalents	50,628,404	19.14%	46,258,327	18.56%	4,370,077	9.45%
Short-term investments	9,560,699	3.61%	6,156,518	2.47%	3,404,180	55.29%
Receivables - net	9,352,891	3.54%	10,194,654	4.09%	(841,763)	-8.26%
Financial asset at FVOCI	3,992	0.00%	3,768	0.00%	224	5.94%
Financial asset at FVPL	21,547,947	8.15%	19,878,181	7.97%	1,669,766	8.40%
Inventories	33,990,736	12.85%	35,636,291	14.29%	(1,645,555)	-4.62%
Due from related parties	14,563	0.01%	60,502	0.02%	(45,938)	-75.93%
Prepayments and other current assets	4,461,604	1.69%	4,827,551	1.94%	(365,947)	-7.58%
<b>TOTAL CURRENT ASSETS</b>	<b>129,560,836</b>	<b>48.97%</b>	<b>123,015,792</b>	<b>49.34%</b>	<b>6,545,044</b>	<b>5.32%</b>
Property and equipment - net	56,258,351	21.27%	53,111,267	21.30%	3,147,083	5.93%
Right-of-use assets	35,823,534	13.54%	30,639,893	12.29%	5,183,641	16.92%
Investment properties - net	8,813,227	3.33%	9,114,323	3.66%	(301,096)	-3.30%
Goodwill and other intangibles - net	21,511,019	8.13%	21,645,524	8.68%	(134,504)	-0.62%
Investments in associates and joint ventures	6,386,591	2.41%	6,129,980	2.46%	256,611	4.19%
Deferred oil and mineral exploration costs	14,940	0.01%	13,991	0.01%	950	6.79%
Deferred tax assets-net	2,199,709	0.83%	1,923,396	0.77%	276,313	14.37%
Other non-current assets	3,979,097	1.50%	3,705,914	1.49%	273,183	7.37%
<b>TOTAL NONCURRENT ASSETS</b>	<b>134,986,468</b>	<b>51.03%</b>	<b>126,284,288</b>	<b>50.66%</b>	<b>8,702,181</b>	<b>6.89%</b>
<b>TOTAL ASSETS</b>	<b>264,547,304</b>	<b>100.00%</b>	<b>249,300,080</b>	<b>100.00%</b>	<b>15,247,224</b>	<b>6.12%</b>
Accounts payable and accrued expenses	35,976,651	13.60%	30,763,042	12.34%	5,213,609	16.95%
Income tax payable	1,688,979	0.64%	1,442,009	0.58%	246,970	17.13%
Current portion of long-term borrowing	204,762	0.08%	381,131	0.15%	(176,369)	-46.28%
Lease liability	1,676,850	0.63%	1,509,820	0.61%	167,030	11.06%
Due to related parties	823,589	0.31%	895,063	0.36%	(71,474)	-7.99%
Other current liabilities	1,173,441	0.44%	962,428	0.39%	211,013	21.93%
<b>TOTAL CURRENT LIABILITIES</b>	<b>41,544,272</b>	<b>15.70%</b>	<b>35,953,493</b>	<b>14.42%</b>	<b>5,590,779</b>	<b>15.55%</b>
Retirement benefit liability	2,320,171	0.88%	2,085,730	0.84%	234,440	11.24%
Lease liability-net of current portion	43,902,859	16.60%	38,070,851	15.27%	5,832,008	15.32%
Long term loans payable - net of debt issue cost	11,524,776	4.36%	17,942,104	7.20%	(6,417,328)	-35.77%
Other non-current liabilities	428,639	0.16%	682,542	0.27%	(253,903)	-37.20%
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>58,176,445</b>	<b>21.99%</b>	<b>58,781,227</b>	<b>23.58%</b>	<b>(604,782)</b>	<b>-1.03%</b>
<b>TOTAL LIABILITIES</b>	<b>99,720,717</b>	<b>37.69%</b>	<b>94,734,720</b>	<b>38.00%</b>	<b>4,985,996</b>	<b>5.26%</b>
<b>EQUITY</b>						
Capital stock	7,405,264	2.80%	7,405,264	2.97%	-	-
Additional paid-in capital	9,640,491	3.64%	9,640,491	3.87%	-	-
Retirement benefit reserve	404,627	0.15%	352,925	0.14%	51,702	14.65%
Equity Reserve	238,604	0.09%	-	0.00%	238,604	100%
Other reserves	19,457	0.01%	26,271	0.01%	(6,814)	-25.94%
Treasury shares	(2,655,427)	-1.00%	(2,444,912)	-0.98%	(210,514)	8.61%
Retained earnings	91,890,657	34.74%	85,363,941	34.24%	6,526,715	7.65%
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY</b>	<b>106,943,673</b>	<b>40.43%</b>	<b>100,343,980</b>	<b>40.25%</b>	<b>6,599,693</b>	<b>6.58%</b>
<b>NONCONTROLLING INTEREST</b>	<b>57,882,914</b>	<b>21.88%</b>	<b>54,221,380</b>	<b>21.75%</b>	<b>3,661,534</b>	<b>6.75%</b>
<b>TOTAL EQUITY</b>	<b>164,826,587</b>	<b>62.31%</b>	<b>154,565,360</b>	<b>62.00%</b>	<b>10,261,227</b>	<b>6.64%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>264,547,304</b>	<b>100.00%</b>	<b>249,300,080</b>	<b>100.00%</b>	<b>15,247,224</b>	<b>6.12%</b>

### **Current Assets**

As at December 31, 2025 and 2024, total current assets amounted to P129.56 billion or 48.97% of total assets and P123.01 or 49.34% of total assets, respectively, for an increase of P6.54 billion or 5.32%.

**Cash and cash equivalents** amounted to P50.63 billion as at December 31, 2025 with an increase of P4.37 billion or 9.45% from December 31, 2024 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, loan settlements, cash dividend payments, additional short-term investments and payments for capital expenditures during the year.

**Short-term investments** amounting to P9.56 billion as at December 31, 2025 which increased by 55.29% from P6.16 billion as at December 31, 2024 due to additional investments made.

**Receivables** decreased by 8.26% from December 31, 2024 balance of P10.19 billion to this year's balance of P9.35 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 P21.55 billion as at December 31, 2025 which increased by P1.67 billion mainly due to additional investments.

**Inventories** decreased by 4.62% or P1.64 billion from 2024 balance of P35.64 billion to this year's balance of P34 billion due to the net effect of 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 P28.72 billion.

**Prepaid expenses and other current assets** decreased by P366 million at the end of December 31, 2025, mainly due to application of prepayments against shipments.

### **Non-current Assets**

As at December 31, 2025 and 2024, total non-current assets amounted to P134.98 billion or 51.03% of total assets, and P126.28 billion or 50.66% of total assets, respectively, for an increase of P8.70 billion or 6.89%.

**Property and equipment-net** pertain to the buildings and equipment owned mostly by the Grocery Retail segment. Book values of property and equipment increased by P3.15 billion from P53.11 billion in December 2024 to P56.26 billion in December 2025 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. Book values of ROU amounted to P35.82 billion and P30.64 billion as at December 31, 2025 and 2024, respectively which increased by P5.18 billion due to recognition of additional leases during the 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 P8.81 billion and P9.11 billion as at December 2025 and 2024, respectively decreased by 3.3% due to reclassifications and depreciations.

**Investments in associates and joint ventures** amounted to P6.39 billion as at December 31, 2025 which increase by P256.61 million or 4.19% primarily due to net share in net income of investee companies.

**Other non-current assets** increased by P273.18 million from P3.70 billion in December 2024 to P3.98 billion in December 2025. About 91% of these assets are attributable to the Grocery Retail Segment and the increase was primarily due to net effect of additional security deposits and application of advances to contractors.

### **Current Liabilities**

As at December 31, 2025 and 2024, total current liabilities amounted to P41.54 billion and P35.95 billion respectively, for an increase of P5.59 billion or 15.55%.

About 84% of **accounts payable and accrued expenses** pertain 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 P5.21 billion or 16.95% was primarily due to the net effect of unreleased payments to suppliers due to longer holidays and settlements of trade and non-trade liabilities.

Significant portion of the **income tax payable** pertains to that of the Grocery Retail segment. The increase of P246.97 million from P1.44 billion as at December 2024 to P1.69 billion as at December 31, 2025 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 P204.76 million and P381.13 million as at December 31, 2025 and 2024 which decreased by P176.37 million due to settlements made.

**Other current liabilities** increased by 21.93%% from P962.43 million as at December 31, 2024 to P1.17 billion as at December 31, 2025 relatively due to receipts of advance payment from tenants by the Real Estate segment and unredeemed gift checks and deferred Perks membership fee by the Grocery Retail segment.

### **Noncurrent Liabilities**

As at December 31, 2025 and 2024 total non-current liabilities amounted to P58.17 billion and P58.78 billion, respectively, for a decrease of P604.78 million or 1.03%.

**Long-term loans payable-net of current portion** amounted to P11.52 billion and P17.94 billion for a decrease of P6.42 billion or 35.77% as at December 31, 2025, principally due to settlements made by the Grocery Retail and Energy and Minerals segments.

**Lease liabilities** represent the values recognized from long-term lease contracts covering land and buildings utilized by all the business segments. The account increased by P5.83 billion from P38.07 billion in December 2024 to P43.90 billion in December 2025 due principally to the net effect of additional leases recognized, interest expense amortization and lease payments made during the year.

**Retirement benefit liability** amounted to P2.32 billion and P2.08 billion as at December 31, 2025 and 2024 due to recognition of retirement expense and effect of change in actuarial assumptions.

**Other non-current liabilities** decreased by P253.90 million from P682.54 million in December 2024 to P428.64 million as at December 31, 2025 due to settlement of accrued fixed assets by the Grocery Retail segment.

### **Equity**

As at December 31, 2025 and 2024, total equity amounted to P164.83 billion and P154.56 billion, respectively, for an increase of P10.26 billion or 6.64%.

**Treasury shares** increased by P210.51 million from P2.44 billion in December 2024 to P2.65 billion as at December 31, 2025 due to additional buyback by the Parent Company during the year pursuant to its existing share buyback programs.

**Retained earnings** increased by P6.53 billion or 7.65% from P85.36 billion in December 2024 to P91.89 billion as at December 31, 2025 representing net income realized by the Group during the period net of dividend declarations.

**Non-controlling interest** increased by P3.66 billion or 6.75% from P54.22 billion in December 2024 to P57.88 billion as at December 31, 2025 mainly due to share in the consolidated profit.

### **Sources and Uses of Cash**

A brief summary of cash flow movements is shown below:

<i>(In thousands)</i>	<u>Years ended December 31</u>	
	<b>2025</b>	2024
Net cash flows from operating activities	<b>P34,530,324</b>	P23,085,838
Net cash flows used in investing activities	<b>(11,800,622)</b>	(32,414,435)
Net cash flows used in financing activities	<b>(18,259,625)</b>	(6,260,964)
Net increase (decrease) in cash and cash equivalents	<b>P4,470,077</b>	(P15,589,562)

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 and non-trade payables by the Grocery Retail, Real Estate, Specialty Retail, Liquor Distribution and Energy and Minerals 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 settlement of loan and interest by Energy and Mineral, Grocery Retail and Liquor Distribution Segments, repayment of principal and interest by the group relating to lease liability, payments of 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:

<b>Performance Indicators</b>	<b>2024</b>	2023	2022
Return on investment	<b>10.44%</b>	9.03%	9.60%
Profit margin	<b>6.54%</b>	5.78%	6.23%
EBITDA to interest expense	<b>8.03x</b>	7.71x	8.64x
Current ratio	<b>3.42:1</b>	3.27:1	2.96:1
Asset turnover	<b>0.99:1</b>	0.96:1	0.97:1
Asset to equity	<b>1.61:1</b>	1.60:1	1.64:1
Debt to equity ratio	<b>0.61:1</b>	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.

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

### **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:

	<b>PGOLD</b>	<b>S&amp;R</b>
Net Sales <sup>(a)</sup>	<b>4.5%</b>	<b>6.4%</b>
Net Ticket <sup>(b)</sup>	<b>2.8%</b>	<b>1.4%</b>
Traffic <sup>(c)</sup>	<b>1.7%</b>	<b>4.9%</b>

#### **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:

<i>(In Thousands)</i>	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%
<b>TOTAL CURRENT ASSETS</b>	<b>123,015,792</b>	<b>49.33%</b>	<b>111,032,844</b>	<b>48.88%</b>	<b>11,982,948</b>	<b>10.79%</b>
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%
<b>TOTAL NONCURRENT ASSETS</b>	<b>126,375,093</b>	<b>50.67%</b>	<b>116,132,181</b>	<b>51.12%</b>	<b>10,242,912</b>	<b>8.82%</b>
<b>TOTAL ASSETS</b>	<b>249,390,885</b>	<b>100.00%</b>	<b>227,165,025</b>	<b>100.00%</b>	<b>22,225,861</b>	<b>9.78%</b>
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%
<b>TOTAL CURRENT LIABILITIES</b>	<b>35,953,496</b>	<b>14.42%</b>	<b>33,943,189</b>	<b>14.94%</b>	<b>2,010,306</b>	<b>5.92%</b>
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%
<b>TOTAL NONCURRENT LIABILITIES</b>	<b>58,781,226</b>	<b>23.57%</b>	<b>51,270,758</b>	<b>22.57%</b>	<b>7,510,467</b>	<b>14.65%</b>
<b>TOTAL LIABILITIES</b>	<b>94,734,721</b>	<b>37.99%</b>	<b>85,213,948</b>	<b>37.51%</b>	<b>9,520,774</b>	<b>11.17%</b>
<b>EQUITY</b>						
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%
<b>EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT COMPANY</b>	<b>100,398,462</b>	<b>40.26%</b>	<b>92,916,679</b>	<b>40.90%</b>	<b>7,481,783</b>	<b>8.05%</b>
<b>NONCONTROLLING INTEREST</b>	<b>54,257,702</b>	<b>21.76%</b>	<b>49,034,398</b>	<b>21.59%</b>	<b>5,223,304</b>	<b>10.65%</b>
<b>TOTAL EQUITY</b>	<b>154,656,164</b>	<b>62.01%</b>	<b>141,951,077</b>	<b>62.49%</b>	<b>12,705,087</b>	<b>8.95%</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>249,390,885</b>	<b>100.00%</b>	<b>227,165,025</b>	<b>100.00%</b>	<b>22,225,861</b>	<b>9.78%</b>

### **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:

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

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.





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, 2025, 2024 and 2023, 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 [Signature]
LUCIO L. CO/Chairman of the Board
Signature [Signature]
LEONARDO B. DAYAO/ President
Signature [Signature]
GERARDO S. TEOFILO, JR./ Comptroller

SUBSCRIBED AND SWORN to before me this APR 14 2026 day 2026 affiants exhibiting to me their respective Tax Identification Number, as follows:

Table with 2 columns: Name, TIN. Rows: LUCIO L. CO (108-975-971), LEONARDO B. DAYAO (135-546-815), GERARDO S. TEOFILO, JR. (403-564-142)

Doc. No. 100
Page No. 21
Book No. III
Series of 2026

Signed this APR 14 2026 day 2026

PATRICIA NICOLE B. HIZON
Notary Public for the City of Manila
Commission No. 2025-196 valid until 12-31-2026
Roll No. 92610
IBP No. 583129 / 01-02-2026
PTR No. 0379072 / 01-05-2026
MCLE Compliance (admitted to the Bar on 1-24-2025)
ULAS Compliance (not yet applicable)
3/F New Tabacalera Bldg., No. 906 D. Romualdez Sr. St.,
Brgy. 664-A, District V, Paco, Manila

# R.G. Manabat & Co.



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Philippines 1209  
Telephone +63 (2) 8885 7000  
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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, 2025 and 2024, 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, 2025, 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, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended December 31, 2025, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

### *Basis for Opinion*

We conducted our audit 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 Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics), as applicable to audits of the financial statements of public interest entities, together with the ethical requirements that are relevant to audits of the financial statements of public interest entities in the Philippines. We have also 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

BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029

financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

## *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 Trademark*

Refer to Note 14 to the consolidated financial statements.

#### *The risk*

The Group acquired through business combinations goodwill and trademark totaling P20.5 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 trademark:

- We obtained the Group's discounted cash flow model used to test the recoverable amounts of goodwill and trademark.
- 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 trademark in the consolidated financial statements.

### *Revenue Recognition (P266.1 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, 2025, 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, 2025 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 as part of our engagement to audit the consolidated financial statements.

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.
- 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 review of the audit work performed for purposes 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.

# R.G. Manabat & Co.



The engagement partner on the audit resulting in this independent auditors' report is Myra Liza S. Sto. Tomas.

## R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'Myra Liza S. Sto. Tomas'.

MYRALIZA S. STO. TOMAS

Partner

CPA License No. 0118513

SEC Accreditation No. 118513-SEC, Group A, valid for five (5) years  
covering the audit of 2023 to 2027 financial statements

Tax Identification No. 249-271-374

BIR Accreditation No. 08-001987-055-2023

Issued March 10, 2023; valid until March 10, 2026\*

PTR No. MKT 10764415

Issued January 5, 2026 at Makati City

*\*BIR application processed*

April 15, 2026

Makati City, Metro Manila

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

**December 31**

	<i>Note</i>	<b>2025</b>	2024 (As Restated - Note 14)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	4	<b>P50,628,404</b>	P46,258,327
Short-term investments	5	<b>9,560,699</b>	6,156,518
Receivables - net	6	<b>9,352,891</b>	10,194,654
Inventories	7, 21	<b>33,990,736</b>	35,636,291
Financial assets at fair value through profit or loss	8	<b>21,547,947</b>	19,878,181
Financial assets at fair value through other comprehensive income	9	<b>3,992</b>	3,768
Due from related parties	26	<b>14,563</b>	60,502
Prepaid expenses and other current assets	10	<b>4,461,604</b>	4,827,551
<b>Total Current Assets</b>		<b>129,560,836</b>	123,015,792
<b>Noncurrent Assets</b>			
Investment in associates and joint ventures	11	<b>6,386,591</b>	6,129,980
Right of use of assets - net	22	<b>35,823,534</b>	30,639,893
Property and equipment - net	12	<b>56,258,351</b>	53,111,267
Investment properties - net	13	<b>8,813,227</b>	9,114,323
Goodwill and other intangibles - net	14	<b>21,511,019</b>	21,645,524
Deferred tax assets - net	28	<b>2,199,709</b>	1,923,396
Deferred oil and mineral exploration costs - net	15	<b>14,940</b>	13,991
Other noncurrent assets	16	<b>3,979,097</b>	3,705,914
<b>Total Noncurrent Assets</b>		<b>134,986,468</b>	126,284,288
		<b>P264,547,304</b>	P249,300,080
<b>LIABILITIES AND EQUITY</b>			
<b>Current Liabilities</b>			
Accounts payable and accrued expenses	17	<b>P35,976,651</b>	P30,763,042
Income tax payable		<b>1,688,979</b>	1,442,009
Lease liabilities due within one year	22	<b>1,676,850</b>	1,509,820
Current maturities of long-term loans due within one year	18	<b>204,762</b>	381,131
Due to related parties	26	<b>823,589</b>	895,063
Other current liabilities	19	<b>1,173,441</b>	962,428
<b>Total Current Liabilities</b>		<b>41,544,272</b>	35,953,493

*Forward*

**December 31**

		2025	2024 (As Restated - Note 14)
<b>Noncurrent Liabilities</b>			
Long-term loans	18	P11,524,776	P17,942,104
Lease liabilities	22	43,902,859	38,070,851
Retirement benefits liability	27	2,320,171	2,085,730
Other noncurrent liabilities		428,639	682,542
<b>Total Noncurrent Liabilities</b>		<b>58,176,445</b>	<b>58,781,227</b>
<b>Total Liabilities</b>		<b>99,720,717</b>	<b>94,734,720</b>
<b>Equity</b>			
Capital stock	29	7,405,264	7,405,264
Additional paid-in capital		9,640,491	9,640,491
Treasury stock	29	(2,655,427)	(2,444,912)
Retirement benefits reserve	27	404,627	352,925
Other reserve		19,457	26,271
Equity reserve		238,604	-
Retained earnings	14	91,890,657	85,363,941
<b>Total Equity Attributable to Equity Holders of the Parent Company</b>		<b>106,943,673</b>	<b>100,343,980</b>
<b>Noncontrolling Interests</b>	29	<b>57,882,914</b>	<b>54,221,380</b>
<b>Total Equity</b>		<b>164,826,587</b>	<b>154,565,360</b>
		<b>P264,547,304</b>	<b>P249,300,080</b>

See Notes to the Consolidated Financial Statements.

**COSCO CAPITAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**  
(Amounts in Thousands except Per Share Data)

<b>Years Ended December 31</b>				
	<i>Note</i>	<b>2025</b>	2024 (As Restated - Note 14)	2023
<b>REVENUES</b>				
Net sales	20, 30	<b>P260,491,553</b>	P235,444,891	P213,521,396
Rent		<b>1,027,351</b>	1,020,040	963,030
Sale of electricity		<b>525,898</b>	491,922	-
		<b>262,044,802</b>	236,956,853	214,484,426
<b>COST OF REVENUES</b>				
Cost of goods sold	21	<b>209,240,253</b>	190,147,506	173,114,846
Cost of services		<b>1,038,351</b>	978,894	734,283
		<b>210,278,604</b>	191,126,400	173,849,129
<b>GROSS INCOME</b>				
		<b>51,766,198</b>	45,830,453	40,635,297
<b>OTHER REVENUE</b>	20, 23	<b>4,053,194</b>	3,509,093	3,275,172
<b>TOTAL GROSS INCOME AND OTHER REVENUE</b>				
		<b>55,819,392</b>	49,339,546	43,910,469
<b>OPERATING EXPENSES</b>				
	24	<b>34,115,298</b>	29,456,030	26,681,060
<b>INCOME FROM OPERATIONS</b>				
		<b>21,704,094</b>	19,883,516	17,229,409
<b>OTHER INCOME (CHARGES)</b>				
Interest expense	18, 22	<b>(3,741,758)</b>	(3,223,501)	(2,891,381)
Interest income	4, 5, 8	<b>1,653,709</b>	1,737,016	1,442,140
Gain on bargain purchase	14	-	218,644	-
Others - net	25	<b>664,031</b>	784,631	69,165
		<b>(1,424,018)</b>	(483,210)	(1,380,076)
<b>INCOME BEFORE INCOME TAX</b>				
		<b>20,280,076</b>	19,400,306	15,849,333
<b>PROVISION FOR INCOME TAXES</b>				
	28	<b>4,322,079</b>	3,964,990	3,442,546
<b>NET INCOME</b>				
		<b>P15,957,997</b>	P15,435,316	P12,406,787
<b>Net income attributable to:</b>				
Equity holders of the Parent Company		<b>P9,316,639</b>	P9,259,826	P7,381,788
Noncontrolling interests	29	<b>6,641,358</b>	6,175,490	5,024,999
		<b>P15,957,997</b>	P15,435,316	P12,406,787
Basic/diluted earnings per share attributable to equity holders of the Parent Company				
	31	<b>P1.37</b>	P1.35	P1.07

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	2025	2024 (As Restated - Note 14)	2023
<b>NET INCOME</b>		<b>P15,957,997</b>	P15,435,316	P12,406,787
<b>OTHER COMPREHENSIVE INCOME (LOSS)</b>				
<i>Items that will never be reclassified subsequently to profit or loss</i>				
Remeasurement gain (loss) on retirement benefits		<b>126,195</b>	350,202	(126,435)
Translation adjustment		<b>(7,160)</b>	25,177	640
Equity reserve		<b>238,604</b>	-	-
Unrealized gain (loss) on financial assets	9	<b>224</b>	(1,632)	(1,171)
Share in other comprehensive income of associates and joint ventures		<b>123</b>	415	466
Income tax effect		<b>(32,608)</b>	(86,782)	31,195
		<b>325,378</b>	287,380	(95,305)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>		<b>P16,283,375</b>	P15,722,696	P12,311,482
<b>Total comprehensive income attributable to:</b>				
Equity holders of the Parent Company		<b>P9,601,770</b>	P9,408,822	P7,333,212
Non-controlling interests	29	<b>6,681,605</b>	6,313,874	4,978,270
		<b>P16,283,375</b>	P15,722,696	P12,311,482

See Notes to the Consolidated Financial Statements.

**COSCO CAPITAL, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2025, 2024 AND 2024**  
(Amounts in Thousands Except per Share Data)

	Attributable to Equity Holders of the Parent Company							Total	Non-controlling Interests (Notes 1 and 29)	Total Equity
	Capital Stock (Note 29)	Additional Paid-in Capital	Treasury Shares (Note 29)	Retirement Benefits Reserve (Note 27)	Equity Reserve (Note 29)	Other Reserve (Note 9)	Retained Earnings (As restated - Note 14)			
Balance at December 31, 2022	P7,405,264	P9,640,491	(P1,866,402)	P270,835	P -	P2,375	P71,621,881	P87,074,444	P45,731,451	P132,805,895
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 income	-	-	-	(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)
Acquisition of noncontrolling interest	-	-	-	-	-	-	-	-	-	-
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, <i>As Restated</i>	-	-	-	-	-	-	9,259,826	9,259,826	6,175,490	15,435,316
Other comprehensive loss	-	-	-	130,601	-	23,961	-	154,562	132,818	287,380
	-	-	-	130,601	-	23,961	9,259,826	9,414,388	6,308,308	15,722,696
Acquisition of treasury shares	-	-	(499,177)	-	-	-	-	(499,177)	-	(499,177)
Acquisition of noncontrolling interest	-	-	-	-	-	-	-	-	513,797	513,797
Cash dividends	-	-	-	-	-	-	(1,487,911)	(1,487,911)	(1,635,122)	(3,123,033)
Balance at December 31, 2024, <i>As Restated</i>	7,405,264	9,640,491	(2,444,912)	352,925	-	26,271	85,363,941	100,343,980	54,221,380	154,565,360
<b>Total Comprehensive Income for the Year</b>										
Net income for the year	-	-	-	-	-	-	9,316,639	9,316,639	6,641,358	15,957,997
Other comprehensive income	-	-	-	51,702	238,604	(6,814)	-	283,492	41,885	325,377
	-	-	-	51,702	238,604	(6,814)	9,316,639	9,600,131	6,683,243	16,283,374
Acquisition of treasury shares	-	-	(210,515)	-	-	-	-	(210,515)	-	(210,515)
Acquisition of noncontrolling interest	-	-	-	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	-	(2,789,923)	(2,789,923)	(3,021,709)	(5,811,632)
<b>Balance at December 31, 2025</b>	<b>P7,405,264</b>	<b>P9,640,491</b>	<b>(P2,655,427)</b>	<b>P404,627</b>	<b>P238,604</b>	<b>P19,457</b>	<b>P91,890,657</b>	<b>P106,943,673</b>	<b>P57,882,914</b>	<b>P164,826,587</b>

See Notes to the Consolidated Financial Statements.

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

		<b>Years Ended December 31</b>		
	<i>Note</i>	<b>2025</b>	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Income before income tax		<b>P20,280,076</b>	P19,454,787	P15,849,333
Adjustments for:				
Depreciation and amortization	12, 13, 14, 22	<b>6,880,241</b>	5,929,257	5,029,848
Interest expense	18, 22	<b>3,741,758</b>	3,223,500	2,891,381
Interest income	4, 5, 8	<b>(1,653,709)</b>	(1,737,016)	(1,442,140)
Retirement benefits cost	27	<b>373,935</b>	346,518	916,392
Share in income of associates and joint ventures	11, 25	<b>(384,514)</b>	(326,764)	(19,826)
Gain from pre-terminated lease contracts	22, 25	<b>(226,336)</b>	(54,036)	(47,030)
Unrealized foreign exchange loss (gain)		<b>(263,222)</b>	(33,423)	27,091
Impairment loss on receivables	6	<b>16,278</b>	6,340	89,409
Dividend income	26	<b>(2,139)</b>	(1,765)	(1,449)
Gain on disposal of property and equipment	25	<b>(241)</b>	(854)	(566)
Gain from sale of financial assets through profit or loss	8, 25	-	-	(6,524)
Unrealized loss (gain) on financial assets at FVPL	8, 25	<b>(45,863)</b>	-	(6,405)
Operating income before changes in working capital		<b>28,716,264</b>	26,806,544	23,279,514
Decrease (increase) in:				
Receivables		<b>826,912</b>	(2,014,380)	(1,346,582)
Inventories	7	<b>1,813,458</b>	(89,493)	(431,020)
Prepaid expenses and other current assets		<b>837,514</b>	(3,047,194)	2,794,839
Due from related parties		<b>45,938</b>	15	-
Increase (decrease) in:				
Accounts payable and accrued expenses		<b>5,370,212</b>	4,198,001	413,616
Due to related parties		<b>(71,474)</b>	4,935	168,936
Other current liabilities		<b>211,013</b>	(259,074)	412,176
Other noncurrent liabilities		<b>(253,903)</b>	(294,673)	(307,953)
Cash generated from operations		<b>37,495,934</b>	25,304,681	24,983,526
Income taxes paid		<b>(4,663,121)</b>	(4,270,332)	(3,542,053)
Interest received	4	<b>1,653,709</b>	1,737,016	1,442,140
Retirement benefits paid	27	<b>(16,100)</b>	(6,046)	(7,682)
Net cash provided by operating activities		<b>34,470,422</b>	22,765,319	22,875,931

Forward

**Years Ended December 31**

	<b>Note</b>	<b>2025</b>	2024	2023
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Additions to:				
Financial assets at fair value through profit or loss	8	<b>(P23,112,005)</b>	(P15,538,443)	(P1,300,000)
Property and equipment	12	<b>(6,128,078)</b>	(7,741,813)	(7,602,248)
Intangibles	14	<b>(168,301)</b>	(263,476)	(95,294)
Investment in associates and joint ventures	11	<b>(40,000)</b>	(225,000)	-
Investment properties	13	<b>(467,085)</b>	(113,982)	(176,067)
Deferred oil and mineral exploration costs		<b>(950)</b>	(526)	(2,818)
Proceeds from (payments for):				
Short-term investments	5	<b>(3,404,180)</b>	(6,156,518)	-
Disposal of property and equipment		<b>1,582</b>	863	10,049
Sale of financial assets through profit or loss	8	<b>21,819,122</b>	-	986,170
Increase in other noncurrent assets		<b>(302,866)</b>	(62,351)	(285,981)
Acquisition of business/various assets, net of cash acquired	1	-	(2,314,262)	(613,740)
Dividends received	26	<b>2,139</b>	1,765	1,449
Net cash used in investing activities		<b>(11,800,622)</b>	(32,413,743)	(9,078,480)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Availment of long-term loans	18	-	5,480,000	-
Payments of:				
Short-term loans	18	-	-	(148,000)
Long-term loans	18	<b>(6,609,033)</b>	(378,765)	(120,000)
Interest expense	18	<b>(800,177)</b>	(768,786)	(528,186)
Repayments of lease:				
Principal amount	18, 22	<b>(1,902,529)</b>	(1,613,107)	(1,312,508)
Interest expense	18, 22	<b>(2,925,740)</b>	(2,439,127)	(2,017,991)
Payment of amount due to related parties	26	-	-	(4,730,000)
Cash dividends paid	18, 29	<b>(5,811,632)</b>	(6,042,002)	(2,668,718)
Buyback of capital stock	29	<b>(210,514)</b>	(499,177)	(79,333)
Net cash used in financing activities		<b>(18,259,625)</b>	(6,260,964)	(11,604,736)
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>				
		<b>(40,098)</b>	319,826	(27,091)
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>				
		<b>4,370,077</b>	(15,589,562)	2,165,624
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>				
		<b>46,258,327</b>	61,847,889	59,682,265
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>				
	4	<b>P50,628,404</b>	P46,258,327	P61,847,889

See Notes to the Consolidated Financial Statements.

**COSCO CAPITAL, INC. AND SUBSIDIARIES**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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**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.

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			
	2025		2024	
	Direct	Indirect	Direct	Indirect
<b>Grocery Retail</b>				
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
▪ PPCI Subic, Inc. (PSI)	-	49.23	-	49.23
▪ Entenso Equities, Inc. (EEI)	-	49.23	-	49.23
▪ Melilla Management Corporation	-	49.23	-	49.23
▪ Purepadala, Inc.	-	49.23	-	49.23
<b>Liquor Distribution</b>				
The Keepers Holdings, 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
▪ Fertuna Distributions, Inc.	-	77.54	-	77.54
▪ Upfront Distributions, Inc.**	-	77.54	-	77.54
<b>Real Estate and Property Leasing</b>				
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	-
<b>Specialty Retail</b>				
Office Warehouse, Inc. and a Subsidiary	100	-	100	-
▪ Office Warehouse (Harbor Point), Inc.	-	100	-	100
Canaria Holdings Corporation (CHC)	90	-	90	-
<b>Energy and Minerals</b>				
Matuno River Development Corporation**	100	-	100	-
Catuiran Hydropower Corporation**	60	-	60	-
Alcorn Petroleum and Minerals Corporation (APMC)	100	-	100	-

\* Merged with KMC on November 21, 2025

\*\* Acquired in 2024

### *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**

In 2024, the Parent Company embarked on an aggressive multi-year push to further expand its market reach.

On November 7, 2024, the Parent Company's BOD approved the acquisition of certain assets of Puremart stores from Tower 6789 Corporation. The acquired assets include leasehold improvements, furniture and fixtures, equipment, and merchandise inventory, with an aggregate book value of up to P567.5 million. These assets pertain to store locations situated across Metro Manila, CAMANAVA, Rizal, Bulacan, and South Luzon. Tower 6789 is a domestic corporation wholly owned by League One, Inc., is 100% owned by the Co family.

As at December 31, 2024, the consideration paid for the assets acquired in Puremart was allocated to following assets:

Merchandise Inventory	<b>P226,632,285</b>
Property, plant and equipment	<b>340,884,099</b>
Purchase price	<b>P567,516,384</b>

On June 20, 2023, the Parent Company's BOD 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 allocated to the following identifiable assets and liabilities:

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

#### PSMT

On April 3, 2025, KMC and PSMT's BOD jointly approved the upstream merger of KMC and PSMT (the "Absorbed Entity"), whereby KMC will be the "Surviving Entity". The merger was subsequently approved by the SEC on November 21, 2025 (the "effective date of the merger"), through the issuance of the Certificate of Filing of the Articles and Plan of Merger. The Absorbed Entity's existence will cease following the stipulations of the Articles and Plan of Merger but its operations shall continue under the Surviving Entity.

Upon the effective date of the merger, the Surviving Entity acquired all the respective assets and assumed all the liabilities of the Absorbed Entity and the former issued in exchange thereof 3,025,336 of its P100 par value common shares to the latter.

Pursuant to the corporate restructure, the following properties with fair value as at April 3, 2025 were transferred from PSMT to KMC:

	<b>Amount</b>
Cash in banks	<b>P6,633,804</b>
Trade and other receivables	<b>290,493,462</b>
Prepayments and other current assets	<b>23,931,398</b>
Property and equipment	<b>4,000,000,000</b>
Deferred tax assets	<b>10,211,634</b>
Security deposits	<b>37,282,854</b>
Accounts payable and accrued expenses	<b>(16,619,876)</b>
Retirement benefit obligation	<b>(404,084)</b>
	<b>P4,351,529,192</b>

The merger resulted in the recognition of an equity reserve amounting to P238.6 million, presented in equity. This reserve represents the net effect of the merger accounted for as a transaction under common control.

## TKHI

On July 15, 2025, TKHI acquired 50% stake in Cervia Global Trading, Inc. Cervia Global Trading, Inc. is a domestic corporation and the company behind the world-class Filipino liqueur brand “SULÀ”.

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.

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## 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 March 31, 2026.

Historical cost is used as the measurement basis except for:

<u>Items</u>	<u>Measurement Bases</u>
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

#### 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, P1.0 billion and P0.9 billion in 2025, 2024 and 2023, 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, 2025 and 2024, the carrying amount of receivables amounted to P9.3 billion and P10.2 billion while the allowance for impairment losses amounted to P93.1 million and P76.9 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 P33.9 billion and P35.6 billion as at December 31, 2025 and 2024.

*Impairment of Goodwill and Trademark (Note 14)*

The Group determines whether goodwill and trademark 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 trademark totaled P20.5 billion as at December 31, 2025 and 2024.

*Impairment of Other Non-financial Assets*

The Group assesses impairment on other non-financial assets, other than inventories and deferred tax 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, the following are the carrying amounts of other non-financial assets:

	<b>Note</b>	<b>2025</b>	2024 (As Restated)
Property and equipment - net	12	<b>P56,258,351</b>	P53,111,267
Right-of-use assets - net	22	<b>35,823,534</b>	30,639,893
Investment properties - net	13	<b>8,813,227</b>	9,114,323
Investments in associates and joint ventures	11	<b>6,386,591</b>	6,129,980
Customer relationships - net	14	<b>667,090</b>	889,453
Computer software and licenses, and leasehold rights	14	<b>384,591</b>	296,733
		<b>P108,333,384</b>	P100,181,649

*Estimating Useful Life of Customer Relationships (Note 13)*

Customer relationships acquired through business combinations are recognized as intangible assets and are amortized over their estimated useful lives. The determination of the useful life of customer relationships requires significant judgment and is based on management's assessment of several factors, including historical customer retention rates, the stability of the customer base, and expected future economic benefits derived from these relationships.

The estimated useful life is reviewed at least annually and updated if expectations differ from previous estimates due to changes in market conditions, customer behavior, or business strategies. Changes in the estimated useful life would result in a prospective adjustment to amortization expense.

The carrying amounts of customer relationships totaled P667.1 million and P889.5 million as at December 31, 2025 and 2024, respectively.

*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, 2025 and 2024, the Group recognized deferred tax assets amounting to P4.0 billion and P3.8 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 27.

Retirement benefits liability amounted to P2.3 billion and P2.1 billion as at December 31, 2025, and 2024, respectively.

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### 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, 2025, 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.

- PAS 21, *The Effects of Changes in Foreign Exchange Rates - Lack of Exchangeability (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.

#### Standards Issued but Not Yet Adopted

A number of new standards and amendments to standards are effective for annual periods beginning after January 1, 2025. 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, 2026*

- PFRS 9, *Financial Instruments* and PFRS 7, *Financial Instruments: Disclosures Amendments to the Classification and Measurement of Financial Instruments (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 a 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 sole 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.

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:
  - PFRS 1, *First-time Adoption of International Financial Reporting Standards - Hedge Accounting by a First-time Adopter (Amendments)* were made to terminology on hedge accounting by a first-time adopter of PFRS 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.
  - PFRS 7, *Financial Instruments: Disclosure - Gain or Loss on Derecognition (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*.
  - PFRS 7, *Financial Instruments: Disclosure - Introduction, Disclosure of Difference Between Fair Value and Transaction Price, and Credit Risk Disclosures (Amendments to Guidance on implementing PFRS 7)*. 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.

- PFRS 9, *Financial Instruments - Derecognition of Lease Liabilities and Transaction Price (Amendments)*. 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.
- PFRS 10, *Consolidated Financial Statements - Determination of 'De Facto Agent' (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.
- PAS 7, *Statement of Cash Flows - Cost Method (Amendments)* replaced the term 'cost method' with 'at cost' given the definition of 'cost method' has previously been removed from PFRS Accounting Standards.

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* replace 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.

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.

The Group is currently assessing the potential impact of PFRS 18 and plans to adopt this new standard on the required effective date.

*Deferral of the local implementation of Amendments to PFRS 10 and PAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture.*

- PFRS 10, *Consolidated Financial Statements* and PAS 28, *Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)* address an inconsistency between the requirements in PFRS 10 and in PAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture.

The amendments require that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Originally, the amendments apply prospectively for annual periods beginning on or after January 1, 2016, with early adoption permitted. However, on January 13, 2016, the Financial Reporting Standards Council decided to postpone the effective date of these amendments until the International Accounting Standards Board has completed its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

#### 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.

#### Financial Instruments

##### *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, 2025 and 2024.

#### *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, 2025 and 2024, 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 less accumulated impairment loss, if any. 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
Storage tanks	25 - 40
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 customer relationships and 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.

Trademarks are considered to have an indefinite useful life when there is no foreseeable limit to the period over which they are expected to generate net cash inflows. Trademarks with indefinite useful lives are initially recognized at cost, or at fair value at the date of acquisition in a business combination, and are subsequently carried at cost less any accumulated impairment losses.

These trademarks are not amortized but are tested for impairment annually, or more frequently when indicators of impairment exist. The assessment of indefinite useful life is reviewed at each reporting period. If circumstances change and the useful life is no longer considered indefinite, the asset is reclassified as having a finite useful life and amortized prospectively.

Impairment is recognized when the carrying amount exceeds the recoverable amount, which is the higher of fair value less costs of disposal and value in use.

### Impairment of Noncurrent Assets Other than Intangible Assets

The Group assesses whether there is any indication that property and equipment, right-of-use assets and investments 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.

#### Equity

##### *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.

##### *Equity Reserve*

Equity reserve from merger is classified as a separate component of equity and is not available for distribution as dividends. This reserve is maintained until the related investment is disposed of, at which point the balance may be classified within equity.

Transactions involving the transfer of assets, liabilities or ownership interests between entities under common control are accounted for using the predecessor accounting method, as these transactions are outside the scope of PFRS 3.

Under this method, the assets and liabilities acquired are recognized at their carrying amounts as reflected in the financial statements of the surviving entity at the date of transfer. No goodwill is recognized as a result of these transactions.

Any difference between the consideration transferred and the carrying amounts of the net assets acquired is recognized directly in equity as "Equity reserve".

##### *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.

##### Cost and Expense Recognition

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.

### Leases

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.

#### Borrowing Costs

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.

#### Income Taxes

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.

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#### 4. Cash and Cash Equivalents

This account consists of:

<i>(In thousands)</i>	<i>Note</i>	<b>2025</b>	2024
Cash on hand		<b>P682,480</b>	P1,199,161
Cash in banks	32	<b>39,523,214</b>	34,231,347
Money market placements	32	<b>10,422,710</b>	10,827,819
		<b>P50,628,404</b>	P46,258,327

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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 5.2% in 2025, 4.0% to 5.8% in 2024, and 1.6% to 5.7% in 2023.

Interest income earned from cash in banks and money market placements amounted to P622.7 million, P699.1 million and P1.1 billion in 2025, 2024 and 2023, respectively.

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#### 5. Short-term Investments

Short-term investments amounting to P9.6 billion and P6.2 billion as at December 31, 2025 and 2024, respectively, are placements with a commercial banking institution with maturities of more than 90 days to less than one (1) year. The Group, primarily the Grocery Retail, Liquor Distributions and Real Estate segments, engage in investing activities in order to maximize earnings on available cash funds. These investments bear interests ranging from 4.4% to 5.7% in 2025 and 4.9% to 5.7% in 2024.

Interest income earned from short-term investments amounted to P206.7 million P168.0 million in 2025 and 2024, respectively.

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#### 6. Receivables

This account consists of:

<i>(In thousands)</i>	<i>Note</i>	<b>2025</b>	2024
Trade receivables		<b>P7,388,673</b>	P7,906,268
Non-trade receivables:			
Third parties		<b>1,236,947</b>	1,345,039
Interest receivable		<b>657,071</b>	665,674
Others		<b>163,399</b>	354,594
		<b>9,446,090</b>	10,271,575
Less: Allowance for impairment losses on trade receivables		<b>93,199</b>	76,921
	32, 33	<b>P9,352,891</b>	P10,194,654

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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:

<i>(In thousands)</i>	<b>Note</b>	<b>2025</b>	2024
Beginning balance		<b>P76,921</b>	P130,646
Provisions during the year	24	<b>16,278</b>	6,340
Reversal		-	(60,065)
Ending balance		<b>P93,199</b>	P76,921

## 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 P34.0 billion and P35.6 billion as at December 31, 2025 and 2024, respectively.

Inventories charged to cost of goods sold amounted to P209.2 billion, P190.1 billion and P173.1 billion in 2025, 2024 and 2023, respectively (see Notes 21).

## 8. Financial Assets at Fair Value through Profit or Loss

This account consists of:

<i>(In thousands)</i>	<b>Note</b>	<b>2025</b>	2024
Held-for-investment:			
Short-term investments		<b>P16,880,556</b>	P15,256,653
Government securities		<b>4,623,382</b>	4,579,063
Equity securities		<b>44,009</b>	42,465
	25	<b>P21,547,947</b>	P19,878,181

The movements in the balances of financial assets at fair value through profit or loss are as follows:

### 2025

	January 1	Additions	Sale	Gain	(Loss)	December 31
<b>Cost</b>						
Short-term investments	P15,256,653	P18,860,233	(P17,314,347)	P78,017	P -	P16,880,556
Government securities	4,579,063	-	-	44,319	-	4,623,382
Equity securities	42,465	-	-	1,544	-	44,009
	P19,878,181	P18,860,233	(P17,314,347)	P123,880	P -	P21,547,947

### 2024

	January 1	Additions	Sale	Gain	(Loss)	December 31
<b>Cost</b>						
Short-term investments	P -	P14,970,251	P -	P286,402	P -	P15,256,653
Government securities	4,588,450	-	-	-	(9,387)	4,579,063
Equity securities	37,690	163	-	4,612	-	42,465
	P4,626,140	P14,970,414	P -	P291,014	(P9,387)	P19,878,181

The Group recognized a gain on sale of government securities amounting to P6.5 million in 2023 (see Note 25).

Interest income on short-term investments and government securities amounted to P824.3 million, P869.9 million and P190.4 million in 2025, 2024 and 2023, respectively.

Dividend income on equity securities amounted to P2.1 million, P1.7 million and P1.4 million in 2025, 2024 and 2023, respectively (see Note 25).

## 9. Financial Assets at Fair Value through Other Comprehensive Income

This account consists of:

<i>(In thousands)</i>	<i>Note</i>	<b>2025</b>	2024
Investment in common shares:			
Quoted	32, 33	<b>P2,923</b>	P2,699
Unquoted	32, 33	<b>2,304</b>	2,304
		<b>5,227</b>	5,003
Investment in preferred shares	32, 33	<b>7,262</b>	7,262
		<b>12,489</b>	12,265
Less current portion		<b>3,992</b>	3,768
Non-current portion		<b>P8,497</b>	P8,497

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:

<i>(In thousands)</i>	<b>2025</b>	2024
Balance at beginning of year	<b>P12,265</b>	P13,897
Unrealized fair value losses	<b>224</b>	(1,632)
Balance at end of year	<b>P12,489</b>	P12,265

The movements in the cumulative unrealized fair value gain are as follows:

<i>(In thousands)</i>	<b>2025</b>	2024
Balance at beginning of year	<b>P161</b>	P1,793
Unrealized fair value loss during the year	<b>224</b>	(1,632)
Balance at end of year	<b>P385</b>	P161

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## 10. Prepaid Expenses and Other Current Assets

This account consists of:

<i>(In thousands)</i>	2025	2024
Advances to suppliers	<b>P2,576,568</b>	P2,905,384
Prepaid expenses	<b>1,515,408</b>	1,612,477
Input VAT	<b>253,150</b>	187,588
Creditable withholding tax	<b>60,173</b>	60,749
Deferred input VAT - current	<b>22,424</b>	41,120
Others	<b>33,881</b>	20,233
	<b>P4,461,604</b>	P4,827,551

Advances to suppliers will be applied against future purchases of inventory items.

Prepaid expenses consist of the following:

<i>(In thousands)</i>	2025	2024
Taxes and licenses	<b>P1,171,762</b>	P1,246,813
Insurance	<b>121,672</b>	138,006
Advertising and promotion	<b>98,058</b>	90,379
Supplies	<b>30,073</b>	29,092
Repairs and maintenance	<b>13,548</b>	19,595
Rent	<b>1,290</b>	1,336
Others	<b>79,005</b>	87,256
	<b>P1,515,408</b>	P1,612,477

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.

Other prepaid expenses pertain to advance payments for transportation, events and other service contracts.

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## 11. Investment in Associates and Joint Ventures

This account consists of:

<i>(In thousands)</i>	2025	2024
Associates	<b>P819,971</b>	P790,610
Joint ventures	<b>5,566,620</b>	5,339,370
	<b>P6,386,591</b>	P6,129,980

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:

<i>(In thousands)</i>	Percentage of Ownership		Carrying Amount	
	2025	2024	2025	2024
Associates:				
San Roque Supermarkets Retail Systems, Inc. ("SRS")	49	49	P422,745	P422,745
Pernord Ricard Philippines, Inc. ("PERNOD")	30	30	397,226	367,865
			<b>819,971</b>	790,610
Joint ventures:				
Bodegas	50	50	5,522,649	5,238,946
Cervia	50	-	36,143	-
Others	50	50	7,828	100,424
			<b>5,566,620</b>	5,339,370
			<b>P6,386,591</b>	P6,129,980

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 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.

<i>(In thousands)</i>	2025	2024
Percentage of ownership	49.34%	49.34%
Current assets	P583,678	P616,432
Noncurrent assets	552,660	614,920
Current liabilities	(413,171)	(447,510)
Noncurrent liabilities	(469,452)	(490,066)
Net assets	253,715	293,776
Group's share in net assets	125,183	144,949
Goodwill	276,058	276,058
Unrecognized share in net loss in prior years*	21,504	1,738
Carrying amount of interest in associate	P422,745	P422,745
Net sales	P3,801,890	P3,756,605
Net loss	(17,241)	(2,856)
Group's share in net loss	(P8,507)	(P1,409)

\*Unrecognized 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 Pernod 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, 2025 and 2024:

	2025	2024
Balance at beginning of year	P367,865	P143,687
Additional investment	-	225,000
Share in net income (loss)	29,238	(1,237)
Share in other comprehensive income	123	415
Balance at end of period	P397,226	P367,865

	2025	2024
<b>Percentage Ownership Interest</b>	<b>30%</b>	<b>30%</b>
Current assets	P1,820,547	P1,703,210
Noncurrent assets	178,525	226,303
Current liabilities	(694,540)	(707,581)
Noncurrent liabilities	(25,349)	(40,619)
<b>Net Assets</b>	<b>1,279,183</b>	<b>1,181,313</b>
PWSI's share of net assets	383,755	354,394
Goodwill	13,471	13,471
<b>Carrying Amount of Investment in Associate</b>	<b>P397,226</b>	<b>P367,865</b>

The following table shows the Group's share in net income (loss) of investee for the years ended December 31, 2025 and 2024:

	2025	2024
Revenue	P1,875,252	P1,716,503
Net income (loss) for the year	97,460	(4,123)
<b>The Group's share in net income (loss) at 30%</b>	<b>P29,238</b>	<b>(P1,237)</b>
Other comprehensive income for the year	P410	P1,381
<b>The Group's share in other comprehensive income at 30%</b>	<b>P123</b>	<b>P414</b>

### 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, 2025 and 2024:

	2025	2024
Balance at beginning of year	<b>P5,238,946</b>	P5,070,846
Share in net income	<b>490,190</b>	339,242
Depreciation of excess fair value	<b>(46,632)</b>	(44,661)
Unrealized gross profit on unsold inventories	<b>8,171</b>	38,032
Dividends received	<b>(160,866)</b>	(189,690)
Foreign currency translation adjustment	<b>(7,160)</b>	25,177
Balance at end of year	<b>P5,522,649</b>	P5,238,946
	2025	2024
<b>Percentage Ownership Interest</b>	<b>50%</b>	50%
Current assets (including cash and cash equivalents of P251,798 and P12,585 in 2025 and 2024, respectively)	<b>P6,999,009</b>	P5,596,102
Noncurrent assets	<b>2,143,921</b>	2,155,530
Current liabilities (including current financial liabilities of P398,292 and P323,192 in 2025 and 2024, respectively)	<b>(2,613,749)</b>	(1,725,113)
Noncurrent liabilities (including non-current financial liabilities of P95,256 and P189,076 in 2025 and 2024, respectively)	<b>(117,635)</b>	(211,891)
<b>Net Assets</b>	<b>6,411,546</b>	5,814,628
TKHI’s share of net assets	<b>3,205,773</b>	2,907,314
Goodwill	<b>1,996,128</b>	1,996,128
Fair value adjustment	<b>468,340</b>	514,972
Unrealized gross profit on unsold inventories	<b>(218,920)</b>	(227,092)
Translation adjustment	<b>20,340</b>	27,500
Foreign exchange differences	<b>50,988</b>	20,124
<b>Carrying Amount of Investment in Joint Venture</b>	<b>P5,522,649</b>	P5,238,946

The following table shows the Group's share in net income of the investee for the years ended December 31, 2025 and 2024:

	<b>2025</b>	2024
Revenue	<b>P9,068,437</b>	P8,542,381
Net income	<b>980,380</b>	678,485
The Group's share in net income at 50%	<b>490,190</b>	339,243
Unrealized gross profit on unsold inventories	<b>8,171</b>	38,032
Depreciation of excess fair value at 50%	<b>(46,632)</b>	(44,661)
	<b>P451,729</b>	P332,614

#### *CERVIA*

On July 15, 2025, TKHI entered into a Share Purchase Agreement with Cervia Global Trading, Inc. to acquire 50% interest or 125,000 shares of Cervia for P40,000.

Cervia is a domestic corporation behind the Filipino liquor brand "SULA". It has been focusing on the production of premium local alcohols that mainly use raw materials from the Philippines. The entity aims not just to cater the locals but to bring their brand to the international market.

The investment is accounted for using the equity method.

The following table summarizes the financial information of Cervia 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 2025:

	<b>2025</b>
Balance at beginning of year	<b>P -</b>
Acquisition of investment	<b>40,000</b>
Share in net loss, as adjusted	<b>(3,857)</b>
Balance at end of period	<b>P36,143</b>
<b>Percentage Ownership Interest</b>	<b>50%</b>
Current assets	<b>P27,779</b>
Noncurrent assets	<b>344</b>
Current liabilities	<b>(35,131)</b>
<b>Net Assets</b>	<b>(7,008)</b>
TKHI's share of net assets	<b>(3,504)</b>
Goodwill	<b>39,647</b>
<b>Carrying Amount of Investment in Joint Venture</b>	<b>P36,143</b>
	<b>2025</b>
Revenue	<b>P24,624</b>
Net loss	<b>(7,715)</b>
The Group's share in net loss at 50%	<b>(P3,857)</b>

*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 P60.0 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.

In 2025, Entenso recognized an impairment loss amounting to P92.6 million on its investment in Ayagold, following an assessment of indicators of impairment. The impairment is presented as share in losses of associate and joint ventures in the statements of comprehensive income. The impairment was primarily driven by the continued recognition of net losses of Ayagold, which resulted in a decline in Entenso’s share in the net assets of the investee to an amount below the carrying amount of the investment. Subsequently, Ayagold’s BOD approved the closure of business on February 2, 2026.

The carrying amount of the investment in Ayagold amounted to P7.8 million and P100.4 million as at December 31, 2025 and 2024, respectively.

*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, 2025 and 2024.

In 2023, Entenso recognized share in net losses of Pure Commerce in excess of the cost of investment and advances to P48.6 million as part of the commitment under the JV agreement. This is included in “Trade and other payables” under “Nontrade” in the consolidated statements of financial position.

The changes in the carrying amount of the investment in joint ventures are as follows:

	<b>2025</b>	2024
Balance at beginning of year	<b>P100,424</b>	P100,424
Share in net loss	<b>(92,596)</b>	-
Balance at end of year	<b>P7,828</b>	P100,424

## 12. Property and Equipment

The movements and balances of this account as at and for the years ended December 31 consist of:

<i>(In thousands)</i>	<i>Note</i>	Land	Buildings	Storage Tanks	Furniture and Fixtures	Office and Store Equipment	Transportation Equipment	Leasehold Improvements	Wells, Platforms and Other Facilities	Construction in-Progress	Total
<b>Cost</b>											
December 31, 2023		P13,499,981	P11,578,931	P541,077	P4,752,302	P15,313,281	P474,175	P20,632,342	P204,955	P2,945,073	P69,942,117
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		146,339	-	-	71	766	2,745	180	4,137,420	-	4,287,521
December 31, 2024		13,657,443	12,784,538	542,949	5,111,839	17,402,544	524,743	23,270,405	4,342,500	4,333,908	81,970,869
Additions		-	371,385	-	360,202	1,248,185	67,687	924,010	230	3,156,379	6,128,078
Disposals		-	(34)	-	(14,223)	(218,622)	(2,314)	(729)	-	-	(235,922)
Reclassifications		431,405	491,584	-	124,388	1,907,057	(5,734)	3,751,350	-	(6,091,643)	608,407
Transfer-in	14	-	-	-	4,051	-	-	-	-	(4,051)	-
<b>December 31, 2025</b>		<b>14,088,848</b>	<b>13,647,473</b>	<b>542,949</b>	<b>5,586,257</b>	<b>20,339,164</b>	<b>584,382</b>	<b>27,945,036</b>	<b>4,342,730</b>	<b>1,394,593</b>	<b>88,471,432</b>
<b>Accumulated Depreciation and Amortization</b>											
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		-	-	-	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
Depreciation and amortization		-	416,812	14,175	290,581	1,200,189	52,581	1,519,619	189,938	-	3,683,895
Disposals		-	(15)	-	(13,815)	(217,707)	(729)	(2,314)	-	-	(234,580)
Reclassifications		-	-	-	(49)	(718)	(5,734)	-	-	-	(6,501)
Adjustments		-	-	-	(14,306)	(32,665)	-	(42,364)	-	-	(89,335)
<b>December 31, 2025</b>		<b>-</b>	<b>4,490,979</b>	<b>145,581</b>	<b>3,521,741</b>	<b>13,131,732</b>	<b>382,505</b>	<b>9,543,034</b>	<b>997,509</b>	<b>-</b>	<b>32,213,081</b>
<b>Carrying Amounts</b>											
December 31, 2024 <i>(As Restated)</i>		P13,657,443	P8,710,356	P411,543	P1,852,509	P5,219,911	P188,356	P15,202,312	P3,534,929	P4,333,908	P53,111,267
<b>December 31, 2025</b>		<b>P14,088,848</b>	<b>P9,156,494</b>	<b>P397,368</b>	<b>P2,064,516</b>	<b>P7,207,432</b>	<b>P201,877</b>	<b>P18,402,002</b>	<b>P3,345,221</b>	<b>P1,394,593</b>	<b>P56,258,351</b>

Interest expense on loans capitalized as part of property and equipment amounted to P11.9 million, P12.1 million and P11.1 million in 2025, 2024 and 2023, respectively (see Note 18).

During the period, the Group received cost discounts from contractors on certain capitalized costs related to the acquisition and development of property, plant, and equipment. These discounts were applied to the initial cost of the respective assets. The adjustments in the cost of the assets are presented together with the reclassifications in the above table. The adjustment was recognized in the period in which the discount was granted.

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.

In 2024, the transfer-in of property and equipment pertains to the acquisition of the hydro power plants (see Note 14).

The cost of fully depreciated property and equipment that are still being used in the Group's operations amounted to P12.2 billion and P10.8 billion as at December 31, 2025 and 2024, respectively.

### 13. Investment Properties

This account consists of:

<i>(In thousands)</i>	<b>Land</b>	<b>Building</b>	<b>Construction in-Progress</b>	<b>Total</b>
<b>Cost</b>				
December 31, 2023	P4,807,900	P5,999,426	P91,471	P10,898,797
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
Additions	248,286	212,950	5,849	467,085
Reclassifications	(308,231)	(326,477)	(17,165)	(651,873)
<b>December 31, 2025</b>	<b>4,752,794</b>	<b>5,923,615</b>	<b>81,857</b>	<b>10,758,266</b>
<b>Accumulated Depreciation</b>				
December 31, 2023	-	1,695,195	-	1,695,195
Depreciation	-	133,536	-	133,536
December 31, 2024	-	1,828,731	-	1,828,731
Depreciation	-	116,308	-	116,308
<b>December 31, 2025</b>	<b>-</b>	<b>1,945,039</b>	<b>-</b>	<b>1,945,039</b>
<b>Carrying Amounts</b>				
December 31, 2024	P4,812,739	P4,208,411	P93,173	P9,114,323
<b>December 31, 2025</b>	<b>P4,752,794</b>	<b>P3,978,576</b>	<b>P81,857</b>	<b>P8,813,227</b>

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 P651.9 million and P69.7 million in 2025 and 2024, respectively.

As at December 31, 2025 and 2024, 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 P1.0 billion, P1.0 billion and P0.9 billion in 2025, 2024 and 2023, respectively (see Note 30).

Direct costs incurred pertaining to the lease of these properties amounted to P797.3 million, P765.6 million and P734.3 million in 2025, 2024, and 2023, respectively (see Note 22).

#### 14. Goodwill and Other Intangibles

This account consists of:

<i>(In thousands)</i>	<b>2025</b>	2024 (As Restated)
Goodwill	<b>P16,742,677</b>	P16,742,677
Trademark	<b>3,716,661</b>	3,716,661
Customer relationships	<b>667,090</b>	889,453
Leasehold rights - net	<b>43,849</b>	48,477
Computer software and licenses - net	<b>340,742</b>	248,256
	<b>P21,511,019</b>	P21,645,524

##### 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:

<i>(In thousands)</i>	<b>2025</b>	2024 (As Restated)
<b>Retail</b>		
Kareila	<b>P12,079,474</b>	P12,079,474
Budgetlane Supermarkets	<b>837,974</b>	837,974
Gant	<b>742,341</b>	742,341
Daily Commodities, Inc. and First Lane Super Traders Co., Inc. (DCI and FLSTCI)	<b>685,904</b>	685,904
Company E	<b>358,152</b>	358,152
Black & White (B&W) Supermart	<b>187,204</b>	187,204
Puregold Junior Supermarket, Inc. (PJSI)	<b>11,374</b>	11,374
<b>Specialty Retail</b>		
OWI	<b>893,790</b>	893,790
CHC	<b>9</b>	9
<b>Real Estate and Property Leasing</b>		
NPSCC	<b>457,304</b>	457,304
<b>Energy</b>		
MRDC	<b>489,151</b>	489,151
	<b>P16,742,677</b>	P16,742,677

#### *Acquisition of MRDC and Catuiran*

The acquisition of MRDC and Catuiran, as discussed in 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:

During the current year, the Group completed the valuation of the identifiable assets acquired in prior year business combinations involving hydropower plant operations. The valuation was performed with the assistance of an independent external valuer and incorporated refined assumptions and using the Market (Data) Approach, The Cost Approach, Income Approach, and General Approaches.

According to IFRS 3, the Computation of Goodwill and Gain on Bargain purchase should be computed at the acquisition date as the excess of the consideration transferred, plus non-controlling interest (NCI) and previously held equity, over the fair value of net identifiable assets

As a result of the revaluation, the fair values of certain hydropower plants previously recognized in connection with past business combinations were revised. Consequently, the provisional amounts recognized in the prior year relating to the acquisition accounting have been adjusted.

The impact of these revisions are as follows:

<b>Accounts Affected</b>	<b>Before Appraisal</b>	<b>Appraisal Effect</b>	<b>After Appraisal</b>
<b>Noncurrent Assets</b>			
Property and equipment - net	P53,565,907	(P454,640)	<b>P53,111,267</b>
Intangibles and goodwill - net	21,281,689	363,835	<b>21,645,524</b>
<b>Equity</b>			
Retained earnings	85,418,422	(54,481)	<b>85,363,941</b>
<b>Other Income</b>			
Gain on bargain purchase	273,125	(54,481)	<b>218,644</b>

The revalued goodwill and gain on bargain purchase are computed as follows:

	<b>MRDC</b>	<b>Catuiran</b>
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)
	1,636,894	825,178
Provisional goodwill (gain on bargain purchase)	125,316	(273,125)
Adjustments in provisional amounts	363,835	54,481
<b>Final goodwill (gain on bargain purchase)</b>	<b>P489,151</b>	<b>(P218,644)</b>

Using provisional amounts in 2024, 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 P273.1 million, which has been recognized as part of "Other income". The gain on bargain purchase arose because of favorable negotiation terms by the Parent Company with Catuiran Hydropower Corporation.

Since the acquisition dates, MRDC and Catuiran contributed revenue of P109.5 million and P278.0 million, respectively, and net profit (loss) of (P53.3) million and P160.0 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 P109.5 million and P382.4 million, respectively, and net profit (loss) of (P53.3) million P220.4 million, respectively, to the Group's results in 2024.

#### Trademarks

Trademark 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 are expected to generate net cash inflows, and therefore they are assessed to have an indefinite useful life.

CGUs to which goodwill and trademark 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.

#### *Change in Accounting Estimates of Customer Relationships*

During 2025, the Group reassessed the useful life of the customer relationship intangible asset previously classified as having an indefinite useful life, taking into account changes in the competitive environment and a reassessment of the expected future economic benefits to be derived from the asset.

The reassessment considered various internal and external factors, including increased competition in the market, changes in customer retention patterns, evolving industry dynamics, and the estimated period over which the asset is expected to contribute to future cash flows. Based on this evaluation, the Group determined that the customer relationship intangible asset no longer meets the criteria for an indefinite useful life.

Accordingly, the Group revised the useful life of the asset to a finite period of twenty (20) years. The change in useful life has been accounted for as a change in accounting estimate in accordance with PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* and PAS 38, *Intangible Assets*.

The carrying amount of the customer relationship intangible asset as of the date of change is being amortized on a straight-line basis over its revised remaining useful life. The effect of this change is recognized prospectively, and accordingly, no adjustments have been made to prior period financial statements. In 2025, amortization expense related to customer relationship amounted to P222.4 million and amortization of P44.4 million per year is expected to be recognized in subsequent periods over the remaining useful life.

The movements in customer relationships are as follows:

	<b>Note</b>	<b>2025</b>	2024
<b>Cost</b>			
Balance at January 1		<b>P889,453</b>	P889,453
<b>Accumulated Amortization</b>			
Amortization*		<b>222,363</b>	-
<b>Balance at December 31</b>	<b>14</b>	<b>P667,090</b>	P889,453

\*Presented as part of "Depreciation and amortization" under "Operating expenses" in the consolidated statements of comprehensive income

#### 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 trademark are allocated as follows:

	<b>Pre-tax Discount Rate</b>		<b>Growth Rate (Terminal Value)</b>	
	<b>2025</b>	2024	<b>2025</b>	2024
Kareila	<b>9.7%</b>	10.1%	<b>2.8%</b>	3.5%
Budgetlane Supermarkets	<b>10.2%</b>	10.2%	<b>2.8%</b>	3.5%
Gant	<b>9.4%</b>	10.5%	<b>2.8%</b>	3.5%
DCI and FLSTCI	<b>10.0%</b>	10.4%	<b>2.8%</b>	3.5%
MRDC	<b>13.1%</b>	10.0%	<b>3.0%</b>	3.0%
OWI	<b>13.1%</b>	11.0%	<b>3.0%</b>	3.0%
NPSCC	<b>13.1%</b>	11.0%	<b>3.0%</b>	3.0%

As at December 31, 2025, 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>B&amp;W Supermart</b>	<b>NPSCC</b>
Increase in discount rate	<b>0.3%</b>	<b>4.0%</b>
Decrease in revenue growth rate	<b>1.2%</b>	<b>1.0%</b>

#### Computer Software and Licenses

The movements in computer software and licenses are as follows:

<i>(In thousands)</i>	<b>2025</b>	2024
<b>Cost</b>		
Balance at January 1	<b>P744,650</b>	P628,490
Additions	<b>168,301</b>	116,160
<b>Balance at December 31</b>	<b>912,951</b>	744,650
<b>Accumulated Amortization</b>		
Balance at January 1	<b>496,394</b>	430,480
Amortization	<b>75,815</b>	65,914
<b>Balance at December 31</b>	<b>572,209</b>	496,394
<b>Carrying Amount at December 31</b>	<b>P340,742</b>	P248,256

#### Leasehold Rights

The movements in leasehold rights are as follows:

<i>(In thousands)</i>	<b>2025</b>	2024
<b>Cost</b>		
Balance at January 1	<b>P90,955</b>	P75,955
Additions	-	15,000
	<b>90,955</b>	90,955
<b>Accumulated Amortization</b>		
Balance at January 1	<b>42,478</b>	37,913
Amortization	<b>4,628</b>	4,565
Balance at December 31	<b>47,106</b>	42,478
<b>Carrying Amount at December 31</b>	<b>P43,849</b>	P48,477

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:

<i>(In thousands)</i>	<b>Note</b>	<b>Participating Interest</b>	<b>2025</b>	2024
<b>I. Oil Exploration Costs</b>				
SC 14:	<i>a</i>			
Block C2 (West Linapacan)		6.12%	<b>P58,172</b>	P57,223
Block D		5.84%	<b>8,111</b>	8,111
Block B1 (North Matinloc)		13.55%	<b>4,192</b>	4,192
			<b>70,475</b>	69,526
SC 6A:	<i>b</i>	1.67%		
Octon Block			<b>17,597</b>	17,597
North Block			<b>600</b>	600
SC 6B (Bonita)	<i>c</i>	8.18%	<b>8,143</b>	8,143
			<b>26,340</b>	26,340
MPSA:	<i>d</i>			
Other oil projects			<b>32,817</b>	32,817
			<b>527</b>	527
			<b>33,344</b>	33,344
			<b>130,159</b>	129,210
<b>Allowance for impairment loss</b>			<b>(127,470)</b>	(127,470)
<b>Balance at end of year</b>			<b>2,689</b>	1,740
<b>II. Mineral Exploration Costs</b>				
Nickel project		100.00%	<b>19,210</b>	19,210
Anoling gold project		3.00%	<b>13,818</b>	13,818
Gold projects		100.00%	<b>13,036</b>	13,036
Cement project		100.00%	<b>21,851</b>	21,851
Other mineral projects			<b>383</b>	383
			<b>68,298</b>	68,298
<b>Accumulated for impairment losses</b>			<b>(56,047)</b>	(56,047)
<b>Balance at end of year</b>			<b>12,251</b>	12,251
<b>III. Other Deferred Charges</b>				
<b>Allowance for impairment loss</b>			<b>(619)</b>	(619)
<b>Balance at year end</b>			<b>-</b>	-
			<b>P14,940</b>	P13,991

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, 2025 and 2024, allowance for impairment loss amounted to P127.4 million.

a. SC 14 C2 - West Linapacan

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 4<sup>th</sup> 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 on the latter part of the year and payment was made for the 2022 Training Fund obligation.

The Reservoir Engineering Study (RES) continued starting Q4 of 2024 until 2025. 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.

In 2025 Philodrill transmitted to the JV partners the final copy of the RES and have been requested to submit their legal, financial, and technical documents required by DOE for the application of the new service contract.

Plan of Development (POD) study is ongoing with Philodrill instruction for Three60 to submit the POD as a separate report from the P&A (Plug & Abandonment) study of the old wells in West Linapacan.

Also in 2025, in compliance with DOE's instruction, Philodrill as operator of SC14C2, turned over a check amounting to US\$20,000 to Western Philippines University under the SC's Scholarship Assistance Fund.

b. SC 6A (Octon and North Block) - Offshore Northwest Palawan Philippines

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 notified the Philodrill Corporation that it will not participate in the new Service Contract. There is no further development as at report date.

c. SC 6B (Bonita) - Offshore Northwest 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 STOIIIP, 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.

In 2025, application to secure Environmental Compliance Certificate from DENR-EMB and Certificate of Non-Overlap from NCIP are ongoing while the DPPSC documents are awaiting signature of the President.

d. MPSA No. 066-97-VIII - Cement Project, Isabel, Merida, Leyte

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.

On August 5, 2024, Purchase Agreement between Parent Company and Premium Infinite Mining Inc. was signed. Parent Company formally withdraws its application for approval of assignment of rights and interests under the approved MPSA No-066-97-VIII dated October 21, 2024 and was received by MGB Region 8 on November 7, 2024.

On March 13, 2025, COSCO Capital staff, PIMI staff and Mines and Geosciences Bureau (MGB) staff, conducted barangay visits for their annual monitoring for the compliance work program of Cosco Capital Inc. in the affected barangays under Mineral Sharing Agreement (MPSA) 066-97- VIII and on March 14, 2025, a barangay site visit for the SHES monitoring in the affected barangays under Mineral Sharing Agreement (MPSA) 066-97- VIII.

The Parent Company participated in the coastal clean-up and mangrove planting in Guiwanon Seashore Barangay Benabaye, Merida, Leyte with the Cosco staff, Benabaye Barangay Officials and Barangay volunteers on June 30, 2025.

## 16. Other Noncurrent Assets

This account consists of:

<i>(In thousands)</i>	<i>Note</i>	<b>2025</b>	2024
Security deposits	32, 33	<b>P3,441,794</b>	P3,006,031
Advances to contractors		<b>361,716</b>	498,668
Deferred input VAT - net of current portion		<b>84,665</b>	90,370
Accrued rent income		<b>49,409</b>	74,543
Prepaid rent	22	<b>1,115</b>	835
Others		<b>40,398</b>	35,467
		<b>P3,979,097</b>	P3,705,914

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:

<i>(In thousands)</i>	<i>Note</i>	<b>2025</b>	2024
Trade payables:			
Third parties		<b>P24,970,733</b>	P21,664,425
Related party	26	<b>2,240,416</b>	1,381,093
Non-trade payables:			
Third parties		<b>3,521,932</b>	2,933,280
Related party	26	-	3,598
Due to government agencies		<b>871,275</b>	1,022,009
Advance rentals		<b>51,082</b>	56,837
Construction bonds		<b>6,374</b>	24,932
Dividends payable	29	<b>23,571</b>	19,893
Retention payable		-	5,603
Accrued expenses:			
Manpower agency services		<b>1,388,629</b>	1,278,299
Fixed asset		<b>883,702</b>	769,474
Utilities		<b>546,021</b>	485,068
Rent		<b>300,127</b>	278,473
Others		<b>1,172,789</b>	840,058
		<b>P35,976,651</b>	P30,763,042

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.

A portion of the accrued expenses for fixed assets include the remaining obligations for the purchase of a parcel of land from a third party, which is payable until 2027. The current portion amounted to P255.6 million and P266.1 million as at December 31, 2025 and 2024, respectively, while the noncurrent portion, which is included in the "Noncurrent liabilities" account in the consolidated statements of financial position, amounted to P89,068 and P289.8 million as at December 31, 2025 and 2024, respectively.

## 18. Loans Payable

As at December 31, the Group has the following outstanding loans:

<i>(In thousands)</i>	<b>2025</b>	2024
<b>Fixed-rate peso-denominated:</b>		
PPCI	<b>P11,400,000</b>	P11,520,000
KMC	-	5,200,000
MRDC	-	892,604
CHC	<b>337,738</b>	514,167
TKHI	<b>40,000</b>	260,000
<b>Unamortized debt issuance costs</b>	<b>(48,200)</b>	(63,536)
	<b>11,729,538</b>	18,323,235
Less: Current portion	<b>204,762</b>	381,131
	<b>P11,524,776</b>	P17,942,104

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 rates 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, 2025 and 2024.

b. *KMC*

In 2024, Kareila obtained a total bank loan amounting to P4.0 billion that has a three-year tenor and P1.2 billion loan that has a five-year tenor with interest rates of 5.5% to 5.750%. The loans are not subject to any debt covenant. In 2025, the Group paid the full amount of loans prior to maturity, with no penalties incurred.

c. *MRDC*

On September 25, 2023, Matuno obtained a long-term interest-bearing peso denominated loan from a bank maturing on March 25, 2035 with an interest rate of 6.75% payable on a quarterly basis.

In 2025, MRDC pre-terminated its loan and settled the remaining balance.

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 P816.0 million, P784.4 million and P566.5 million in 2025, 2024 and 2023, respectively.

Interest expense on loans capitalized as part of property and equipment is discussed in Note 12.

The movements in debt issuance costs are as follows:

	2025	2024
Balance at beginning of year	P63,536	P78,871
Amortizations	(15,336)	(15,335)
Balance at end of year	P48,200	P63,536

*Changes in Liabilities Arising from Financing Activities:*

The movements and balances of this account are as follows:

	Interest Payable	Long Term Loans Payable	Dividend Payable (Notes 17 and 29)	Lease Liabilities (Note 22)	Others (Note 29)	Total
<b>Balance at January 1, 2025</b>	<b>P112,993,388</b>	<b>P18,323,235</b>	<b>P19,893</b>	<b>P39,580,671</b>	<b>P -</b>	<b>P170,917,187</b>
Changes from financing cash flows:						
Payment of loans	-	(6,609,033)	-	-	-	(6,609,033)
Payment of interest	(800,177)	-	-	-	-	(800,177)
Availment of loans	-	-	-	-	-	-
Lease payments	-	-	-	(4,828,269)	-	(4,828,269)
Cash dividends paid	-	-	(5,811,632)	-	-	(5,811,632)
Buyback of capital stock	-	-	-	-	(210,514)	(210,514)
<b>Total changes from financing cash flows</b>	<b>(800,177)</b>	<b>(6,609,033)</b>	<b>(5,811,632)</b>	<b>(4,828,269)</b>	<b>(210,514)</b>	<b>(18,259,625)</b>
<b>Other Changes</b>						
<i>Liability-related</i>						
Additions	-	-	-	8,929,906	-	8,929,906
Cash dividends declared	-	-	5,811,632	-	-	5,811,632
Loans assumed from business combination	-	-	-	-	-	-
Amortization of debt issuance cost	-	15,336	-	-	-	15,336
Other adjustments	816,018	-	3,678	1,897,401	-	2,717,097
<b>Total liability-related changes</b>	<b>816,018</b>	<b>15,336</b>	<b>5,815,310</b>	<b>10,827,307</b>	<b>-</b>	<b>17,473,971</b>
<b>Balance at December 31, 2025</b>	<b>P113,009,229</b>	<b>P11,729,538</b>	<b>P23,571</b>	<b>P45,579,709</b>	<b>(P210,514)</b>	<b>P170,131,533</b>
	Interest Payable	Long Term Loans Payable	Dividend Payable (Notes 17 and 29)	Lease Liabilities (Note 22)	Others (Note 29)	Total
<b>Balance at January 1, 2024</b>	<b>P112,977,800</b>	<b>P11,561,129</b>	<b>P2,938,863</b>	<b>P37,068,656</b>	<b>P -</b>	<b>P164,546,448</b>
Changes from financing cash flows:						
Payment of loans	-	(378,765)	-	-	-	(378,765)
Payment of interest	(768,786)	-	-	-	-	(768,786)
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)
Buyback of capital stock	-	-	-	-	(499,177)	(499,177)
<b>Total changes from financing cash flows</b>	<b>(768,786)</b>	<b>5,101,235</b>	<b>(6,042,002)</b>	<b>(4,052,234)</b>	<b>(499,177)</b>	<b>(6,260,964)</b>
<b>Other Changes</b>						
<i>Liability-related</i>						
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	784,374	-	1,635,121	3,201,021	-	5,620,516
<b>Total liability-related changes</b>	<b>784,374</b>	<b>1,660,872</b>	<b>3,123,032</b>	<b>6,564,249</b>	<b>-</b>	<b>12,132,527</b>
<b>Balance at December 31, 2024</b>	<b>P112,993,388</b>	<b>P18,323,236</b>	<b>P19,893</b>	<b>P39,580,671</b>	<b>(P499,177)</b>	<b>P170,418,011</b>

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## 19. Other Current Liabilities

This account as at December 31 consists of:

<i>(In thousands)</i>	<b>Note</b>	<b>2025</b>	<b>2024</b>
Customers' deposits	22, 32, 33	<b>P553,497</b>	P527,075
Unearned income from suppliers		<b>266,378</b>	131,170
Unredeemed gift certificates		<b>233,187</b>	203,371
Output VAT		<b>85,802</b>	77,712
Others	32	<b>34,577</b>	23,100
		<b>P1,173,441</b>	P962,428

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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.

Unearned income from suppliers represents payments received in advance for rebates and allowances which are recognized over the period of benefit.

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, 2025 and 2024. 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:

<i>(In thousands)</i>	<b>2025</b>	<b>2024</b>
Beginning balance	<b>P203,371</b>	P187,213
Receipts	<b>590,094</b>	480,202
Sales recognized	<b>(560,278)</b>	(464,044)
Ending balance	<b>P233,187</b>	P203,371

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## 20. Revenues

The revenue from contracts with customers is disaggregated by revenue stream.

<i>(In thousands)</i>	2025	2024	2023
<b>Revenue from Contracts with Customers</b>			
<i>Merchandise Sales and Energy Generation</i>			
Grocery	<b>P242,454,344</b>	P219,171,530	P199,031,905
Wine and liquor	<b>15,928,117</b>	14,201,964	12,344,351
Office and technology supplies	<b>2,109,092</b>	2,071,397	2,145,140
Energy generation	<b>525,898</b>	491,922	-
	<b>261,017,451</b>	235,936,813	213,521,396
<i>Other Revenue</i>			
Concession fee income	<b>1,842,771</b>	1,668,591	1,632,541
Membership income	<b>894,135</b>	857,443	778,437
Miscellaneous	<b>795,995</b>	491,125	392,159
	<b>3,532,901</b>	3,017,159	2,803,137
<b>Lease Revenue</b>			
Real estate and property leasing	<b>1,027,351</b>	1,020,040	963,030
Retail	<b>520,293</b>	491,934	472,035
	<b>1,547,644</b>	1,511,974	1,435,065
	<b>P266,097,996</b>	P240,465,946	P217,759,598

## 21. Cost of Revenues

Cost of goods sold consists of:

<i>(In thousands)</i>	2025	2024	2023
Beginning inventory	<b>P35,636,291</b>	P35,387,312	P34,873,683
Purchases	<b>207,594,698</b>	190,396,485	173,628,475
Total goods available for sale	<b>243,230,989</b>	225,783,797	208,502,158
Ending inventory	<b>33,990,736</b>	35,636,291	35,387,312
	<b>P209,240,253</b>	P190,147,506	P173,114,846

Cost of services consists of:

<i>(In thousands)</i>	2025	2024	2023
Depreciation and amortization	<b>P482,866</b>	P479,103	P278,773
Security services	<b>100,920</b>	93,875	87,297
Taxes and licenses	<b>108,799</b>	78,582	95,668
Repairs and maintenance	<b>83,282</b>	74,394	85,013
Janitorial services	<b>62,773</b>	61,648	57,924
Management fees	<b>51,120</b>	50,032	44,587
Salaries and wages	<b>50,034</b>	43,265	31,471
Insurance	<b>37,038</b>	33,741	17,760
Utilities	<b>33,627</b>	32,866	24,135
Others	<b>27,892</b>	31,388	11,655
	<b>P1,038,351</b>	P978,894	P734,283

## 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:

<i>(In thousands)</i>	2025	2024
<b>Cost</b>		
Balance at January 1	<b>P47,611,098</b>	P45,179,990
Additions	<b>9,059,788</b>	3,570,339
Modifications	<b>(112,669)</b>	(116,949)
Terminations	<b>(1,234,825)</b>	(603,393)
End of lease term	<b>(598,315)</b>	(418,889)
<b>Balance at December 31</b>	<b>54,725,077</b>	47,611,098
<b>Accumulated Depreciation</b>		
Balance, January 1	<b>16,971,205</b>	15,065,181
Depreciation	<b>2,777,232</b>	2,453,144
Terminations	<b>(253,554)</b>	(19,142)
End of lease term	<b>(596,330)</b>	(418,848)
Others	<b>2,990</b>	(109,130)
<b>Balance, December 31</b>	<b>18,901,543</b>	16,971,205
<b>Carrying amount at December 31</b>	<b>P35,823,534</b>	P30,639,893

The Group derecognized right-of-use (ROU) assets amounting to P1.2 billion and P603.4 million and the corresponding lease liabilities amounting to P911.2 million and P355.6 million, in 2025 and 2024, respectively. This is related to the termination of certain lease agreements in 2025 and 2024 due to closed stores and its transition to new lessors.

Lease liabilities included in the statements of financial position are as follows:

<i>(In thousands)</i>	2025	2024
Due within one year	<b>P1,676,850</b>	P1,509,820
Due beyond one year	<b>43,902,859</b>	38,070,851
	<b>P45,579,709</b>	P39,580,671

The movements in lease liabilities are as follows:

<i>(In thousands)</i>	2025	2024
January 1	<b>P39,580,671</b>	P38,192,680
Additions	<b>8,929,906</b>	3,363,228
Accretion of interest	<b>2,925,740</b>	2,439,127
Repayments of interest	<b>(2,925,740)</b>	(2,439,127)
Repayments	<b>(1,902,529)</b>	(1,613,107)
Terminations	<b>(911,190)</b>	(355,614)
Modifications	<b>(117,149)</b>	(6,516)
December 31	<b>P45,579,709</b>	P39,580,671

Shown below is the maturity analysis of the undiscounted lease payments for the years ended December 31:

<i>(In thousands)</i>	2025	2024
Less than one year	<b>P5,036,440</b>	P4,544,807
One to five years	<b>20,712,536</b>	18,034,309
More than five years	<b>77,073,504</b>	60,522,340
	<b>P102,822,480</b>	P83,101,456

The following are the amounts recognized in profit or loss:

<i>(In thousands)</i>	2025	2024	2023
Rent expense:			
Variable lease payments not included in the measurement of lease liabilities*	<b>P707,212</b>	P511,028	P703,858
Expenses related to leases of low-value assets	<b>10,622</b>	165,792	25,271
Expenses related to short-term leases	<b>86,628</b>	23,125	20,449
Total rent expense	<b>804,462</b>	699,945	749,578
Interest accretion on lease liabilities	<b>2,925,740</b>	2,439,127	2,017,991
Depreciation charge for right-of-use assets	<b>2,777,232</b>	2,453,144	2,347,559
Gain from lease terminations	<b>226,336</b>	54,036	47,030

\*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.

Prepaid rent for leases outside the scope of PFRS 16 amounting to P1.1 million and P0.8 million as at December 31, 2025 and 2024, respectively are presented under "Other noncurrent assets" in the statements of financial position (see Note 16).

Total cash outflows for all leases amounted to P4.8 billion and P4.0 billion in 2025 and 2024, 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 P959.9 million and P872.1 million as at December 31, composed of current and noncurrent portion, broken down as follows:

<i>(In thousands)</i>	<b>Note</b>	<b>2025</b>	2024
Current	19	<b>P553,497</b>	P527,075
Noncurrent		<b>406,366</b>	344,986
		<b>P959,863</b>	P872,061

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, P1.0 billion and P0.96 billion in 2025, 2024 and 2023, respectively.

The scheduled maturities of non-cancellable minimum future rental collections are as follows:

<i>(In thousands)</i>	<b>2025</b>	2024	2023
Less than one year	<b>P1,208,128</b>	P1,279,924	P1,348,030
One to two years	<b>1,198,129</b>	1,175,856	1,250,724
Two to three years	<b>820,757</b>	1,302,051	932,487
Three to four years	<b>812,214</b>	829,386	908,232
Four to five years	<b>821,671</b>	792,520	747,084
More than five years	<b>4,001,744</b>	5,691,617	6,037,320
	<b>P8,862,643</b>	P11,071,354	P11,223,877

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 P520.3 million, P491.9 million and P472.0 million in 2025, 2024 and 2023, respectively (see Note 23).

The future minimum lease collections under non-cancellable operating leases as at December 31 are as follows:

<i>(In thousands)</i>	<b>2025</b>	2024	2023
Less than one year	<b>P351,132</b>	P331,236	P315,926
One to two years	<b>300,375</b>	267,383	259,577
Two to three years	<b>162,772</b>	143,061	106,009
Three to four years	<b>120,501</b>	115,977	88,247
Four to five years	<b>92,966</b>	80,275	71,837
More than five years	<b>1,175,319</b>	1,178,717	1,187,251
	<b>P2,203,065</b>	P2,116,649	P2,028,847

### 23. Other Revenue

This account consists of:

<i>(In thousands)</i>	<b>Note</b>	<b>2025</b>	2024	2023
Concession fee income	20	<b>P1,842,771</b>	P1,668,591	P1,632,541
Membership income	20	<b>894,135</b>	857,443	778,437
Rent income	20	<b>520,293</b>	491,934	472,035
Miscellaneous	20	<b>795,995</b>	491,125	392,159
		<b>P4,053,194</b>	P3,509,093	P3,275,172

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:

<i>(In thousands)</i>	<i>Note</i>	<b>2025</b>	2024	2023
Depreciation and amortization <sup>12, 13, 14, 22</sup>		<b>P6,397,375</b>	P5,477,198	P4,730,262
Manpower agency		<b>6,520,322</b>	5,242,622	4,536,285
Salaries and wages		<b>4,239,920</b>	3,809,334	3,290,029
Communication, light and water		<b>4,131,452</b>	3,583,888	3,285,279
Outside services		<b>1,605,777</b>	1,500,229	1,436,167
Taxes and licenses		<b>1,666,261</b>	1,379,427	1,245,989
Advertising and marketing		<b>1,486,292</b>	1,270,553	1,006,478
Repairs and maintenance		<b>1,198,018</b>	997,208	874,053
Store and office supplies		<b>933,692</b>	796,963	874,759
Rent	22	<b>804,462</b>	699,945	749,578
Transportation		<b>899,670</b>	692,157	615,310
Distribution costs		<b>655,421</b>	673,312	562,598
Credit card charges		<b>707,053</b>	636,100	546,423
SSS/Medicare and HDMF contributions		<b>449,920</b>	382,480	314,551
Retirement benefits cost	27	<b>371,523</b>	345,861	915,574
Insurance		<b>371,142</b>	330,555	293,048
Input VAT allocable to exempt sales		<b>305,590</b>	213,386	214,427
Representation and entertainment		<b>193,515</b>	185,485	202,686
Fuel and oil		<b>194,398</b>	188,697	167,670
Professional fees		<b>137,521</b>	116,026	100,498
Royalty expense	26	<b>77,640</b>	72,181	66,587
Provision for doubtful accounts	6	<b>16,278</b>	6,340	89,409
Others		<b>752,056</b>	856,083	563,400
		<b>P34,115,298</b>	P29,456,030	P26,681,060

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**25. Other Income (Charges)**

This account consists of:

<i>(In thousands)</i>	<i>Note</i>	<b>2025</b>	2024	2023
Share in income (loss) of joint ventures and associates	11	<b>P384,514</b>	P331,376	P19,826
Gain from lease terminations	22	<b>226,336</b>	54,036	47,030
Unrealized valuation gain (loss) on financial assets	8	<b>45,863</b>	(4,612)	6,405
Foreign exchange gain (loss)		<b>(22,315)</b>	319,826	(27,091)
Gain from reversal of provision		-	60,065	8,848
Bank charges		<b>(458)</b>	(3,157)	(3,490)
Gain from disposal of property and equipment		<b>241</b>	854	566
Gain from sale of financial assets	8	-	-	6,524
Miscellaneous		<b>29,850</b>	26,243	10,547
		<b>P664,031</b>	P784,631	P69,165

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## 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
<b>Stockholder</b>										
▪ Advances	2025	a	P -	P -	P -	P -	P -	P -	Due and demandable	Unsecured
	2024		-	-	-	-	-	-		
<b>Under Common and Joint Control</b>										
▪ Loans receivable										
Principal	2025		-	-	-	-	-	-		
Interest	2025		-	657,071	-	-	-	-		
Principal	2024		-	-	-	-	-	-	Due on September 30, 2021; interest-bearing	Unsecured; unimpaired
Interest	2024		-	665,674	-	-	-	-	Due and demandable; non-interest bearing	Unsecured; unimpaired
▪ Advances for working capital requirements	2025		(2,016)	-	-	-	-	361,247		
	2024		217	-	-	-	-	363,263		
▪ Purchase of inventories	2025	b	6,835,175	-	-	2,240,416	-	-	Due and demandable	Unsecured
	2024		6,535,909	-	-	1,381,093	-	-		
▪ Management fees	2025	c	-	-	-	-	-	-	Due and demandable; non-interest bearing	Unsecured
	2024		42,813	-	-	3,598	-	-		
<b>Associates</b>										
▪ Advances for working capital requirements	2025		(13,850)	-	4,245	-	-	400,239	Due and demandable; non-interest bearing	Unsecured; unimpaired
	2024		15,268	-	-	-	-	474,057		
▪ Royalty expense	2025	d	77,640	-	-	-	-	62,103	Due and demandable; non-interest bearing	Unsecured
	2024		72,181	-	-	-	-	57,743		
▪ Cash deposits/placements	2025		1,960,157	5,462,786	-	-	-	-	Due and demandable	Unrestricted
	2024		-	3,502,629	-	-	-	-		
<b>Key Management Personnel</b>										
▪ Advances	2025		-	-	10,318	-	-	-		
	2024		-	-	60,502	-	-	-		
▪ Short-term benefits	2025		96,984	-	-	-	-	-		
	2024		95,655	-	-	-	-	-		
▪ Post-employment benefits	2025		10,290	-	-	-	-	-		
	2024		6,400	-	-	-	-	-		
<b>Total</b>	<b>2025</b>			<b>P6,119,857</b>	<b>P14,563</b>	<b>P2,240,416</b>	<b>P -</b>	<b>P823,589</b>		
<b>Total</b>	<b>2024</b>			<b>P4,168,303</b>	<b>P60,502</b>	<b>P1,384,691</b>	<b>P -</b>	<b>P895,063</b>		

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 inventorable items from its investment in joint venture amounting to P6.8 million and P6.5 million for the years ended December 31, 2025 and 2024, 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.

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 2025 and 2024 are as follows:

a. Advances and trade receivables from the Parent Company to its subsidiaries

<i>(In thousands)</i>	<b>Outstanding Balance</b>
<b>2025</b>	<b>P6,330,542</b>
2024	5,164,451

These advances are unsecured and with various terms. These are payable in cash.

b. Receivables from subsidiaries to their fellow subsidiaries

<i>(In thousands)</i>	<b>Outstanding Balance</b>
<b>2025</b>	<b>P625,747</b>
2024	882,275

These advances are unsecured and with various terms. These are payable in cash.

- c. Sale of goods of the subsidiaries within the Group

<i>(In thousands)</i>	<b>Amount of Transactions</b>	<b>Outstanding Balance</b>
<b>2025</b>	<b>P4,275,335</b>	<b>P373,638</b>
2024	4,333,462	719,480

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

<i>(In thousands)</i>	<b>Amount of Transactions</b>	<b>Outstanding Balance</b>
<b>2025</b>	<b>P1,102,328</b>	<b>P83,835</b>
2024	1,026,065	66,308

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

<i>(In thousands)</i>	<b>Amount of Transactions</b>	<b>Outstanding Balance</b>
<b>2025</b>	<b>P3,903,700</b>	<b>P75,000</b>
2024	2,394,780	75,000

Cash dividends are due on payment date.

- f. Dividend income received by a subsidiary from dividends declared by the Parent Company

<i>(In thousands)</i>	<b>Amount of Transactions</b>	<b>Outstanding Balance</b>
<b>2025</b>	<b>P96,715</b>	<b>P -</b>
2024	51,288	51,288

Cash dividends are due on payment date.

- g. Right-of-use assets, lease liabilities and prepayments eliminated as a result of intra-group lease of properties

*Right-of-Use Assets*

<i>(In thousands)</i>	<b>Amount of Transactions</b>	<b>Outstanding Balance</b>
<b>2025</b>	<b>P1,353,628</b>	<b>P3,916,303</b>
2024	241,674	3,077,387

### Lease Liabilities

<i>(In thousands)</i>	<b>Amount of Transactions</b>	<b>Outstanding Balance</b>
<b>2025</b>	<b>P1,184,456</b>	<b>P5,631,454</b>
2024	344,634	5,861,199

h. Loan receivable issued by the Parent Company to a subsidiary

<i>(In thousands)</i>	<b>Amount of Transactions</b>	<b>Outstanding Balance</b>
<b>2025</b>	<b>P -</b>	<b>P3,637,500</b>
2024	-	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:

<i>(In thousands)</i>	<b>2025</b>	<b>2024</b>
Present value of defined benefits obligation	<b>P2,354,263</b>	P2,117,969
Fair value of plan assets	<b>(34,092)</b>	(32,239)
	<b>P2,320,171</b>	P2,085,730

The following table shows reconciliation from the opening balances to the closing balances of the present value of defined benefits obligations:

<i>(In thousands)</i>	<b>2025</b>	2024
Balance at beginning of year	<b>P2,117,970</b>	P2,123,518
<b>Included in Profit or Loss</b>		
Current service cost	<b>249,471</b>	232,144
Past service cost	<b>3,100</b>	-
Interest cost	<b>126,422</b>	119,419
	<b>378,993</b>	351,563
<b>Included in Other Comprehensive Income</b>		
Remeasurements gain (loss):		
Financial assumptions	<b>(246,930)</b>	(21,698)
Demographic assumptions	<b>(101,400)</b>	(231,580)
Experience adjustments	<b>221,730</b>	(96,549)
	<b>(126,600)</b>	(349,827)
Benefits paid	<b>(16,100)</b>	(7,956)
Effect of business combination	-	672
Balance at end of year	<b>P2,354,263</b>	P2,117,970

The following table shows reconciliation from the opening balances to the closing balances for fair value of plan assets:

<i>(In thousands)</i>	<b>2025</b>	2024
Balance at beginning of year	<b>P32,239</b>	P30,869
Interest income	<b>1,957</b>	1,888
Return on plan asset excluding interest	<b>(104)</b>	(518)
Balance at end of year	<b>P34,092</b>	P32,239

The Group's plan assets as at December 31 consist of the following:

<i>(In thousands)</i>	<b>2025</b>	2024
Debt instruments - government securities	<b>P10,968</b>	P11,936
Trust fees payable	<b>(6)</b>	(7)
Cash in banks	<b>2</b>	205
Other receivables	<b>23,128</b>	20,105
	<b>P34,092</b>	P32,239

The following were the principal actuarial assumptions at the reporting date:

	<b>2025</b>	2024
Discount rate	<b>6.1% to 6.58%</b>	6.1% to 6.12%
Future salary increases	<b>5.0% to 10.0%</b>	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, 2025 and 2024 is 20.0 years and 20.2 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:

#### **2025**

<i>(In thousands)</i>	<b>Increase</b>	<b>Decrease</b>
Discount rate (1% movement)	<b>(P513,917)</b>	<b>P503,151</b>
Future salary increase rate (1% movement)	<b>404,636</b>	<b>(401,027)</b>

#### 2024

<i>(In thousands)</i>	Increase	Decrease
Discount rate (1% movement)	(P467,194)	P362,523
Future salary increase rate (1% movement)	454,209	(358,588)

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:

	<b>2025 (In thousands)</b>				
	<b>Carrying Amount</b>	<b>Contractual Cash Flows</b>	<b>Within 1 Year</b>	<b>Within 1 - 5 Years</b>	<b>Within 5 - 10 Years</b>
Defined benefit obligation	<b>P2,320,171</b>	<b>P593,137</b>	<b>P114,668</b>	<b>P101,723</b>	<b>P376,746</b>

	<b>2024 (In thousands)</b>				
	<b>Carrying Amount</b>	<b>Contractual Cash Flows</b>	<b>Within 1 Year</b>	<b>Within 1 - 5 Years</b>	<b>Within 5 - 10 Years</b>
Defined benefit obligation	P2,085,730	P436,481	P98,298	P58,819	P279,364

### 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 2026.

### 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 2026.

## 28. Income Taxes

The provision for income tax consists of:

<i>(In thousands)</i>	<b>2025</b>	2024	2023
Current	<b>P4,438,524</b>	P4,301,210	P3,959,898
Deferred	<b>(116,445)</b>	(336,220)	(517,352)
	<b>P4,322,079</b>	P3,964,990	P3,442,546

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:

<i>(In thousands)</i>	<b>2025</b>	2024	2023
Income before income tax	<b>P17,804,036</b>	P17,784,996	P15,849,333
Income tax expense at the statutory income tax rate:			
Regular - 25%	<b>P5,000,585</b>	P4,699,668	P3,898,114
- 5%	<b>19,892</b>	13,344	13,241
Income tax effects of:			
Deduction from gross income due to optional standard deduction	<b>(257,569)</b>	(272,865)	(267,872)
Interest income subject to final tax	<b>(396,801)</b>	(425,350)	(341,332)
Changes in unrecognized DTA	<b>46,032</b>	25,089	44,140
Non-deductible expenses	<b>75,005</b>	26,489	91,433
Non-deductible interest expense	<b>74,859</b>	91,786	77,576
Other income subject to final tax	<b>(24,180)</b>	(12,822)	(11,914)
Share in income of associates and joint ventures	<b>(111,968)</b>	(82,844)	(74,058)
Non-taxable income	<b>(103,776)</b>	(88,065)	(9,052)
Application/Expiration of NOLCO	-	(9,440)	-
Unrealized gross profit	-	-	22,270
	<b>P4,322,079</b>	P3,964,990	P3,442,546

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:

<i>(In thousands)</i>	<b>2025</b>	2024
Deferred tax assets (liabilities) on:		
Excess of lease liabilities over ROU assets	<b>P3,019,915</b>	P2,904,619
Fair value of intangible assets from business combination	<b>(1,094,188)</b>	(1,149,778)
Retirement benefits liability	<b>843,436</b>	766,032
Remeasurement on defined benefits liability	<b>(266,538)</b>	(246,927)
Accrued rent income	<b>(434,161)</b>	(443,182)
Allowance for impairment losses on receivables	<b>4,545</b>	7,637
Unrealized foreign exchange gain	<b>284</b>	(724)
Others	<b>126,416</b>	85,719
	<b>P2,199,709</b>	P1,923,396

The aggregate current and deferred tax relating to items recognized directly in equity amounted to P3.4 billion and P4.0 billion in 2025 and 2024, 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:

<i>(In thousands)</i>	<b>2025</b>	2024
Impairment of property, plant and equipment	<b>P40,009</b>	P40,009
NOLCO	<b>87,141</b>	103,171
MCIT	<b>79</b>	65
Unrealized foreign exchange loss	<b>-</b>	(218)
	<b>P127,229</b>	P143,027

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	P82,006	(P82,006)	P -	2025
2021	83,407	-	83,407	2026
2022	65,357	(65,357)	-	2025
2023	91,272	-	91,272	2026
2024	87,719	-	87,719	2027
2025	86,180	-	86,180	2028
	P495,941	(P147,363)	P348,578	

The details of the Group's MCIT which are available for offsetting against future taxable income are shown below:

Year Incurred	Amount Incurred	Expired/Applied During the Year	Remaining Balance	Expiration Date
2022	P15,996	(P15,996)	P -	2025
2023	49,199	-	49,199	2026
2025	30,068	-	30,068	2028
	P95,263	(P15,996)	P79,267	

## 29. Equity

### Capital Stock

The details of the Parent Company's common shares follow:

	2025		2024	
	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	620,247,265	2,479,337	586,070,865	2,268,823
Outstanding	6,785,016,735	P4,925,927	6,819,193,135	P5,136,441
Treasury shares:				
Balance at beginning of year	586,070,865	P2,444,912	484,071,165	P1,945,735
Buy back of shares	34,176,400	210,515	101,999,700	499,177
Balance at end of year	620,247,265	P2,655,427	586,070,865	P2,444,912

As at December 31, 2025, 2024 and 2023, the Parent Company's share closing price is P7.0, P5.4 and P4.6, respectively.

### 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 2025 and 2024, the Company renewed its program to buy back its shares for another year up to P4.0 billion and P2.0 billion, respectively.

## Retained Earnings

### *Declaration of Cash Dividends*

In 2025, 2024, and 2023, 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 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
Cash	April 11, 2025	May 9, 2025	June 4, 2025	0.26
Cash	April 11, 2025	September 4, 2025	September 30, 2025	0.13

As of December 31, 2025 and 2024, unpaid cash dividends on common shares amounting to P23.5 million and P19.9 billion, respectively, are included as part of "Accounts payable and accrued expenses" account in the consolidated statements of financial position (see Note 17).

On March 31, 2026, the Company's BOD approved the declaration of regular cash dividends amounting to P0.265 per share for stockholders of record as of April 17, 2026. Payment date is expected to be on May 11, 2026. On the same date, the Company's BOD approved the declaration of special cash dividends amounting to P0.133 per share for stockholders of record as of August 20, 2026. Payment date is expected to be on September 14, 2026.

On April 11, 2025, the Company's BOD approved the declaration of regular 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 special 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.

### *Effect of Merger*

On April 3, 2025, the BOD of KMC and PSMT jointly approved the upstream merger of KMC and PSMT (the "Absorbed Entity"), whereby KMC will be the "Surviving Entity". The merger was subsequently approved by the SEC on November 21, 2025 (the "effective date of the merger"), through the issuance of the Certificate of Filing of the Articles and Plan of Merger. The Absorbed Entity's existence will cease following the stipulations of the Articles and Plan of Merger but its operations shall continue under the Surviving Entity.

Upon the effective date of the merger, the Surviving Entity acquired all the respective assets and assumed all the liabilities of the Absorbed Entity and the former issued in exchange thereof 3,025,336 of its P100 par value common shares to the latter.

The merger resulted in the recognition of an equity reserve amounting to P238.6 million, presented in equity. This reserve represents the net effect of the merger accounted for as a transaction under common control.

### Appropriation

On December 2, 2024, KMC's BOD approved the appropriation of P26.1 billion from the current retained earnings as of December 31, 2024, for future store expansion. The expansion plan includes construction of twenty-six (26) new warehouses, new distribution center, and other renovation projects expected to be completed in a period of five (5) years.

On December 2, 2024, SPI and HPI's BOD approved the appropriation of P450.0 million and P4.0 million from the current retained earnings as of December 31, 2024, for future store expansion and major renovation projects. The expansion plan includes construction of twenty-five (25) new quick service restaurants expected to be completed in a period of five (5) years.

As of December 31, 2024, the PPCI's BOD approved the appropriation of P15.0 billion from the current retained earnings for future store expansion and renovations. The expansion plan includes construction of one hundred fifty (150) new stores expected to be completed in a period of five (5) years.

### Non-controlling Interests

For the years ended December 31, 2025 and 2024, 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.

(In thousands)	2025				2024			
	PPCI	TKHI	CHC	CHPC	PPCI	TKHI	CHC	CHPC
<b>NCI percentages</b>	<b>50.77%</b>	<b>22.46%</b>	<b>10%</b>	<b>40%</b>	<b>50.77%</b>	<b>22.46%</b>	<b>10%</b>	<b>40%</b>
<b>Carrying amounts of NCI</b>	<b>P52,145,055</b>	<b>P4,316,745</b>	<b>P738,913</b>	<b>P723,115</b>	<b>P48,980,618</b>	<b>P3,908,457</b>	<b>P738,913</b>	<b>P638,295</b>
Current assets	P91,798,375	P16,972,313	P11,802,155	P869,623	P88,957,330	P14,990,454	P11,802,155	P760,704
Noncurrent assets	108,175,423	6,287,360	-	1,628,512	98,643,583	5,752,116	-	1,718,722
Current liabilities	34,559,440	3,784,867	4,413,024	437,372	30,164,477	3,029,540	4,413,024	469,520
Noncurrent liabilities	62,467,355	255,104	-	252,976	60,960,924	309,776	-	414,167
<b>Net assets</b>	<b>P102,947,003</b>	<b>P19,219,702</b>	<b>P7,389,131</b>	<b>P1,807,787</b>	<b>P96,475,512</b>	<b>P17,403,254</b>	<b>P7,389,131</b>	<b>P1,595,739</b>
<b>Net income attributable to NCI</b>	<b>P5,755,698</b>	<b>P800,799</b>	<b>P41</b>	<b>P84,820</b>	<b>P5,292,447</b>	<b>P794,825</b>	<b>P41</b>	<b>P88,177</b>
<b>Other comprehensive income (loss) attributable to NCI</b>	<b>P42,032</b>	<b>(P1,785)</b>	<b>P -</b>	<b>P -</b>	<b>P132,154</b>	<b>P5,655</b>	<b>P -</b>	<b>P -</b>
<b>Revenue</b>	<b>P242,454,344</b>	<b>P20,194,760</b>	<b>P -</b>	<b>P366,623</b>	<b>P219,171,530</b>	<b>P18,527,106</b>	<b>P -</b>	<b>P382,428</b>
Net income	P11,336,810	P3,565,446	P408	P212,049	P10,424,359	P3,538,847	P408	P220,442
Other comprehensive income (loss)	82,789	(7,949)	-	-	260,300	25,177	-	-
<b>Total comprehensive income</b>	<b>P11,419,599</b>	<b>P3,557,497</b>	<b>P408</b>	<b>P212,049</b>	<b>P10,684,659</b>	<b>P3,564,024</b>	<b>P408</b>	<b>P220,442</b>
Net cash flows provided by (used in):								
Operating	P27,879,214	P5,606,080	P408	P261,171	P17,398,249	P4,630,365	P408	P204,512
Investing	(7,956,352)	(4,616,834)	-	(218)	(27,838,434)	(240,853)	-	(117)
Financing	(16,959,918)	(2,046,966)	-	(214,509)	(5,713,367)	(2,379,103)	-	(206,253)
Effect of exchange rate in cash	110	5,157	-	-	(197)	(4,455)	-	-
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>P2,963,054</b>	<b>(P1,052,563)</b>	<b>P408</b>	<b>P46,444</b>	<b>(P16,153,749)</b>	<b>P2,005,954</b>	<b>P408</b>	<b>(P1,858)</b>
<b>Dividends paid</b>	<b>P2,640,939</b>	<b>P380,769</b>	<b>P -</b>	<b>P -</b>	<b>P1,311,178</b>	<b>P319,193</b>	<b>P -</b>	<b>P -</b>

\*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:

(In thousands)	Segment Revenues			Segment Profit		
	2025	2024	2023	2025	2024 (As Restated)	2023
Grocery retail	<b>P242,454,344</b>	P219,171,530	P199,031,905	<b>P11,336,810</b>	P10,424,359	P8,595,521
Liquor distribution	<b>20,194,760</b>	18,527,106	16,312,942	<b>3,565,446</b>	3,538,847	2,916,528
Specialty retail	<b>2,117,784</b>	2,079,717	2,153,112	<b>69,261</b>	65,206	78,416
Real estate and property leasing	<b>2,129,679</b>	2,046,105	1,945,225	<b>1,235,367</b>	1,125,448	932,610
Energy, oil and mining	<b>525,898</b>	491,922	-	<b>186,078</b>	177,086	9,835
Holding	-	-	-	<b>3,835,759</b>	2,314,138	2,472,359
Total	<b>267,422,465</b>	242,316,380	219,443,184	<b>20,228,721</b>	17,645,084	15,005,269
Eliminations of intersegment revenue/profit	<b>5,377,662</b>	5,359,527	4,958,758	<b>4,270,724</b>	2,209,768	2,598,482
	<b>P262,044,803</b>	P236,956,853	P214,484,426	<b>P15,957,997</b>	P15,435,316	P12,406,787

Revenue reported above represents revenue generated from external customers and inter-segment sales and is broken down as follows:

<i>(In thousands)</i>	<b>2025</b>	2024	2023
Grocery retail:			
From external customers	<b>P242,454,344</b>	P219,171,530	P199,031,905
Liquor distribution:			
From external customers	<b>15,928,117</b>	14,201,964	12,344,351
From intersegment sales	<b>4,266,643</b>	4,325,142	3,968,591
	<b>20,194,760</b>	18,527,106	16,312,942
Specialty retail:			
From external customers	<b>2,109,092</b>	2,071,397	2,145,140
From intersegment sales	<b>8,692</b>	8,320	7,970
	<b>2,117,784</b>	2,079,717	2,153,110
Real estate and property leasing:			
From external customers	<b>1,027,351</b>	1,020,040	963,030
From intersegment sales	<b>1,102,328</b>	1,026,065	982,196
	<b>2,129,679</b>	2,046,105	1,945,226
Energy, oil and mining:			
From external customers	<b>525,898</b>	491,922	-
Total revenue from external customers	<b>P262,044,802</b>	P236,956,853	P214,484,426
Total intersegment revenue	<b>P5,377,663</b>	P5,359,527	P4,958,757

No single customer contributed 10% or more to the Group's revenue in 2025, 2024 and 2023.

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:

<i>(In thousands)</i>	2025	2024 (As Restated)	2023
Segment assets:			
Grocery retail	<b>P199,973,798</b>	P187,600,914	P171,720,522
Specialty retail	<b>1,227,310</b>	1,110,962	1,158,660
Liquor distribution	<b>23,259,673</b>	20,742,571	19,014,417
Real estate and property leasing	<b>28,847,988</b>	27,188,847	26,162,843
Energy, oil and mining	<b>5,396,560</b>	4,898,573	333,905
Parent	<b>116,841,407</b>	115,998,694	117,942,276
Total segment assets	<b>375,546,736</b>	357,540,561	336,332,623
Intercompany assets	<b>110,999,432</b>	108,240,481	109,167,598
<b>Total assets</b>	<b>P264,547,304</b>	P249,300,080	P227,165,025
Segment liabilities:			
Grocery retail	<b>P97,026,795</b>	P91,125,401	P83,350,641
Specialty retail	<b>592,922</b>	546,317	655,539
Liquor distribution	<b>4,039,971</b>	3,339,315	3,723,769
Real estate and property leasing	<b>7,949,131</b>	7,939,632	8,229,010
Energy, oil and mining	<b>1,975,332</b>	2,118,084	302,097
Parent	<b>4,659,837</b>	4,655,148	6,980,489
Total segment liabilities	<b>116,243,988</b>	109,723,897	103,241,545
Intercompany liabilities	<b>16,523,271</b>	14,989,177	18,027,598
<b>Total liabilities</b>	<b>P99,720,717</b>	P94,734,720	P85,213,947

## Segment Other Income (Expenses)

Below is the analysis of the Group's segment material other income and expenses:

<i>(In thousands)</i>	2025	2024	2023
Segment interest income:			
Grocery retail	<b>P1,206,958</b>	P1,477,089	P1,302,778
Specialty retail	<b>14,662</b>	13,194	11,654
Liquor distribution	<b>240,665</b>	99,256	78,215
Real estate and property leasing	<b>157,359</b>	70,083	6,946
Energy, oil and mining	<b>13,611</b>	13,367	13,325
Parent	<b>20,454</b>	64,023	29,219
<b>Total interest income</b>	<b>P1,653,709</b>	1,737,012	1,442,137
Segment depreciation and interest expense:			
Grocery retail	<b>P10,630,233</b>	P9,336,286	P7,322,653
Specialty retail	<b>127,957</b>	131,144	97,430
Liquor distribution	<b>104,897</b>	84,430	83,654
Real estate and property leasing	<b>336,349</b>	324,409	118,047
Energy, oil and mining	<b>243,122</b>	247,149	-
Parent	<b>11,428</b>	11,027	23,885
Total segment depreciation and interest expenses	<b>11,453,986</b>	10,134,445	7,645,669
Intercompany expenses	<b>(831,988)</b>	(989,240)	(909,734)
<b>Total Other Expenses</b>	<b>P10,621,998</b>	P9,145,205	P6,735,935
Income tax expense:			
Grocery retail	<b>P3,382,964</b>	P3,019,751	P2,617,699
Specialty retail	<b>19,795</b>	18,361	23,000
Liquor distribution	<b>764,880</b>	773,245	653,807
Real estate and property leasing	<b>155,616</b>	153,410	149,186
Energy, oil and mining	<b>-</b>	-	-
Parent	<b>(1,176)</b>	223	(1,146)
<b>Total income tax expense</b>	<b>P4,322,079</b>	P3,964,990	P3,442,546

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### 31. Earnings Per Share

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

<i>(In thousands except per share data)</i>	<b>2025</b>	2024 (As Restated)	2023
Net income attributable to common equity holders of the Parent Company (a)	<b>P9,316,639</b>	P9,259,826	P7,381,788
Weighted average number of common shares (b)	<b>6,799,952</b>	6,844,525	6,927,056
Basic/diluted EPS (a/b)	<b>P1.37</b>	P1.35	P1.07

There were no potential dilutive common shares in 2025, 2024 and 2023.

The weighted average number of shares takes into account the weighted average effect of changes in treasury shares transaction during the year.

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### 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.

<i>(In thousands)</i>	<i>Note</i>	<b>2025</b>	2024
Cash and cash equivalents <sup>(1)</sup>	4	<b>P49,945,924</b>	P45,059,166
Short-term investments	5	<b>9,560,699</b>	6,156,518
Receivables - net	6	<b>9,352,891</b>	10,194,654
Financial assets at FVPL	8	<b>21,547,947</b>	19,878,181
Security deposits <sup>(2)</sup>	16	<b>3,441,794</b>	3,006,031
Due from related parties	26	<b>14,563</b>	60,502
Financial assets at FVOCI	9	<b>3,992</b>	3,768
		<b>P93,867,810</b>	P84,358,820

<sup>(1)</sup> Excluding cash on hand.

<sup>(2)</sup> 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.

<i>(In thousands)</i>	December 31, 2025			Total
	Grade A	Grade B	Grade C	
<b>Financial Assets at Amortized Cost</b>				
Cash and cash equivalents <sup>(1)</sup>	<b>P49,945,924</b>	P -	P -	<b>P49,945,924</b>
Short-term investments	<b>9,560,699</b>	-	-	<b>9,560,699</b>
Receivables	<b>6,671,311</b>	<b>2,588,382</b>	<b>93,198</b>	<b>9,352,891</b>
Due from related parties	<b>4,563</b>	-	-	<b>4,563</b>
Security deposits <sup>(2)</sup>	-	<b>3,441,794</b>	-	<b>3,441,794</b>
<b>Financial Assets at FVPL</b>				
Investments in trading securities	<b>21,547,947</b>	-	-	<b>21,547,947</b>
<b>Financial Assets at FVOCI</b>				
Investments in preferred shares	<b>7,262</b>	-	-	<b>7,262</b>
Investment in common shares:				
Quoted	<b>2,923</b>	-	-	<b>2,923</b>
Unquoted	<b>2,304</b>	-	-	<b>2,304</b>
	<b>P87,742,933</b>	<b>P6,030,176</b>	<b>P93,198</b>	<b>P93,866,307</b>

<sup>(1)</sup> Excluding cash on hand.

<sup>(2)</sup> Included as part of "Other noncurrent assets".

(In thousands)	December 31, 2024			Total
	Grade A	Grade B	Grade C	
Financial Assets at Amortized Cost				
Cash and cash equivalents <sup>(1)</sup>	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 <sup>(2)</sup>	-	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

<sup>(1)</sup> Excluding cash on hand.

<sup>(2)</sup> 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 probability 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 probability 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 probability 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, 2025					
<i>(In thousands)</i>	Carrying Amount	Contractual Cash Flow	1 Year or Less	More than 1 Year to 5 Years	More than 5 Years
<b>Other Financial Liabilities</b>					
Accounts payable and accrued expenses <sup>(1)</sup>	P35,105,375	P35,105,375	P35,105,375	P -	P -
Lease liabilities	45,579,709	102,822,480	5,036,440	20,712,536	77,073,504
Due to related parties	813,589	813,589	813,589	-	-
Long-term loans <sup>(2)</sup>	11,729,538	13,257,290	730,523	12,526,767	-
Accrued fixed assets	255,728	400,531	320,425	80,106	-
Customers' deposits <sup>(3)</sup>	959,863	959,863	553,497	406,366	-
	<b>P94,443,802</b>	<b>P153,359,128</b>	<b>P42,559,849</b>	<b>P33,725,775</b>	<b>P77,073,504</b>

<sup>(1)</sup> Excluding due to government agencies.

<sup>(2)</sup> Including current, non-current portion and future interest payment.

<sup>(3)</sup> Including current and non-current portion.

December 31, 2024					
<i>(In thousands)</i>	Carrying Amount	Contractual Cash Flow	1 Year or Less	More than 1 Year to 5 Years	More than 5 Years
<b>Other Financial Liabilities</b>					
Accounts payable and accrued expenses <sup>(1)</sup>	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 <sup>(2)</sup>	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 <sup>(3)</sup>	872,061	872,061	527,075	344,986	-
	<b>P89,967,991</b>	<b>P136,268,992</b>	<b>P37,190,425</b>	<b>P33,473,287</b>	<b>P65,605,280</b>

<sup>(1)</sup> Excluding due to government agencies.

<sup>(2)</sup> Including current, non-current portion and future interest payment.

<sup>(3)</sup> 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.

### Foreign Currency Exchange Risk

Foreign currency exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group's exposure to foreign currency risk relates primarily to the Group's foreign currency-denominated monetary assets and monetary liabilities.

The currencies in which these transactions are primarily denominated are in United States dollar (USD), Singaporean dollar (SGD), Euro (EUR), Australian Dollar (AUD) and British pound (GBP).

The following table shows the Group's foreign currency-denominated monetary assets and monetary liabilities and their Philippine peso (PHP) equivalents as at December 31, 2025 and 2024:

	December 31, 2025							PHP Equivalent
	USD	SGD	EUR	AUD	GBP	CHF	JPY	
Foreign currency - denominated monetary assets:								
Cash	7,512	-	4,074	-	-	-	-	P723,856
Financial asset at fair value through profit or loss	116,280	-	-	-	-	78,420	11,035,599	16,880,556
Trade and other receivables	352	-	159	84	2	-	-	35,181
	124,144	-	4,233	84	2	78,420	11,035,599	17,639,593
Foreign currency - denominated monetary liabilities:								
Trade payables	843	(5)	(32,015)	91	3	-	-	(2,164,046)
<b>Net Foreign Currency - denominated Monetary Assets (Liabilities)</b>	<b>124,987</b>	<b>(5)</b>	<b>(27,782)</b>	<b>175</b>	<b>5</b>	<b>78,420</b>	<b>11,035,599</b>	<b>P15,475,547</b>

	December 31, 2024							PHP Equivalent
	USD	SGD	EUR	AUD	GBP	CHF	JPY	
Foreign currency - denominated monetary assets:								
Cash	5,023	-	2,971	-	-	-	-	P470,974
Financial asset at fair value through profit or loss	205,524	-	-	-	-	-	-	11,889,542
Trade and other receivables	1,176	-	3,161	55	9	-	-	262,054
	211,723	-	6,132	55	9	-	-	12,622,570
Foreign currency - denominated monetary liabilities:								
Trade payables	(378)	(5)	(24,322)	(247)	(61)	-	-	(1,506,347)
<b>Net foreign currency - denominated monetary assets (liabilities)</b>	<b>211,345</b>	<b>(5)</b>	<b>(18,190)</b>	<b>(192)</b>	<b>(52)</b>	<b>-</b>	<b>-</b>	<b>P11,116,223</b>

In translating the foreign currency-denominated monetary assets and monetary liabilities into Philippine peso amounts, the significant exchange rates applied are as follows:

	2025	2024
USD	58.80	58.01
SGD	45.82	42.69
EUR	69.26	60.47
AUD	39.38	36.08
CHF	74.61	64.55
JPY	0.38	0.37
GBP	79.41	72.68

The following table demonstrates sensitivity of cash flows due to changes in foreign exchange rates with all variables held constant.

	December 31, 2025	
	Percentage Decrease in Foreign Exchange Rates	Increase (Decrease) in Income after Income Tax
USD	1.37%	P75,513
EUR	14.53%	(209,684)
AUD	9.15%	473
SGD	7.33%	(13)
CHF	15.58%	683,892
JPY	2.70%	85,004
GBP	9.26%	28

	December 31, 2024	
	Percentage Decrease in Foreign Exchange Rates	Increase (Decrease) in Income after Income Tax
USD	4.39%	P409,161
EUR	(1.63%)	13,447
AUD	(4.92%)	256
SGD	1.43%	(2)
GBP	2.71%	(77)

Changes in foreign exchange rates are based on the average of the banks' forecasted closing exchange rates during the first quarter of the following calendar year. A movement in the opposite direction would increase/decrease income before income tax by the same amount, on the basis that all other variables remain constant. For transactions denominated in United States Dollar (USD), the Group uses the Bankers Association of the Philippines (BAP) rate. For transactions denominated in Euro (EUR), Australian Dollar (AUD), Singaporean Dollar (SGD), Swiss Franc (CHF), Japanese Yen (JPY) and Great Britain Pound (GBP), the Group uses the Bangko Sentral ng Pilipinas (BSP) rate.

#### *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.

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### 33. Fair Value of Financial Instruments

The carrying values of the Group's financial instruments approximate fair values as at December 31, 2025 and 2024.

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 its 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, 2025 and 2024, 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.

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### **34. Subsequent Events**

The ongoing conflicts in the Middle East during the first quarter of 2026 can have indirect but meaningful effects on the Group. One of the most immediate impacts is on global oil prices, as instability in the region often disrupts supply chains or creates uncertainty in energy markets. Higher fuel costs increase transportation and logistics expenses, raising the cost of moving goods and putting pressure on operating margins or retail prices.

Additionally, the conflict may contribute to broader global economic uncertainty, including inflation, currency fluctuations, and supply chain disruptions. For the Group, this can result in higher procurement costs for both imported and locally sourced goods, particularly those linked to global commodities. Rising prices may also weaken consumer purchasing power, shifting demand toward essential and lower-margin products.

Overall, while these conditions may create cost pressures and affect consumer behavior, the impact on the Group remains indirect and manageable. These factors do not pose a going concern issue, given the Group's stable operations and established position in the Philippine market.

As of the date of the authorization of the issuance of the consolidated financial statements, the Group cannot reasonably determine the quantifiable impact of the ongoing geopolitical situation on its future financial performance or the carrying value of its assets. This is due to the high degree of uncertainty regarding the duration of the conflicts and their ultimate effect on global macroeconomics.

# R.G. Manabat & Co.



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## **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, 2025 and 2024 and for each of the three years in the period ended December 31, 2025 and have issued our report thereon dated April 15, 2026.

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

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  
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029  
financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

# R.G. Manabat & Co.



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.

A handwritten signature in black ink, appearing to read 'Myra Liza S. Sto. Tomas'.

MYRA LIZA S. STO. TOMAS

Partner

CPA License No. 0118513

SEC Accreditation No. 118513-SEC, Group A, valid for five (5) years  
covering the audit of 2023 to 2027 financial statements

Tax Identification No. 249-271-374

BIR Accreditation No. 08-001987-055-2023

Issued March 10, 2023; valid until March 10, 2026\*

PTR No. MKT 10764415

Issued January 5, 2026 at Makati City

*\*BIR application processed*

April 15, 2026

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	P49,945,924	P49,945,924	P622,721
Various customers and suppliers/Receivables - net	N/A	9,352,891	9,352,891	-
Various lessors/Security deposit	N/A	3,441,794	3,441,794	-
Bureau of Treasury (BTR)/Government securities	4,588,450,000	4,623,382	4,623,382	197,774
Various short term investments		9,560,699	9,560,699	206,727
Various publicly-listed companies/Financial Assets at FVPL	959,578	21,547,947	21,547,947	626,487
Various publicly-listed companies/Financial Assets at FVOCI	95,999	3,992	3,992	224
Due from related parties/Related parties outside the Group	N/A	14,563	14,563	-
		P98,491,192	P98,491,192	P1,653,933

**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
Key Management Personnel	P60,502	P -	(P50,184)	P -	P10,318	P -	P10,318
Other related parties	-	4,245	-	-	4,245	-	4,245
	<b>P60,502</b>	<b>P4,245</b>	<b>(P50,184)</b>	<b>P -</b>	<b>P14,563</b>	<b>P -</b>	<b>P14,563</b>

**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
<b>Advances</b>							
Ellimac Prime Holdings, Inc.	P3,724,822	P -	P -	P -	P3,724,822	P -	P3,724,822
Fertuna Holdings Corporation	68,341	-	-	-	68,341	-	68,341
Patagonia Holdings Corporation	778,508	-	-	-	778,508	-	778,508
Nation Realty, Inc.	190,966	-	(76)	-	190,890	-	190,890
Alcorn Petroleum and Minerals Corporation	296,734	-	-	-	296,734	-	296,734
Canaria Holdings Corporation	-	-	-	-	-	-	-
Catuiran Hydropower Corp	333,166	-	-	-	333,166	-	333,166
Matuno River Development Corp.	38,081	900,000	-	-	938,081	-	938,081
<b>Dividends</b>							
Puregold Price Club, Inc.	-	2,553,670	(2,553,670)	-	-	-	-
Canaria Holdings Corporation	-	-	-	-	-	-	-
The Keepers Holdings, Inc.	-	1,350,000	(1,350,000)	-	-	-	-
Ellimac Prime Holdings, Inc.	75,000	-	-	-	75,000	-	75,000
<b>Trade and Other Receivables</b>							
Meritus Prime Distributions Inc	176,550	796,360	(800,701)	-	172,209	-	172,209
Montosco, Inc.	324,734	2,444,549	(2,320,800)	-	448,483	-	448,483
Premier Wines and Spirits, Inc..	216,938	1,007,398	(990,810)	-	233,526	-	233,526
Office Warehouse, Inc.	1,259	8,692	(8,737)	-	1,214	-	1,214
Nation Realty, Inc	264	19,173	(19,008)	-	429	-	429
Fertuna Holdings Corporation	-	43,845	(40,139)	-	3,706	-	3,706
Ellimac Prime Holdings, Inc.	55,380	843,659	(829,773)	-	69,266	-	69,266
NE Pacific Shopping Center Corp.	10,664	55,378	(62,871)	-	3,171	-	3,171
Patagonia Holdings Corporation	-	140,273	(133,011)	-	7,262	-	7,262
Canaria Holdings Corporation	626,403	-	-	-	626,403	-	626,403
Alcorn Petroleum and Minerals Corporatio	72,000	-	-	-	72,000	-	72,000
<b>Note Receivable</b>							
Canaria Holdings Corporation	3,212,781	-	-	-	3,212,781	-	3,212,781
	<b>P10,202,591</b>	<b>P10,162,997</b>	<b>(P9,109,596)</b>	<b>P -</b>	<b>P11,255,992</b>	<b>P -</b>	<b>P11,255,992</b>

**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	P3,325,000	P35,000	P3,290,000	4.5%	N/A	September 30, 2030
	Development Bank of the Philippines	2,850,000	30,000	2,820,000	4.0%	N/A	September 30, 2027
	Keb Hana Bank	475,000	5,000	470,000	4.0%	N/A	September 30, 2027
	Land Bank of the Philippines	1,425,000	15,000	1,410,000	4.0%	N/A	September 30, 2027
	Land Bank of the Philippines	1,425,000	15,000	1,410,000	4.5%	N/A	September 30, 2030
	Metropolitan Bank & Trust Co.	950,000	10,000	940,000	4.0%	N/A	September 30, 2027
	Shinhan Bank	475,000	5,000	470,000	4.0%	N/A	September 30, 2027
	The Insular Life Assurance Company, Ltd.	475,000	5,000	470,000	4.0%	N/A	September 30, 2027
	Metropolitan Bank & Trust Co.	40,000	-	40,000	5.5%	N/A	August 23, 2029
	Metropolitan Bank & Trust Co.	23,571	6,429	17,142	5.5%	N/A	September 9, 2029
	Metropolitan Bank & Trust Co.	43,453	7,143	36,310	5.5%	N/A	October 14, 2031
	Metropolitan Bank & Trust Co.	4,762	4,762	-	5.1%	N/A	April 15, 2026
	Metropolitan Bank & Trust Co.	260,000	65,000	195,000	5.5%	N/A	January 7, 2029
	Metropolitan Bank & Trust Co.	8,333	1,429	6,904	5.5%	N/A	October 26, 2031
<b>Totals</b>		<b>P11,780,119</b>	<b>P204,763</b>	<b>P11,575,356</b>			

**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)
--	---	---	---	--------------------------

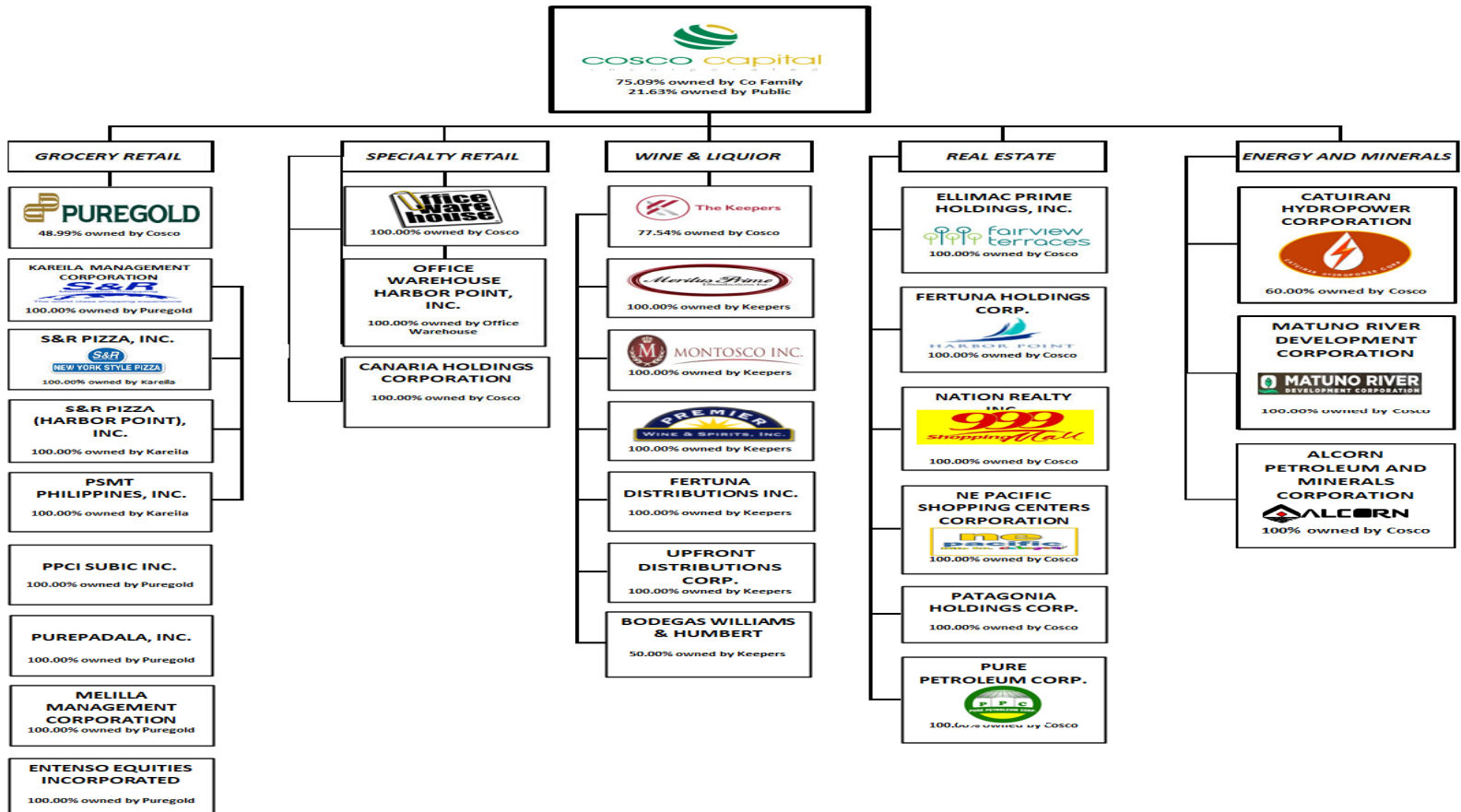
**NOT APPLICABLE**

**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	-	722,738,524	4,220,563,788	592,205,821

**COSCO CAPITAL, INC. AND SUBSIDIARIES**  
**Map of Group of Companies Within which the Company Belongs**  
**As at December 31, 2025**



**RECONCILIATION OF RETAINED EARNINGS  
AVAILABLE FOR DIVIDEND DECLARATION  
FOR THE REPORTING PERIOD ENDED DECEMBER 31, 2025**  
(Amounts in Thousands)

**COSCO CAPITAL, INC.**  
900 Romualdez, Street, Paco, Manila

<b>Unappropriated Retained Earnings, beginning of the reporting period</b>		<b>P2,692,892</b>
<b>Add: <u>Category A</u>: Items that are directly credited to Unappropriated Retained Earnings</b>		
Reversal of Retained Earnings Appropriation/s	P -	
Effect of restatements or prior-period adjustments	-	
Others (describe nature)	-	-
<b>Less: <u>Category B</u>: Items that are directly debited to Unappropriated Retained Earnings</b>		
Dividend declaration during the reporting period	(2,789,924)	
Retained Earnings appropriated during the reporting period	-	
Effects of restatements or prior-period adjustments	-	
Others (describe nature)	-	<b>(2,789,924)</b>
<b>Unappropriated Retained Earnings, as adjusted</b>		<b>(97,032)</b>
<b>Add: Net Income for the current year</b>		<b>3,835,351</b>
<b>Less: <u>Category C.1</u>: Unrealized income recognized in the profit or loss during the reporting period (net of tax)</b>		
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)	-	
<b>Sub-total</b>		<b>-</b>

Forward

<b>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)</b>		
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		<b>P -</b>
<b>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)</b>		
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		<b>-</b>
<b>Adjusted Income</b>		<b>3,738,319</b>
<b>Add: <u>Category D:</u> Non-actual losses recognized in profit or loss during the reporting period (net of tax)</b>		
Depreciation on revaluation increment (after tax)	-	
Sub-total		<b>-</b>

Forward

<b>Add/Less: <u>Category E</u>: Adjustment related to relief granted by the SEC and BSP</b>		
Amortization of the effect of reporting relief	P	-
Total amount of reporting relief granted during the year		-
Others (describe nature)		-
Sub-total		<b>P -</b>
<b>Add/Less: <u>Category F</u>: Other items that should be excluded from the determination of the amount of available for dividend distribution</b>		
Net movement of treasury shares (except for reacquisition of redeemable shares)		(210,514)
Net movement of deferred tax asset not considered in the reconciling items under the previous categories		(1,206)
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		-
Adjustment due to deviation from PFRS/GAAP - gain (loss)		-
Others (describe nature)		-
Sub-total		<b>(211,720)</b>
<b>Total Retained Earnings, end of the reporting period available for dividend</b>		<b>P3,526,599</b>

**COSCO CAPITAL, INC. AND SUBSIDIARIES  
SUPPLEMENTARY SCHEDULE OF EXTERNAL  
AUDITOR FEE-RELATED INFORMATION  
DECEMBER 31, 2025**

	2025	2024
<b>Total Audit Fees</b>	<b>P12,320,000</b>	P12,320,000
Non-audit services fees:		
Other assurance services	-	900,000
Tax services	-	-
All other services	-	-
<b>Total Non-audit Fees</b>	<b>-</b>	900,000
<b>Total Audit and Non-audit Fees</b>	<b>P12,320,000</b>	P13,220,000
 <b>Audit and Non-audit Fees of Other Related Entities</b>		
Audit fees	P -	P -
Non-audit services fees:		
Other assurance services	-	-
Tax services	-	-
All other services	-	-
<b>Total Audit and Non-audit Fees of Other Related Entities</b>	<b>P -</b>	P -

# R.G. Manabat & Co.



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](http://www.home.kpmg/ph)  
Email [ph-inquiry@kpmg.com](mailto: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, 2025 and 2024 and for each of the three years in the period ended December 31, 2025, and have issued our report thereon dated April 15, 2026.

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.

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  
BSP Selected EAs of BSFIs-Group A, valid for five (5) years covering the audit of 2025 to 2029  
financial statements under BSP Letter No. FSD VI-2025-02-0054g-FSD6L-External

# R.G. Manabat & Co.



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, 2025 and 2024 and no material exceptions were noted.

## R.G. MANABAT & CO.

A handwritten signature in black ink, appearing to read 'Myra Liza S. Sto. Tomas'.

MYRA LIZA S. STO. TOMAS

Partner

CPA License No. 0118513

SEC Accreditation No. 118513-SEC, Group A, valid for five (5) years  
covering the audit of 2023 to 2027 financial statements

Tax Identification No. 249-271-374

BIR Accreditation No. 08-001987-055-2023

Issued March 10, 2023; valid until March 10, 2026\*

PTR No. MKT 10764415

Issued January 5, 2026 at Makati City

*\*BIR application processed*

April 15, 2026

Makati City, Metro Manila

**COSCO CAPITAL INC. AND SUBSIDIARIES**  
**SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS FOR**  
**ALL SECONDARY LICENSEES AND PUBLIC COMPANIES**  
**DECEMBER 31, 2025 AND 2024**

Ratio	Formula	Years ended December 31	
		2025	2024
Current ratio	Total Current Assets divided by Total Current Liabilities		
	Total current assets P129,560,836	<b>3.12</b>	3.42
	Divide by: Total current liabilities 41,544,272		
	3.12		
Acid-test ratio	Quick assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities		
	Total current assets P129,560,836	<b>2.19</b>	2.30
	Less: Inventories 33,990,736		
	Other current assets 4,461,604		
	Quick assets 91,108,496		
	Divide by: Total current liabilities 41,544,272		
Acid-test ratio 2.19			
Solvency ratio	Solvency ratio (Profit plus depreciation and amortization over total liabilities)		
	Net income P15,957,997	<b>0.23</b>	0.23
	Add: Depreciation and amortization 6,880,241		
	Total 22,838,238		
	Divide by: Total liabilities 99,720,717		
	Solvency ratio 0.23		
Debt-to-equity ratio	Debt-to equity ratio (Total liabilities over total equity)		
	Total liabilities P99,720,717	<b>0.61</b>	0.61
	Divide by: Total equity 164,826,587		
	0.61		
Asset-to-equity ratio	Asset-to-equity ratio (Total assets over total equity)		
	Total assets P264,547,304	<b>1.61</b>	1.61
	Divide by: Total equity 164,826,587		
	1.61		

Ratio	Formula	Years ended December 31							
		2025	2024						
Interest rate coverage ratio	Interest rate coverage ratio (Profit before interest and taxes over interest expense)  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Profit before interest and taxes</td> <td style="text-align: right;">P24,021,834</td> </tr> <tr> <td>Divide by: Interest expense</td> <td style="text-align: right;">3,741,758</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">6.42</td> </tr> </table>	Profit before interest and taxes	P24,021,834	Divide by: Interest expense	3,741,758		6.42	<b>6.42</b>	7.049
Profit before interest and taxes	P24,021,834								
Divide by: Interest expense	3,741,758								
	6.42								
Return on equity	Return on Equity (Net Income by Total Equity)  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net income</td> <td style="text-align: right;">P15,957,997</td> </tr> <tr> <td>Divide by: Average total equity</td> <td style="text-align: right;">159,695,974</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">0.10</td> </tr> </table>	Net income	P15,957,997	Divide by: Average total equity	159,695,974		0.10	<b>0.10</b>	0.10
Net income	P15,957,997								
Divide by: Average total equity	159,695,974								
	0.10								
Return on assets	Return on Assets (Net Income by Average Total Assets)  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net income</td> <td style="text-align: right;">P15,957,997</td> </tr> <tr> <td>Divide by: Average total assets</td> <td style="text-align: right;">256,923,692</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">0.06</td> </tr> </table>	Net income	P15,957,997	Divide by: Average total assets	256,923,692		0.06	<b>0.06</b>	0.06
Net income	P15,957,997								
Divide by: Average total assets	256,923,692								
	0.06								
Net profit margin	Net profit margin (Profit over Total Revenue)  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Net income</td> <td style="text-align: right;">P15,957,997</td> </tr> <tr> <td>Divide by: Total Revenue</td> <td style="text-align: right;">262,044,803</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">0.06</td> </tr> </table>	Net income	P15,957,997	Divide by: Total Revenue	262,044,803		0.06	<b>0.06</b>	0.07
Net income	P15,957,997								
Divide by: Total Revenue	262,044,803								
	0.06								
Other ratios	Operating profit margin (Operating profit over Total Revenue)  <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 60%;">Operating profit</td> <td style="text-align: right;">P21,704,094</td> </tr> <tr> <td>Divide by: Total Revenue</td> <td style="text-align: right;">262,044,802</td> </tr> <tr> <td></td> <td style="text-align: right; border-top: 1px solid black; border-bottom: 3px double black;">0.08</td> </tr> </table>	Operating profit	P21,704,094	Divide by: Total Revenue	262,044,802		0.08	<b>0.08</b>	0.08
Operating profit	P21,704,094								
Divide by: Total Revenue	262,044,802								
	0.08								



# Sustainability Report 2025

SEC 17-A Annex A

## About the Report

In fulfillment of our commitment to transparency and accountability across all stages of our operations and business segments, we present this Sustainability Report covering the period of January to December 2025.










**Cosco Capital, Inc. (Cosco)** is a publicly listed investment holding company in the Philippines, operating through subsidiaries across retail, distribution, real estate, oil and minerals, and renewable energy. Our headquarters and principal place of business are located in the Philippines, where we oversee the strategic direction and operations of our diversified portfolio.

Our operations and strategies continue to be guided by our core values of integrity and accountability. We recognize that strong partnerships with our stakeholders enable us to deliver value to customers while fulfilling our broader responsibility to the Filipino people.

This report presents the strategies, initiatives, and programs implemented during the reporting period that support responsible business conduct, environmental stewardship, and compliance with applicable laws and regulations.

The report is prepared in reference to the **Global Reporting Initiative (GRI) Standards 2021** and the implementing rules and guidelines of the Philippines' **Securities and Exchange Commission (SEC)**.

The sustainability information disclosed in this report covers Cosco Capital, Inc. and the following subsidiaries and operating entities across our business segments:

Segment	Company Name	
Grocery Retail	Puregold Price Club Inc.	 
	Kareila Management Corporation (S&R Membership Shopping and S&R New York Style Pizza QSR)	
Specialty Retail	Office Warehouse	
Wine & Liquor Distribution	The Keepers Holdings Inc. (Montosco Inc., Meritus Prime Distributions Inc., Premier Wine & Spirits Inc., Fertuna Distributions Inc., Upfront Distributions Corp., Cervia Global Trading Inc. and Bodegas Williams & Humbert SA)	
	Ellimac Prime Holdings, Inc. Fertuna Holdings Corp. Patagonia Holdings Corp. Nation Realty Inc. Canaria Holdings Corporation NE Pacific Shopping Centers Corp. Pure Petroleum Corp.	    
Oil & Minerals	Alcorn Petroleum and Minerals Corp.	
Hydropower Plants	Catuiran Hydropower Corp.	
	Matuno River Development Corp.	

Unless otherwise stated, the disclosures reflect the sustainability performance of these entities during the reporting period from January 1 to December 31, 2025 and follow the same general reporting boundaries as the Company's consolidated financial reporting.

Throughout the report, the terms "Company" and "Group" also refer to Cosco Capital, Inc. and its subsidiaries, unless the context otherwise requires.

We publish this Sustainability Report annually and welcome feedback that will help us continuously strengthen our sustainability practices and disclosures.

**John T. Hao,**  
Head of Investor Relations and Sustainability Officer  
Cosco Capital Inc.  
[john.hao@coscocapital.com](mailto:john.hao@coscocapital.com)

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## Statement from the Leadership

Sustainability is embedded in how we operate. It guides how we grow, how we manage resources, and how we create value across our businesses. As a diversified group with operations spanning retail, specialty retail, commercial real estate, and energy, our footprint continues to expand. With this growth comes a clear responsibility to ensure that our decisions are grounded in discipline, accountability, and long-term thinking.

We approach sustainability not as a separate initiative, but as a practical framework that shapes everyday actions across every store, every warehouse, every property, and every community where we operate.

### Creating Shared Value for Our Stakeholders

Our growth in 2025 was broad-based across retail, specialty retail, and commercial real estate. As we expanded into provincial markets, opened new stores, and completed facility upgrades, we created jobs and generated economic activity in communities that needed it most. By year-end, our direct workforce had grown to 15,172 people, and thousands more were supported indirectly through our supplier relationships, tenant businesses, and delivery partners.

For the year, our direct economic value generated reached Php 266.10 billion, reflecting the scale of our operations and the value we create across our business segments. We distributed this economic value across a wide base of stakeholders through wages and benefits for employees, taxes to the Philippine government, dividends to shareholders, and payments to suppliers and partners whose work underpins our operations. Our local procurement rates remained strong, with Puregold and our real estate operations sourcing 100% of materials locally.

We also continued to invest in our people, delivering more than 1 million training hours across the workforce and maintaining competitive compensation aligned with DOLE minimum wage standards. We upheld a 95.17% post-parental leave retention rate and sustained funding for defined benefit retirement plans across all subsidiaries. Our workforce stability improved, with an attrition rate of 0.23 in 2025, reflecting more stable employee retention and the effectiveness of our engagement and development initiatives.

### Managing Environmental Impact and Upholding Responsibility

Our renewable energy capacity grew substantially in 2025. Solar energy generation reached 55,463.44 MWh, nearly double the prior year. Puregold's rooftop solar program reached over 12.34 MWp of installed capacity across Phases 1 to 5, with stores reporting an average 30.56% reduction in electricity billings. S&R expanded its solar installations during the year, further reducing grid dependence across the Group.

At the same time, we strengthened our waste management practices. Total waste generated declined by 21.40% despite the continued expansion of our store network and higher occupancy levels. Recycled input accounted for 39.42% of total materials used, reflecting the sustained effectiveness of our waste segregation, recycling, and disposal systems across our stores and properties.

Despite higher overall energy consumption from business expansion, total GHG emissions declined driven by the growing share of renewable energy in our electricity mix.

### Roots in the Communities We Serve

The Luis Co Chi Kiat Foundation scholarship program has now produced 1,099 graduates, including 484 with honors and 220 who have passed professional licensure examinations in fields ranging from medicine to law. Hundreds of scholars continue to receive support as of 2026. We also continued quarterly assistance to GRACES, a home for the elderly, providing food, medicine, and hygiene supplies as we have done since 2018.

Our TNAP program continued to serve sari-sari store owners, minimarts, and micro-entrepreneurs through purchase rewards, insurance coverage, free business training, and the annual Sari-Sari Store Convention. At our commercial properties, we leased spaces to MSMEs and local entrepreneurs, creating employment and activating economic activity in the neighborhoods surrounding our developments.

### **Strengthening Governance**

We also maintained strong governance standards across the Group. In 2025, we recorded zero instances of non-compliance with product safety regulations, zero substantiated data privacy complaints, zero anti-competitive cases, and no material tax disputes. Our anti-corruption policies reached 100% of employees, reinforcing a culture of integrity and accountability.

### **Looking Ahead**

We will continue to grow, and we will continue to grow responsibly. As we expand and strengthen our operations, we remain focused on creating value that extends beyond our business and into the communities we serve.

To our shareholders, employees, suppliers, customers, and communities, thank you for your continued trust. We are committed to upholding it in everything we do.

**LUCIO L. CO**

Chairman

## About Cosco Capital

Our history began in 1988 with the incorporation of Alcorn Gold Resources Corporation (AGRC). Before it transitioned into the holding company Cosco with later expansions into other business ventures, AGRC was primarily engaged in exploration, development, and production of oil, gas, and metallic and non-metallic reserves.

By 2000, Cosco diversified its interest into retail, real estate, liquor distribution, and other sectors. Its subsidiaries now include Puregold Price Club, Inc., Kareila Management Corporation, Office Warehouse, Inc., Ellimac Prime Holdings, Inc., The Keepers Holdings, Inc., and Alcorn Petroleum and Minerals Corporation.

In its core is the passion to provide quality products and services to its stakeholders and customers. It continues to contribute to local and national economic growth while ensuring that sustainability strategies are implemented to protect the environment and help the communities around it.

Under the able leadership of Chairman Lucio L. Co., Cosco has become a giant in the retail and investment industry in the country, with branches and stores in almost every major city and town in the country.

### Our Vision

To be a leading retail and investment holding company driven by our passion to serve the communities where we operate and our commitment to deliver real growth for the benefit of our stakeholders.

### Our Mission

To enrich Filipino lives by providing quality products and excellent services that are affordable, accessible and enjoyable.

### Our Core Values



#### Integrity

We ensure transparency in our performance and communication.



#### Partnership

We collaborate with partners who share our values.



#### Customer Focus

We prioritize communication and quality for our customers.



#### Responsibility

We engage with communities to enhance their lives.

## Grocery Retail

The Cosco Capital grocery retail section is composed by Puregold Price Club, Inc. (Puregold) and S&R Membership Shopping, which is operated by Kareila Management Corporation. Kareila Management Corporation is a subsidiary acquired by Puregold in 2012. Our grocery retail section sees thousands of consumers every day, serving their daily grocery needs to providing wholesale stocks to small businesses.

**Puregold Price Club, Inc.** is the Cosco Capital flagship brand in grocery retail. It is currently among the most popular retail stores in the Philippines for micro-entrepreneurs, owing to the success of its membership programs Tindahan ni Aling Puring (TNAP) and Puregold Perks. It offers affordable grocery essentials through hypermarkets, supermarkets, and community-based minimarts.

**S&R Membership Shopping** is a membership-based warehouse store which primarily sells high-quality imported and local goods alongside bulk products. S&R stores also offer food services and other exclusive perks to its members, including discounts and sales.

## Wine and Liquor Distribution

Leading the wine and liquor distribution section of Cosco Capital, Inc. is **The Keepers Holdings, Inc. (KEEPR)** and its three main subsidiaries, namely: **Montosco, Inc., Meritus Prime Distributions, Inc., and Premier Wine & Spirits, Inc.**

These distributors offer imported alcoholic drinks including Spanish brandy Scotch whisky, premium brown spirits like aged tequila, different types of wine, and other spirits, making KEEPRA the largest distributor of imported wine and liquor in the Philippines. Among the selections made available by these distributors in our country are global brands Johnnie Walker, Glenfiddich, Jose Cuervo, and Chivas Regal.

With the acquisition of Bodegas William and Humbert in 2022, Alfonso Brandy, the leading imported brandy in the market, was also added to this selection available for customers. This long list of international brands under KEEPRA accounts for a large share in the market for Cosco Capital Inc.'s wine and liquor distribution section.

## Specialty Retail

Cosco Capital, Inc. incepted **Office Warehouse, Inc. (OWI)** in 1998, forming the specialty retail business section of the company. OWI carries a wide selection of office and school supplies, business technology solutions, furniture, and related business and consumer products, serving a diverse customer base that includes businesses, educational institutions, and individual consumers across its operating markets.

These products are made available through an omnichannel model, which includes physical retail stores, its e-commerce website, and online marketplaces such as Shopee, GrabMart, and Lazada. OWI's value chain begins with sourcing products from a network of local and international suppliers. Goods are either delivered to the organization's warehouse for centralized management and distribution or shipped directly to retail stores, depending on operational requirements and supplier arrangements. These products are then distributed and sold through both physical stores and digital platforms, ensuring accessibility to customers across multiple channels.

OWI also maintains key business relationships with suppliers, logistics providers, online marketplace platforms, service contractors, and mall partners, all of which support retail operations, order fulfillment, and the overall customer experience.

In 2025, OWI opened new stores and continued strengthening its omnichannel presence in order to remain at the top of the industry.

## Commercial Real Estate

Cosco Capital, Inc. secured its position in the real estate market after it expanded its venture to property development, leasing, and management under several subsidiaries. Cosco's players in the commercial leasing sector have a value chain that includes site acquisition, mall design, construction, leasing of commercial spaces, and property management with tenant support services. It provides small-format retail spaces with shared amenities such as parking, security, upkeep, and maintenance, serving national brands, MSMEs, local franchises, essential service providers, and local consumers seeking convenience and affordability.

Leading this section are Ellimac Prime Holdings, Inc., Fertuna Holdings Corporation, NE Pacific Shopping Centers Corp., Nation Realty, Inc., Patagonia Holdings Corp., and Canaria Holdings Corp.

The main real estate arm **Ellimac Prime Holdings** owns and manages commercial retail properties, including The Fairview Terraces in Quezon City co-developed with Ayala Land. Fertuna Holdings focuses on the retail complex Harbor Point in Subic Bay while Patagonia Holdings has prime properties in Bonifacio Global City.

Another subsidiary under this category is **Nation Realty**, which develops malls like the 999 Shopping Mall in Binondo, Manila, and **NE Pacific Shopping Centers**, which operates NE Pacific Mall in Nueva Ecija.

Cosco Capital's **Pure Petroleum Corp. (PPC)**, another subsidiary, manages a fuel terminal facility at the Subic Bay Freeport Zone where it implements sustainable and safe practices in all stages of its operations to ensure the protection of communities and the environment against hazardous wastes.

## Oil and Minerals

Cosco Capital's oil and mineral exploration section is led by its subsidiary **Alcorn Petroleum and Minerals Corporation (APMC)** since its establishment in 2013.

APMC conducts exploration and extraction of petroleum, particularly in Palawan and Eastern Visayas. It holds several Service Contracts for oil exploration in Palawan and Eastern Visayas, further expanding Cosco Capital's services.

Its operations, which are done with the industry's best sustainable practices, include West Linapacan, Octon, and Bonita in Northwest Palawan.

APMC also renewed its Mineral Production Sharing Agreement with the Department of Environment and Natural Resources' Mines and Geosciences Bureau (DENR-MGB) to continue its exploration and development of limestone in Leyte.

## Hydropower plants

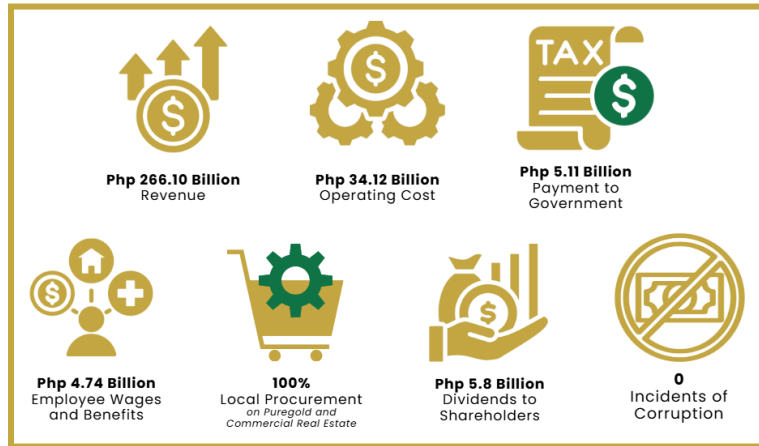
Cosco's passion to contribute to the national effort to protect and conserve the environment by exploring sustainable avenues in services and production has led it to venture into the renewable energy sector. Its exploration into hydropower development in recent years led to acquisition of interests in two operational hydropower facilities in the Philippines.

In March 2024, Cosco acquired 60% of the outstanding shares of **Catuiran Hydropower Corporation (Catuiran)**. Catuiran has engaged in the construction, operation, and maintenance of renewable energy facilities since 2014, including an 8.0-megawatt hydropower plant in the Naujan, Oriental Mindoro. The plant began operations in 2019 and is operating under a Renewable Energy Service Contract issued by the Department of Energy (DOE).

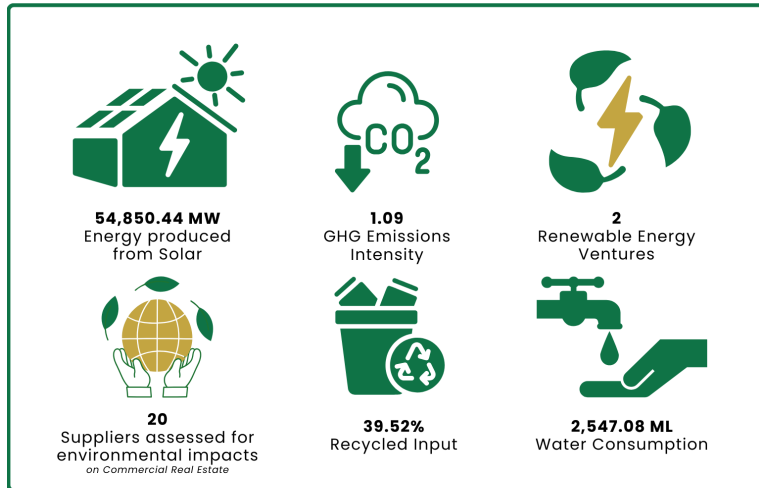
Cosco also completed its acquisition of 100% of the outstanding shares of **Matuno River Development Corporation (MRDC)** in September 2024. Since 2014, MRDC has engaged in developing and managing hydropower plants. It has been operating an 8.66-megawatt hydropower facility in Bagombong, Nueva Vizcaya since July 2024. This project is also under a Renewable Energy Service Contract with the DOE.

# Sustainability at a Glance

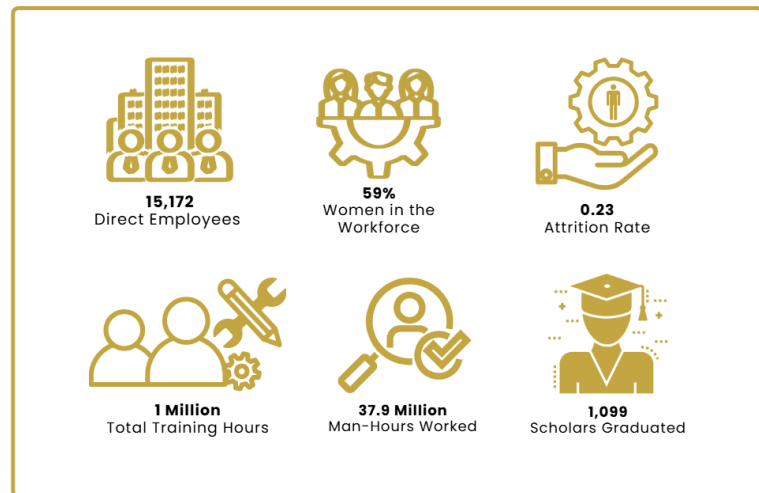
## Economic Performance



## Environmental Performance



## Social Performance



# Awards and Recognitions

## Puregold Awards

- **1 Golden Arrow Award:** Organized by the Institute of Corporate Directors (ICD), Puregold recognized for its commitment to strong corporate governance practices based on the 2024 ASEAN Corporate Governance Scorecard.
- **Retail Asia Awards 2025:** Puregold Price Club Inc. secured the Hypermarket of the Year for excellence, innovation, and industry leadership and the Integrated Campaign of the Year for its *Nasa Atin ang Panalo* campaign.
- **TIME's 2025 World's Best Companies in Asia Pacific:** Puregold was recognized for sustained business growth and specifically for its *Pusong Panalo* program, which seeks to help schools in remote or underserved areas.
- **HR Asia's Best Companies to Work 2025:** Honored for its strong employee engagement and positive workplace culture. This reflects its focus on creating a people-first environment in the retail sector, where teamwork, care, and a *panalo* mindset support employee growth and resilience.
  - Winners of HR Asia Diversity, Equity & Inclusion Awards 2025
  - Winners of HR Asia Most Caring Awards 2025
  - Winners of HR Asia Sustainable Workplace Awards 2025
- **Hashtag Asia Awards:** Puregold's groundbreaking TikTok series, "52 Weeks," won the gold prize in the Best Social Media Campaign category, highlighting its innovative approach to online advertising.
- **Gawad Manileño 2024:** Puregold was recognized as one of Manila City's Top Business Taxpayers under the *Mga Natatanging Tagapagbayad ng Buwis Para sa Negosyo* category for its consistent tax payments contributing to the city's growth.
- **Department of Trade and Industry Bagwis Award:** Puregold earned bronze for its exceptional customer service, ethical business conduct, and dedication to providing value to consumers.
- **Brand Finance Philippines 30 Report (2024):** Puregold maintained its position in the 9th spot, acknowledging its continued dedication to delivering value and quality to its customers.
- **HR Asia Best Companies to Work for in Asia 2024 (Philippines Edition):** Puregold was named a gold winner, solidifying its standing as one of the top employers in the region.
- **HR Asia Diversity, Equity & Inclusion Awards 2024:** Puregold was recognized for its efforts to create a more inclusive workplace.
- **HR Asia Sustainable Workplace Awards 2024:** Puregold was recognized for its commitment to sustainability in the workplace.
- **HR Asia Digital Transformation Awards 2023 (Philippines):** Puregold was honored with this prestigious award, showcasing its commitment to digital innovation and adaptation within the industry.
- **Philippine Daily Inquirer - The Philippines' Best Customer Service 2023:** Puregold was named one of the Best Customer Service brands based on an independent survey of nearly 11,000 Filipino customers. Brands were evaluated on criteria including communication quality, professional competence, range of services, customer focus, and accessibility. Over 115,000 evaluations were collected across more than 100 categories, showcasing Puregold's commitment to exceptional customer service.



# PUREGOLD PRICE CLUB, INC.

## Awards and Recognition:



HR Asia®  
MOST CARING  
COMPANY  
AWARDS 2025



HR Asia®  
SUSTAINABLE  
WORKPLACE  
AWARDS 2025



HR Asia®  
DIVERSITY,  
EQUITY & INCLUSION  
AWARDS 2025



2018



2019



2020



2021



2022



2023



2024



2025

## S&R Awards

- Philippines Best Employer Brand Award 2024
- Best Employer Brand Award 2023 - 18th Employer Branding Awards Advantage Club
- Blood Service Platinum Award - Red Cross Recognition 2023
- Golden Grab Awards 2023
  - Operational Awards Critically Acclaimed: Awarded for having the most orders, searches, and visits.
  - Gold Fan Fave: Awarded for reaching 10,000 Whole Combo Pizza orders between September 4 and October 1, 2023.
  - Operational Awards on the Dot: Recognized for precision in order preparation, dispatch, and delivery.

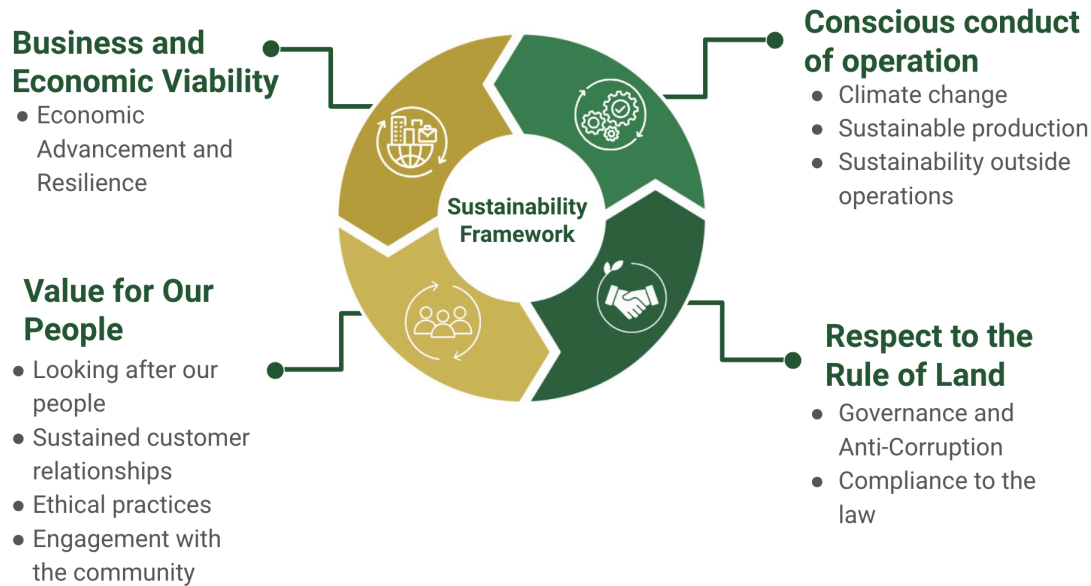
## Pure Petroleum Corp. Awards

- **Subic Bay Metropolitan Authority (SBMA) Mabuhay Business Awards 2024:** Pure Petroleum Corporation was recognized for its exceptional contribution to the business growth of the Subic Bay Freeport Zone, receiving the New Business of the Year award for 2024.

# Our Sustainability Strategy

To ensure that we consistently meet our sustainability goals each year, we focus our attention and resources on four central areas. This structure helps us design programs and initiatives that address the specific environmental, social, and governance aspects of our operations.

We use this approach to guide how sustainability is integrated across our business segments. It helps us align our operational decisions with our commitment to responsible growth, compliance with regulations, and long-term value creation.



Through these focus areas, we work to support sustainable business growth, maintain responsible operations, create value for our people and stakeholders, and uphold strong governance practices.

## Business and Ecosystem Viability

Creating and maintaining long-standing value for our customers while taking steps toward sustainability remains one of our top priorities. We pursue our financial and economic goals through responsible business practices across the industries where we operate. We also uphold strong ethical standards and consider the interests of our stakeholders in our decisions.

We recognize that our growth is closely linked to the communities and sectors connected to our operations. Through our businesses, we contribute to economic activity and support the development of the industries we serve. As we move forward, we remain committed to growing responsibly while creating lasting value for our stakeholders and the communities we are part of.

Focus Areas	Material Topics	GRI / Non-GRI Disclosures
<b>Economic Advancement and Resilience</b>	Economic Growth	<b>GRI</b> 201: Economic performance 202: Market Presence 203: Indirect Economic Impacts 204: Procurement Practices
	Disaster Preparedness	<b>Non-GRI</b> Disaster management frameworks or policies in the company

	Technology and Innovation	<b>Non-GRI</b> Successful initiatives by the company that employ advanced technology
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### Conscious Conduct of Operations

We recognize that operating a retail business requires balancing responsible consumption and production while meeting our financial targets and ensuring customer satisfaction. We support this balance through practical waste management measures across our operations. These include proper waste segregation, recycling practices, and compliance with local laws and regulations.

These efforts are implemented across our branches and warehouses to help reduce environmental impact and support the country's efforts toward climate change mitigation.

Focus Areas	Material Topics	GRI / Non-GRI Disclosures
Climate Change	Energy and Emissions	<b>GRI</b> 302: Energy 305: Emissions  <b>Non-GRI</b> Any initiatives on energy saving
Sustainable Production	Waste and Recycling of Packaging waste	<b>GRI</b> 301: Materials 306: Waste 2020, Effluents and Waste 2016  <b>Non-GRI</b> Waste recycling / treatment initiatives
	Food Waste	<b>GRI</b> 306: Waste 2020, Effluents and Waste 2016  <b>Non-GRI</b> Waste recycling / treatment initiatives
	Optimizing Water Use	<b>GRI</b> 303: Water and Effluents  <b>Non-GRI</b> Water recycling / saving initiatives
Sustainability Outside Operations	Sustainable Supply Chain	<b>GRI</b> 301: Materials 308: Supplier Environmental Assessment
	Sustainable Product Mix	<b>GRI</b> 416: Customer Health & Safety  <b>Non-GRI</b> Initiatives to introduce sustainable products

### Value for People

Our family extends beyond our employees to include the communities and stakeholders where our sections, branches, warehouses, and offices operate across the country. This inspires us to build and nurture meaningful relationships with our internal teams and external partners. These relationships are grounded in mutual respect, trust, and shared values, with the aim of creating positive outcomes for everyone involved. Together with our employees, stakeholders, and partner communities, we continue to strengthen our sustainability strategies to respond to changing needs and challenges.

We remain committed to providing safe workplaces where our teams can grow and develop. Through this, we ensure that our customers are served by capable and motivated employees whose goals align with our long-term vision.

Focus Areas	Material Topics	GRI / Non-GRI Disclosures
<b>Looking After Our People</b>	Employee Engagement and Diversity	<b>GRI</b> 401: Employment 402: Labor / Management Relations 403: Occupational Health & Safety 404: Training and Education 405: Diversity and Equal Opportunity 406: Non-discrimination 407: Freedom of Association and Collective Bargaining 408: Child labor 409: Forced / Compulsory labor 410: Security Practices 411: Rights of Indigenous Peoples  <b>Non-GRI</b> Employee engagement practices
<b>Sustained Customer Relationships</b>	Customer Health and Safety	<b>GRI</b> 416: Customer Health and Safety
	Promoting Sustainable Lifestyles	<b>Non-GRI</b> Initiatives to promote sustainable lifestyles among customer groups
	Customer Privacy and Cybersecurity	<b>GRI</b> 418: Customer Privacy
<b>Ethical Practices</b>	Fair Marketing and Labelling Practices	<b>GRI</b> 417: Marketing and Labelling
<b>Engagement with the Community</b>	Communities and Livelihoods	<b>GRI</b> 413: Local Communities

### Respect for the Rule of the Land

Part of our commitment to the Filipino people is strict adherence to the laws and regulations that govern our operations. We follow national and local requirements to maintain transparency, accountability, and responsible business practices. This helps us sustain our relationships with government institutions and other stakeholders.

Our compliance with these laws also strengthens our reputation within our industries and business communities. It allows us to take part in constructive dialogues that support the development of responsible and sustainable business practices.

Focus Areas	Material Topics	GRI / Non-GRI Disclosures
<b>Adhering to the Law</b>	Governance and Anti-Corruption	<b>GRI</b> 205: Anti-corruption 206: Anti-competitive behavior
	Compliance to the Law	<b>Non-GRI</b> Governance structure for handling compliance management

## Stakeholder Engagement

Cosco Capital Group recognizes that sustained, two-directional engagement with our stakeholders is foundational to responsible governance and long-term value creation. We identify our stakeholders based on the nature of their relationship with the Group, the degree to which they are affected by our operations, and their capacity to influence or be influenced by our strategic and sustainability decisions.

Our stakeholder groups are engaged through channels designed to match each relationship. Engagement is not one-directional: the concerns and feedback raised across these groups actively inform our material topics, management approaches, and sustainability priorities documented throughout this report.

Stakeholder Group	Purpose of Engagement	Key Topics and Concerns	Engagement Channels	Frequency
<b>Investors</b>  Group's shareholder registry, institutional investor base, and capital market relationships, including equity investors, fund managers, and financial analysts who hold or evaluate positions in Cosco Capital.	To provide transparent and timely disclosure of financial performance, strategic direction, ESG progress, and material risks, enabling informed investment decisions and sustained confidence in the Group's long-term value creation.	Growth opportunities and strategic direction	Investor meetings (virtual and in-person); conferences and non-deal roadshows	Quarterly; as needed
		Financial performance and earnings	Quarterly briefings; company website; emails and calls	Quarterly
		ESG performance and sustainability reporting	Annual sustainability report; company website; investor meetings	Annual; as needed
		Corporate governance and strategy updates	Store visits; emails and calls; company website	As needed
<b>Shareholders</b>  Philippine Stock Exchange shareholder registry and the Group's stock transfer records, including individual and institutional shareholders with direct equity ownership in Cosco Capital Group.	To uphold shareholder rights, provide visibility into operational and financial performance, and ensure transparent governance in accordance with Philippine corporate law and PSE listing rules.	Annual operational and financial review	Annual Stockholders Meeting; company website	Annual
		Cash dividends and return of capital	PSE disclosures; investor meetings; emails and calls	As declared
		Transfer of shares and corporate actions	Philippine Stock Exchange; stock transfer agent	As needed
		Supply chain resilience and product availability	Quarterly briefings; company website	Quarterly
		Policy, advocacy, and governance	Annual Stockholders Meeting; quarterly briefings; emails	Annual; as needed
<b>Government and Regulatory Bodies</b>  National and local government agencies with regulatory jurisdiction over the Group's operations across all operating locations.	To ensure full compliance with applicable national and local laws, regulations, and reporting requirements, and to maintain constructive engagement on policy matters relevant to the Group's industry and sustainability commitments.	Tax compliance and regulatory filings	Direct interactions with BIR and LGUs; periodic reporting; emails	Regular; as required
		Environmental compliance	Regulatory filings; site inspections; periodic reporting	As required
		Community development and LGU engagement	Meetings with LGUs; community consultations; company website	As needed
		Store and property permits and licensing	Direct interactions with LGUs and relevant agencies; store visits	As required

<p><b>Customers</b></p> <p>Individual consumers, households, businesses, and micro-entrepreneurs who purchase goods and services across stores and digital platforms. Insights gathered through loyalty programs, in-store feedback, digital analytics, and customer service interactions.</p>	<p>To understand and respond to customer needs, preferences, and concerns; to deliver consistent value, quality, and service across all retail formats; and to build long-term loyalty and trust with the communities the Group serves.</p>	Affordability and competitive pricing	In-store promotions; TNAP Gold and Green card loyalty benefits	Ongoing
		Convenient buying options and shopping experience	Puregold mobile app; online platforms; in-store customer service	Ongoing
		Healthy, safe, and quality product options	In-store labelling; customer service counters; company website	Ongoing; as needed
		Product availability and supply continuity	Company events and conventions; in-store communications; social media	Ongoing
		Data security and cybersecurity	Loyalty program platforms; digital retail channels; company website	Ongoing
		Plastic waste and sustainable packaging	In-store eco-bag campaigns; social media; TNAP conventions	Ongoing
<p><b>Suppliers and Vendors</b></p> <p>Group's supplier accreditation and procurement processes across all segments. Includes Tier 1 suppliers of goods, materials, and services assessed against legal compliance, product quality, pricing, delivery capability, and environmental standards.</p>	<p>To maintain reliable, high-quality supply chains; to promote responsible sourcing throughout the value chain; and to build long-term supplier relationships that support operational continuity, local economic development, and sustainability goals.</p>	Consumer protection and product quality standards	Supplier accreditation process; meetings; contractual documentation	At accreditation; as needed
		ESG compliance and sustainable sourcing	Supplier contracts; meetings; assessment processes	Regular; as needed
		Data security and supply chain transparency	Emails and calls; direct meetings	As needed
		Local procurement and SME development	Supplier engagement programs; meetings	Ongoing
<p><b>Employees</b></p> <p>Direct employees across business segments. Concerns and priorities are identified through performance management, HR consultations, and regular management interactions.</p>	<p>To maintain a fair, safe, and inclusive workplace; to support employee career development and wellbeing; and to ensure the Group's human capital practices align with its sustainability commitments and obligations under Philippine labor law.</p>	Benefits, compensation, and retirement	HR meetings; emails and chats; payroll and benefits communications	Annual; as needed
		Health and safety in the workplace	Safety briefings; management meetings; disaster preparedness drills	Regular; as required
		Employee engagement and retention	Performance appraisal process; periodic orientations and seminars	Annual; periodic
		Training and professional development	In-house seminars and orientations; external training programs	Periodic; as needed
<p><b>Local Communities</b></p> <p>Residents, community organizations, and local stakeholders in areas where the Group's stores, warehouses, malls, and facilities are located, through LGU engagement, community consultations, and CSR programs.</p>	<p>To contribute positively to the economic and social wellbeing of host communities; to manage the externalities of commercial expansion; and to ensure the Group's presence generates lasting shared value.</p>	Job creation and local employment	Social media; LGU partnerships; store opening communications	As stores open and expand
		Community development and CSR programs	Meetings with community organizations and LGUs; company events	As needed; ongoing
		Environmental and social impacts of operations	Community consultations; LGU meetings; company communications	As needed

<b>Media</b>  Journalists, media organizations, and communications platforms that report on the Group's business activities, financial performance, and sustainability initiatives. Managed through the Group's corporate communications function.	To ensure accurate, timely, and transparent public communication about the Group's performance, strategies, and sustainability commitments, and to manage the Group's public reputation through proactive media relations.	Corporate events and brand announcements	Company events and conventions; press releases; emails and calls	As needed
		Company press releases and financial disclosures	Official press releases; company website; media briefings; meetings	Quarterly; as needed
		Sustainability and ESG communications	Sustainability report; company website; media briefings	Annual; as needed

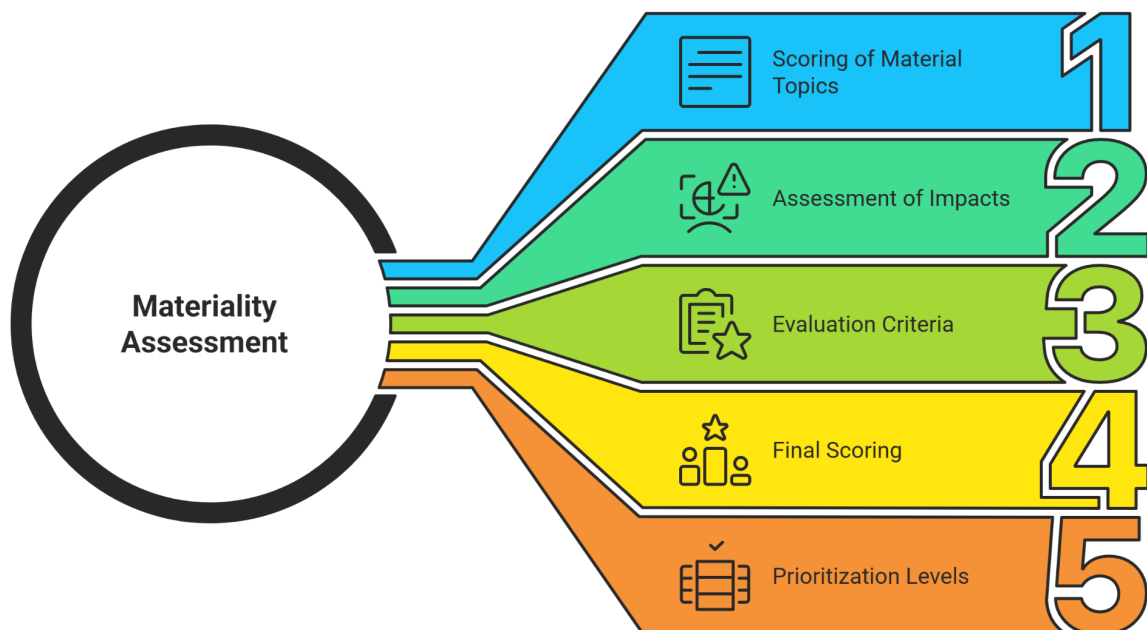
Disclosure: On frequency notations: Ongoing - continuous operational engagement; Regular - scheduled at defined intervals; As needed - triggered by specific events or request.

## Materiality Assessment

We did not conduct a new materiality assessment for 2025 after reviewing the results of our previous assessments and confirming that the identified topics remain relevant to our operations. Our review of current data also showed that there were no significant changes in our operations across business segments that would require an update to the material topics.

For this reason, we continue to use the 2022 materiality assessment, which was developed in reference to the GRI Standards 2021, as the foundation of our current reporting. The 2022 assessment was based on inputs from internal stakeholders across our subsidiaries, supported by peer benchmarking and internal workshops.

We continue to monitor these topics and review related data and performance indicators. This helps us ensure that our standards are maintained, stakeholder expectations are met, and our sustainability initiatives remain relevant.



We use a structured materiality assessment framework to identify the environmental, social, and governance (ESG) topics that are most relevant to our operations. This process helps us focus on the issues that matter most to our stakeholders while ensuring that our sustainability efforts remain aligned with our values and responsibilities.

- **Scoring of Material Topics Based on Organizational Context and Sustainability Strategy.** Our materiality assessment begins with identifying potential sustainability topics relevant to our industry, value chain, and stakeholder interests. We then assess these topics within the context of our operations, considering our business model, risks, and strategic direction. Each topic is evaluated based on how it aligns with our sustainability goals and long-term business objectives. This process helps us identify the topics that are most relevant to our purpose and the impact of our operations.
- **Assessment of Potential and Actual Impacts (Positive and Negative).** We then examine the topics identified through the scoring process. At this stage, we assess both the current and potential future impacts of our operations, supply chain, and market interactions. These impacts may affect people, the environment, and our business. Understanding these impacts helps us determine where we can create the most value and where stronger risk management may be needed.





- **Evaluation Criteria.** Each topic is further assessed using a set of impact-related criteria, enabling a structured evaluation which helps us compare topics objectively and consistently across the organization.
  - *Impact Likelihood.* The probability of the identified impact to materialize within a given timeframe is assessed to help focus the company on the most pressing and realistic risks and opportunities.
  - *Impact Severity and Significance.* After assessing the probability of a topic occurring, we evaluate how serious or wide-reaching its impact may be. We consider how it could affect our operations, performance, and stakeholder trust. The more significant or long-lasting the impact, the higher the weight it receives in our assessment.
- **Final Scoring: Combining Organizational Relevance and Impact Weight.** To determine the final score of each topic, we calculate the average of its relevance and impact scores. This final score helps us identify the priority areas in our business strategy and the topics that matter most from a sustainability and stakeholder perspective.
- **Prioritization of Topics into Three Levels.** Based on the final scores, we categorize material topics into three levels of priority:
  - *High Priority:* Topics with strong relevance to both our business and stakeholders, and with significant or likely impacts. These require active management and consistent reporting.
  - *Medium Priority:* Topics that are important and have measurable impacts, though less immediate or wide-ranging. These are monitored regularly and integrated into mid- to long-term planning.
  - *Lower Priority:* Topics with relatively limited relevance or lower impact in the short term. These are still acknowledged and tracked, but do not demand urgent action.




High Priority	Medium Priority	Low Priority
Economic Growth Disaster Preparedness Technology and Innovation Customer Health and Safety Customer Privacy, Cybersecurity Employee Health and Safety Employee Engagement, Diversity Governance, Anti-Corruption Compliance to the Law	Energy and Emissions Optimizing Water Use Waste & Recycling of Packaging Waste Communities and Livelihoods Promoting sustainable lifestyles Sustainable supply chain	Food Waste Fair Marketing and Labelling Practices Sustainable product mix








## Our Material Topics UNSDG Mapping





We selected our sustainability topics to reflect the issues that matter most to our business and stakeholders. These topics cover areas related to economic performance, environmental responsibility, community engagement, and good governance. We consider it important that each topic contributes to long-term value while supporting broader efforts toward sustainable development.

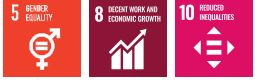

Our key sustainability topics are aligned with the United Nations Sustainable Development Goals (SDGs) and the Global Reporting Initiative (GRI) Standards.






Theme	Material Topic	Description	Key Products and Services	Societal Value	Potential Negative Impact	Management Approach
<b>Economic Advancement and Resilience</b>	Economic Growth	We aim to sustain strong financial performance through strategic expansion, infrastructure development, and operational efficiency. This drives profitability, supports employee livelihoods, generates taxes, and reinvests value into the business for long-term viability.  <b>Impact Boundary:</b> Within Cosco	<b>Grocery Retail and Wine Distribution:</b> Daily household essentials, food, and beverages  <b>Specialty Retail:</b> Office and school supplies, office furniture, business machines and technology products  <b>Commercial Real Estate:</b> Leasable commercial spaces for MSMEs and local entrepreneurs  <b>Hydropower plants:</b> Renewable hydroelectric power	The Group's diversified operations generate employment for over 15,172 people directly, and support thousands more through tenant businesses, suppliers, and delivery partners. OWI's product lines equip workplaces and schools. Puregold and S&R provide affordable access to daily essentials for millions of Filipino families. Commercial real estate operations activate surrounding economic activity in transport, food service, and adjacent retail.   	Economic concentration from large-format retail may displace smaller local retailers and informal vendors.  OWI products using paper and plastic packaging may contribute to environmental waste.  Commercial real estate expansion may raise rents and reduce market access for micro-sellers.	Local procurement prioritized across all segments. MSMEs given access to commercial spaces and foot traffic. OWI promotes responsible product sourcing and ESG awareness. Market externalities monitored through periodic community impact assessment.
	Disaster Preparedness	Given the Philippines' vulnerability to typhoons and calamities, we maintain detailed disaster manuals and emergency protocols to safeguard our operations, staff, and communities, ensuring continuity and timely support during crises.  <b>Impact boundary:</b> Within and outside Cosco	<b>All segments:</b> Operational continuity of grocery stores, specialty retail branches, commercial malls, and warehouses during and after disaster events ensures continued community access to essential goods and services.  <b>Hydropower plants:</b> Cofferdam operations protect surrounding communities from flooding during typhoon season.	Maintaining operational continuity during disasters ensures that communities retain access to food, supplies, and commercial services when they are most needed. The Group's geographic spread across the Philippines means its preparedness programs benefit a broad set of communities. Catuiran's flood control infrastructure directly supports community safety.   	Inadequate preparedness may disrupt supply chains, endanger employees and customers, and leave communities without access to essential goods during calamities.	Disaster Preparedness Manual implemented across all segments covering fires, earthquakes, typhoons, floods, volcanic eruptions, and droughts. Puregold maintains a dedicated Critical Incident Management Manual for its Emergency Operations Center. Regular drills conducted across all store and warehouse locations.




Theme	Material Topic	Description	Key Products and Services	Societal Value	Potential Negative Impact	Management Approach
	Technology and Innovation	We continuously upgrade digital platforms, automate services, and improve retail experiences to stay relevant. Programs like TNAP empower micro-entrepreneurs, while internal automation enhances efficiency.  <b>Impact Boundary:</b> Within Cosco	<b>Grocery Retail:</b> Mobile app, online shopping platforms, TNAP loyalty and membership program serving sari-sari store owners, minimarts, and resellers  <b>Specialty Retail:</b> Digital sales channels on Shopee, Lazada, and GrabMart; business machines and technology products supporting digital adoption  <b>Commercial Real Estate:</b> Digital property and tenant management systems	Digital platforms expand market access for micro-entrepreneurs and provide millions of customers with flexible, convenient retail channels. TNAP provides financial protection benefits and free business training, building entrepreneurial capacity in low-income communities. OWI's technology product lines support businesses and institutions in adopting digital tools.  	Digital exclusion may limit access for customers with low digital literacy or limited internet connectivity. Electronic products distributed by OWI may generate e-waste if not properly disposed of at end of life.	Investments in user-friendly mobile platforms and loyalty programs. TNAP annual Sari-Sari Store Convention and free business training for members. OWI promotes responsible product usage and proper electronic disposal in accordance with applicable regulations.
<b>Climate Change</b>	Energy and Emissions	We implement solar and hydropower projects, optimize energy use, and reduce reliance on fossil fuels across operations. Our tracking system monitors Scope 1 and 2 emissions to meet national and global reduction goals.  <b>Impact boundary:</b> Within and outside Cosco	<b>Grocery Retail:</b> Rooftop solar PV systems at Puregold and S&R stores and distribution centers; LED lighting and HVAC optimization  <b>Specialty Retail:</b> Energy-efficient LED replacements; business machines and technology products supporting energy-efficient operations in client businesses  <b>Commercial Real Estate:</b> Solar panels, LED lighting with motion sensors, smart thermostat HVAC, improved insulation  <b>Hydropower plants:</b> Generating renewable energy	Renewable energy installations reduce GHG emissions and lower operating costs across the Group. Puregold's 12.34 MWp solar program (Phases 1–5) has reduced electricity billing by up to 30.56% per store.  Catuiran provides clean, renewable energy.   	Electricity consumption from grid and fuel use contributes to Scope 1 and 2 GHG emissions across the Group. Electronic products distributed by OWI may generate e-waste at end of life.	Puregold rooftop solar (12.34 MWp, Phase 5 initiated 2025, full commissioning by mid-2026). S&R solar expansion 2025. LED upgrades and HVAC optimization across retail and real estate. Monthly emissions tracking. OWI sources from accredited suppliers and promotes responsible product disposal.
<b>Sustainable Production</b>	Waste and Recycling of Packaging Waste	We aim to reduce waste through responsible packaging, increase the use of paper bags, implement segregation and recycling at source, and comply with the EPR Act.	<b>Grocery Retail:</b> Puregold house-brand products using recyclable packaging; in-store recycling programs collecting cardboard, glass, metal, and	Reduces landfill burden, advances circular economy practices, and supports compliance with the EPR Act of 2022. Puregold achieved a 4% reduction in plastic bag usage and a 49% increase in paper bag adoption in	Retail operations generate significant solid and packaging waste across all segments. OWI's use of paper and plastic packaging materials may contribute to	Color-coded waste segregation across all stores, warehouses, and offices. DENR-accredited hazardous waste disposal. In-store recycling programs. OWI sells excess cartons to

Theme	Material Topic	Description	Key Products and Services	Societal Value	Potential Negative Impact	Management Approach
		<p>Recyclables are repurposed or sold to scrap buyers.</p> <p><b>Impact boundary:</b> Within and outside Cosco</p>	<p>plastics; paper bag and eco-bag promotion</p> <p><b>Specialty Retail:</b> Reuses cartons internally for storage, repacking, and transfers; excess cartons sold to accredited recyclers; paper and packaging materials used in retail operations</p> <p><b>Commercial Real Estate:</b> Tenant engagement in waste segregation, recycling, and reuse of packaging materials</p>	<p>2024. OWI's carton reuse and recycler partnerships reduce packaging waste at the warehouse and retail level. Tenant engagement in commercial real estate extends the Group's sustainability reach across its property portfolio.</p>  	<p>waste if not properly managed. Improper disposal by tenants or customers may undermine segregation and recycling programs.</p>	<p>accredited recyclers and has contractual waste disposal arrangements. NE Pacific conducts waste audits and enforces segregation policies with tenants.</p>
	Food Waste	<p>We manage food waste through third-party partnerships, explore composting, promote eco-friendly cutlery, and plan to redirect edible surplus to donations in alignment with circular economy principles.</p> <p><b>Impact boundary:</b> Within and outside Cosco</p>	<p><b>Grocery Retail:</b> S&amp;R's broad food production operations (meat, poultry, dairy, deli); Puregold food department operations</p> <p><b>Specialty Retail and Commercial Real Estate:</b> Pantry and food waste from tenant food businesses within commercial properties</p>	<p>Structured food waste management reduces organic waste sent to landfill and supports community food security through planned surplus donation programs. Deployment of paper plates, bamboo utensils, and eco-friendly cutlery across the grocery retail network reduces single-use plastic reliance.</p>   	<p>Food production and retail operations at S&amp;R generate significant organic waste that may contribute to GHG emissions, odor impacts, and environmental contamination if not properly managed.</p>	<p>Structured arrangements with third-party waste haulers for food waste at S&amp;R. Bamboo utensils and paper plates deployed across the grocery retail network since mid-2024. Ongoing exploration of surplus food donation partnerships aligned with circular economy principles.</p>
	Optimizing water use	<p>Though our operations are not water-intensive, we monitor usage, invest in low-flow fixtures, and promote water-saving awareness among staff. Wastewater is treated or safely disposed of via accredited partners.</p> <p><b>Impact boundary:</b> Within and outside Cosco</p>	<p><b>Grocery Retail:</b> Stores use water for cleaning, sanitation, and food preparation; wastewater managed through sewage treatment facilities, Maynilad, and Manila Water systems</p> <p><b>Specialty Retail:</b> Water use limited to sanitary and cleaning activities</p> <p><b>Commercial Real Estate:</b> Uses water in cooling towers, restrooms, and equipment cleaning across</p>	<p>Responsible water management protects local water resources, reduces supply stress in high-use communities, and ensures operational continuity. Catuiran's run-of-river hydropower model uses water without permanent withdrawal, minimizing ecological impact.</p>  	<p>Cooling systems, cleaning, and food preparation consume water that may contribute to supply stress in water-stressed areas. Wastewater discharge may impact local water quality if treatment standards are not maintained.</p>	<p>Water-saving fixtures, recycled water, rainwater and gray water recycling programs; quarterly water quality monitoring; DAO 2016-08 compliance.</p>

Theme	Material Topic	Description	Key Products and Services	Societal Value	Potential Negative Impact	Management Approach
			properties  <b>Hydropower plants:</b> Catuiran draws water from the Catuiran River for hydropower generation and returns it to natural downstream flow without processing			
<b>Sustainability outside operations</b>	Sustainable supply chain	Our procurement network includes local and international suppliers. We are gradually integrating ESG screening, focusing on sustainability, local sourcing, and inclusive growth across our value chain.  <b>Impact boundary:</b> Within and outside Cosco	<b>Grocery Retail:</b> Source products and materials from Philippine and international suppliers <b>Wine Distribution:</b> Local sourcing encouraging domestic supplier relationships maturity  <b>Specialty Retail:</b> Sources 90% of products and materials from Philippine-based suppliers  <b>Commercial Real Estate:</b> Maintains 100% local procurement for construction, maintenance, and office materials	Local procurement supports Philippine SMEs, reduces transportation-related emissions, and promotes ESG compliance across the supply chain. The Group's combined procurement activity represents a significant channel for sustainable economic development, particularly for small and medium domestic suppliers. OWI's local sourcing ensures product availability and price stability for customers while sustaining local supplier livelihoods.   	Supply chain non-compliance with environmental or labor standards may create reputational and regulatory risk. OWI has not yet established a formal ESG due diligence framework for suppliers. Keepers' growing domestic supply chain requires continued engagement to sustain standards as sourcing expands.	Growing local procurement sustained across all business segments. Embeds environmental compliance in supplier accreditation contracts. ESG supplier due diligence framework in development.
	Sustainable product mix	As consumer demand for eco-conscious products rises, we are increasing the availability of sustainable and organic options while promoting green consumption through in-store campaigns and supplier collaboration.  <b>Impact boundary:</b> Within and outside Cosco	<b>Grocery Retail:</b> House-brand products using recyclable, biodegradable, or reusable packaging; organic and health product ranges  <b>Specialty Retail:</b> Eco-friendly office and school supplies; energy-efficient business machines and technology products	Expanding access to sustainable and health-conscious products supports informed consumer choices and reduces the environmental footprint of household and business consumption. OWI's eco-friendly product options and energy-efficient technology supporting healthier workplaces and responsible purchasing.   	Greenwashing risk if sustainability claims are not substantiated by verified supplier standards. Packaging waste and improper disposal of products remain risks across all retail formats.	Supplier collaboration on recyclable, biodegradable, and reusable private-label packaging. In-store eco-bag and sustainable product campaigns. Fair labelling audits and OWI accreditation requirements covering product quality and environmental compliance.

Theme	Material Topic	Description	Key Products and Services	Societal Value	Potential Negative Impact	Management Approach
<b>Looking after our people</b>	Employee engagement and diversity	Our human capital strategy focuses on fair wages, career development, inclusive hiring, workplace safety, anti-discrimination, and labor rights across all our subsidiaries and store locations.  <b>Impact Boundary:</b> Within Cosco	<b>All segments:</b> Direct employment of 15,172 personnel. Indirect employment of 24,456 personnel supported through tenant businesses, delivery partners, suppliers, and contractors across Group operations.	The Group is a significant direct employer across the Philippines, providing livelihoods, career development opportunities, and workplace benefits for a large and geographically diverse workforce. Defined benefit retirement plans, competitive wages, and inclusive hiring practices across all subsidiaries.  	High staff turnover, workplace safety incidents, or labor disputes may disrupt operations and affect community trust. Geographic spread of operations requires consistent application of labor standards across hundreds of locations.	Defined benefit retirement plans funded by the employer across all subsidiaries. Competitive wages, regular safety training, anti-discrimination policies, and inclusive hiring practices Group-wide. Occupational health and safety protocols maintained at all store, warehouse, and office locations.
<b>Sustained customer relationships</b>	Customer Health and Safety	We uphold strict quality control standards for all consumables. Product safety is enforced through audits, supplier coordination, and adherence to food and safety regulations.  <b>Impact boundary:</b> Within and outside Cosco	<b>Grocery Retail and Wine Distribution:</b> Food, beverages, household essentials, and fresh produce sold  <b>Specialty Retail:</b> Office and school supplies, furniture, and technology products subject to quality verification at supplier accreditation  <b>Commercial Real Estate:</b> Food and consumer goods sold by tenant businesses	Strict quality and safety standards protect the health of millions of customers across the Group's retail network. OWI's accreditation process ensures that products distributed across its specialty retail network meet applicable safety standards. Tenant food businesses in commercial properties are subject to mall safety and sanitation policies.  	Product defects, contamination, or mislabeling incidents may harm consumers and expose the Group to regulatory and reputational risk. End-of-life disposal of electronic products and furniture from OWI may generate waste if not properly managed.	Supplier accreditation across all segments requires government permits, registrations, and compliance with food safety and environmental regulations. OWI contractual waste disposal arrangements for end-of-life products. NE Pacific enforces mall safety and sanitation standards for tenant food businesses.
<b>Promoting sustainable lifestyles</b>	Customer Awareness	Through structured programs and campaigns, we advocate for sustainable consumption, educating customers on eco-friendly choices, product safety, and environmental responsibility.  <b>Impact boundary:</b> Within and outside Cosco	<b>Grocery Retail:</b> Eco-bag campaigns, TNAP business training for micro-entrepreneurs, annual Sari-Sari Store Convention, promotion of paper bags and sustainable utensils  <b>Specialty Retail:</b> ESG awareness campaigns promoting responsible use and disposal of office, school, and technology products	In-store campaigns and loyalty programs shift customer behavior toward more sustainable purchasing at scale. TNAP empowers micro-entrepreneurs with business training and financial literacy, building sustainable livelihoods at the community level. OWI's ESG awareness initiatives promote responsible product use and end-of-life disposal across its customer base.	Sustainability campaigns may not reach all customer segments equally, particularly those with limited digital access or lower health and environmental literacy.	In-store eco-bag and sustainable product campaigns across Puregold and S&R. TNAP free business training, seminars, and annual Sari-Sari Store Convention. OWI internal ESG awareness campaigns on responsible use and disposal. Pag-IBIG Loyalty Card and student ID discounts extended affordability at OWI.

Theme	Material Topic	Description	Key Products and Services	Societal Value	Potential Negative Impact	Management Approach
			<b>Commercial Real Estate:</b> Tenant sustainability communications and recycling awareness	 		
	Customer privacy and Cybersecurity	We enforce robust controls and compliance systems to protect personal data. Cybersecurity protocols and continuous system upgrades ensure customer trust and legal adherence.  <b>Impact boundary:</b> Within and outside Cosco	<b>Grocery Retail:</b> Mobile app and online platforms managing customer loyalty and purchase data; TNAP member data  <b>Specialty Retail:</b> Digital sales platforms on Shopee, Lazada, and GrabMart; business machines and enterprise technology products distributed to client organizations  <b>Commercial Real Estate:</b> Tenant and visitor data managed through property systems	Protecting the personal data of millions of customers and loyalty program members builds trust and supports the Group's long-term digital retail strategy. OWI's distribution of secure enterprise systems supports client organizations in maintaining compliant data operations.  	Data breaches or cybersecurity incidents could compromise customer data and expose the Group to regulatory sanctions and reputational damage.	Robust data protection controls, regular system upgrades, and cybersecurity protocols across all digital retail platforms.
<b>Ethical Practices</b>	Fair Marketing and Labelling Practices	We require suppliers to follow fair labelling laws and marketing standards. We audit label compliance to ensure transparency and protect customer interests.  <b>Impact boundary:</b> Within and outside Cosco	<b>Grocery Retail and Wine Distribution:</b> All products sold subject to labelling compliance with Philippine food safety and consumer protection regulations  <b>Specialty Retail:</b> All product lines subject to labelling compliance verification at supplier accreditation  <b>Commercial Real Estate:</b> Tenant product labelling and marketing standards enforced through mall policies	Transparent labelling across all retail formats protects consumers from misinformation and supports informed purchasing decisions. Group-wide compliance with fair marketing standards reinforces consumer trust and regulatory credibility.   	Non-compliant supplier labelling may expose customers to misleading product claims. Labelling gaps in tenant businesses may be harder to monitor at scale across commercial real estate properties.	Supplier audits on label compliance across grocery and specialty retail. Contractual labelling standards in OWI supplier accreditation documentation. NE Pacific mall policies enforce marketing and product standards for tenant businesses.
<b>Engagement with the Community</b>	Communities and Livelihoods	We collaborate with local communities through CSR programs that include education, health, infrastructure, and livelihood support, creating long-term shared value.	<b>Grocery Retail:</b> Serve as essential household destinations for millions of Filipino families; TNAP supports sari-sari store owners and micro-entrepreneurs  <b>Specialty Retail:</b> Extends access to office and school supplies in provincial markets; accepts	The Group's combined presence across grocery retail, specialty retail, commercial real estate, and energy creates broad and lasting economic value in host communities. TNAP empowers micro-entrepreneurs with training, financial protection, and market access. OWI's student and Pag-IBIG discounts extend	Rapid commercial expansion may increase commercial rents and displace informal vendors or lower-income community members. Dependence of smaller tenants on anchor stores creates vulnerability	TNAP micro-entrepreneur programs, annual Sari-Sari Store Convention, and free business training for members. Commercial spaces leased to MSMEs and local entrepreneurs at NE Pacific properties. OWI Pag-IBIG Loyalty Card and student ID discount programs.

Theme	Material Topic	Description	Key Products and Services	Societal Value	Potential Negative Impact	Management Approach
		<b>Impact boundary:</b> Within and outside Cosco	<p>Pag-IBIG Loyalty Card and student ID discounts</p> <p><b>Commercial Real Estate:</b> Leases commercial spaces to MSMEs and local entrepreneurs, generating employment and activating local economic activity</p> <p><b>Hydropower plants:</b> Supports watershed health and protects surrounding communities from flooding</p>	<p>affordability to lower-income segments. NE Pacific malls serve as economic anchors that activate surrounding commercial activity.</p> 	if anchor performance declines.	Community and infrastructure CSR investments. Catuiran tree planting activities support watershed health and riverbank protection.
<b>Adhering to the Law</b>	Governance and Anti-Corruption	<p>Anti-corruption training, internal controls, and strict policy adherence promote ethical conduct in business dealings and decision-making across the organization.</p> <p><b>Impact boundary:</b> Within and outside Cosco</p>	<p><b>All segments:</b> Internal governance structures, audit processes, and compliance systems</p> <p>These are institutional products of the Group's governance architecture rather than goods or services sold to external parties</p>	<p>Strong anti-corruption governance protects investor confidence, ensures fair competition, and upholds the Group's credibility with regulators, communities, and the public. Consistent application across all subsidiaries reduces the risk of compliance gaps at the segment level.</p> 	Governance failures or corruption incidents at any subsidiary may result in regulatory sanctions, reputational damage, and loss of stakeholder trust.	Anti-corruption training programs Group-wide. Layered internal audit structure with subsidiary finance teams escalating to Group Finance. Annual external auditor review across all subsidiaries. No material tax disputes identified in 2025.
	Compliance to the Law	<p>We maintain a proactive governance structure for ESG compliance, participating in policy dialogues and upholding national and sectoral regulations through internal oversight.</p> <p><b>Impact boundary:</b> Within and outside Cosco</p>	<p><b>All segments:</b> Compliance with applicable environmental, labor, consumer protection, and corporate governance regulations across all Cosco Capital subsidiaries and business segments</p>	<p>Proactive regulatory engagement reduces compliance risk, supports the Group's credibility with investors and regulators, and contributes to the integrity of Philippine capital markets and public institutions.</p> 	Evolving ESG and sustainability disclosure requirements may increase compliance burden if internal tracking and reporting systems are not developed in advance of regulatory deadlines.	Active engagement with BIR, LGUs, DENR, and SEC across all subsidiaries. Annual external audit review of all financial and tax disclosures. Internal ESG data tracking systems in development. Compliance with Clean Water Act, EPR Act, DENR regulations, and applicable labor codes enforced Group-wide.

## Business and Ecosystem Viability

We take a comprehensive approach in assessing our economic and financial progress. Our review considers a range of factors that may influence our operations, including environmental conditions, procurement practices, and developments in technology.

We believe that a stable financial position and a strong reputation are essential to sustaining our operations and protecting the interests of our stakeholders. We continue to maintain this balance as we advance our sustainability journey.

## Economic Growth

In 2025, the Cosco Capital Group continued to generate and distribute economic value across its portfolio of businesses spanning retail, specialty retail, and commercial real estate. Total direct economic value generated for the year reached **Php 266.10 billion**, reflecting a 10.66% increase. This performance was driven by growth across our core business segments and sustained demand from the communities we serve.

Growth in 2025 was broad-based across the Group, driven by sustained consumer demand, ongoing store expansion into provincial markets, and the continued resilience of our real estate portfolio. Our deliberate strategy to allocate **Php 100.97 billion** back into the business, reflects our long-term orientation: we grow not only to improve returns today but to build the operational capacity that sustains value for our investors and communities in the years ahead.

The Group distributed economic value across a broad set of stakeholders. The largest share went to our suppliers and business partners, whose goods and services underpin our operations across every subsidiary. Our employees received wages and benefits that reflect our commitment to fair and competitive compensation. The Philippine government received taxes and fees from our operations and from the enterprises that operate within our commercial spaces, and our shareholders received dividends that continue to reflect confidence in the Group's financial performance and trajectory.

Disclosure	2023 (in Php million)	2024 (in Php million)	2025 (in Php million)
<b>Direct Economic Value Generated</b>	217,759.6	240,465.9	<b>266,098.0</b>
<b>Direct Economic Value Distributed</b>			
Operating costs	26,681.1	29,468.0	<b>34,115.3</b>
Employee wages and benefits	4,520.2	4,538.3	<b>4,739.9</b>
Payments to supplier, other operating cost	159,029.4	191,147.6	<b>210,278.6</b>
Payment to provider of funds	3,242.1	6,833.6	<b>6,619.9</b>
Interest payment made to provider of loans	573.4	791.6	808.3
Dividends to all shareholders	2,668.7	6,042.0	5,811.6
Payments to government (taxes)	5,205.9	5,680.6	<b>5,113.0</b>
Community Investments	16.6	0.8	<b>8.0</b>
Reserve to maintain and develop operations	84,362.8	93,271.9	<b>100,970.6</b>
Depreciation and amortization	5,029.8	5,966.2	6,880.2
Retained profit	77,592.2	85,384.4	91,890.7
Deferred Tax	1,740.8	1,921.3	2,199.7

## **Tax Governance and Strategy**

We regard tax compliance not as a basic requirement to meet, but as a demonstration of how we operate as a responsible corporate citizen of the Philippines. Sound tax governance at the Group level means more than filing on time, as it also means maintaining visibility into our obligations across all subsidiaries, staying ahead of regulatory developments, and ensuring that our practices hold up to scrutiny from external reviewers and the public alike.

Our Finance and Tax Head oversees tax governance across the Group, leading regular reviews of emerging regulations and coordinating with subsidiary finance teams to ensure that changes in tax policy are identified early and addressed in a structured way. This proactive approach reduces the risk of material compliance gaps and supports the Group's broader commitment to transparent financial reporting.

At the Group level, we maintain active engagement with the Bureau of Internal Revenue and relevant local government units for compliance, registration, and audit purposes. All tax disclosures across subsidiaries are reviewed annually by external auditors as part of the Group's financial audit process. No separate assurance report was issued on tax matters, and no material tax disputes were identified in 2025.

### **How we ensure compliance across subsidiaries**

Tax risks are identified and escalated by subsidiary finance teams to the Group Finance and Tax Head. Internal audits, combined with annual external audit reviews, provide structured verification of our tax positions. This layered approach ensures that disclosures remain accurate, consistent, and aligned with applicable national and local standards.

Through this approach, we aim to contribute fairly to the public revenues that support the communities where we operate, while maintaining the credibility of our financial disclosures with investors and regulators.

## **Financial Oversight**

Financial discipline is how we protect the value we create. Across the Group, subsidiary finance teams conduct regular internal audits, budgeting cycles, and performance reviews, coordinated at the Group level to ensure consistency and accountability. This structure allows us to monitor performance in real time, allocate resources efficiently, and identify deviations from plan before they compound.

In 2025, the Group strengthened its financial position through disciplined cost management, targeted capital expenditures for store expansion and facility upgrades, and continued investment in operational improvements across its business segments. These actions were guided by our twin priorities of sustaining operational growth and preserving the financial flexibility to invest in our sustainability agenda.

Our financial oversight also encompasses the customer-facing quality of our operations. We track service and product quality across all subsidiaries because we understand that the commercial foundation of our long-term sustainability is repeat patronage. Customers who trust our stores to deliver value, consistency, and a good experience are the basis on which our revenue growth is built. Losing that trust would cost far more than any short-term savings.

Across our three segments, the Group's financial performance is reviewed against both financial and operational benchmarks. This dual lens ensures that our growth is not achieved at the cost of quality, service standards, or the sustainability commitments that this report documents.

## **Responsible Governance and Economic Contribution**

The national economic contribution of the Group goes well beyond what appears in our consolidated income statement. Every store we open, every space we lease, and every supplier relationship we

maintain generates a set of economic effects that ripple outward into the communities where we are present. We track and report these effects because we believe investors and stakeholders are entitled to understand the full scope of what our operations produce.

Across our subsidiaries, we directly employed **15,172 people** in 2025. Beyond direct employment, our operations also support the livelihoods of thousands more through the businesses that operate within our commercial spaces, the suppliers and contractors who serve our stores, and the delivery and transport workers whose income is tied to the commercial activity we generate.

### Community Impact Areas

Impact Area	Description
<b>Support for Local Enterprise</b>	The Group leases commercial spaces to MSMEs and local entrepreneurs across its real estate portfolio. Tenant businesses benefit from customer foot traffic generated by the Group's retail anchors, and that foot traffic also supports adjacent businesses in transport, food service, and nearby retail.
<b>Local Employment Creation</b>	Subsidiaries and their tenants hire local staff for retail, food, service, and support roles, contributing to employment across communities throughout the Philippines. New store openings in provincial areas specifically target markets where local employment creation is most needed.
<b>Contribution to Government Revenues</b>	Group operations generate corporate and local business taxes, value-added taxes, and permit fees that fund public services and municipal development programs. Tenant businesses operating within Group-owned spaces contribute additional tax revenues at the local level.
<b>Access to Goods and Services</b>	Grocery retail, specialty retail, and commercial real estate operations give residents access to essential goods, services, and affordable retail options. Customer programs including Pag-IBIG discounts and student ID-based discounts on school supplies extend affordability to specific groups.
<b>Infrastructure and Urban Development</b>	New store construction and property development engage local suppliers, contractors, and service providers, generating construction-phase economic activity. Completed facilities then serve as long-term commercial infrastructure for their communities.
<b>Urban and Market Externalities</b>	The Group acknowledges that commercial expansion may generate externalities including competition with informal vendors, increased traffic, higher commercial rents, and greater dependence of smaller tenants on anchor stores. We monitor these dynamics and are committed to responsible and community-sensitive expansion.

The Group maintains defined benefit retirement plans across its subsidiaries in compliance with the Labor Code of the Philippines and applicable retirement regulations. These obligations represent our commitment to the long-term financial security of our employees and are treated as a material component of our total employee remuneration.

Retirement liabilities across the Group are fully funded by the employer. No separate pension fund has been established; obligations are covered through the general financial resources of each employing entity. The Group reviews its retirement funding position regularly to ensure that sufficient assets are available to meet projected future obligations, and the most recent actuarial valuations were conducted during the current financial reporting period.

### Retirement Liability Summary

Subsidiary	Estimated Retirement Liability (in Php million)	Employer Contribution
Puregold	2,236	100%
Keepers	35.7	100%
OWI	28.0	100%
Real Estate	13.9	100%

**Infrastructure Development**

Infrastructure investment is among the most concrete expressions of our commitment to long-term growth. When we build or expand a store, we are not only adding commercial capacity; we are creating economic activity in the communities where we develop, generating employment during construction, and establishing a permanent commercial presence that generates lasting value for residents, local businesses, and local governments.

In 2025, our grocery retail segment continued to expand its footprint, bringing our network to 680 grocery stores nationwide, complemented by 33 S&R warehouse branches and 71 quick service restaurants. This continued expansion reflects our focus on strengthening our core retail presence while increasing accessibility to communities across the country. These projects engaged local contractors, construction suppliers, and service providers throughout the development phase, contributing to economic activity in areas where we build even before our stores begin operations.

Each new location, once operational, becomes an economic node in its community. The presence of a Cosco Capital retail or real estate asset draws customers, generates jobs for local residents, creates business for nearby enterprises, and produces tax revenues that support local government services. This is the compounding logic behind our expansion strategy: every new location we open adds to the Group’s revenue base while also deepening our economic contribution to the Philippines.

Beyond new openings, the Group continued to upgrade existing locations across its grocery retail network during the year. These renovation projects prioritized energy efficiency, incorporating improved lighting systems and store layout changes that reduce electricity consumption. Upgrades also addressed operational safety, store functionality, and customer comfort, extending the working life of our existing assets while improving the experience they deliver.

**Local Procurement**

Local procurement is both a business preference and a deliberate act of economic stewardship. By sourcing materials, products, and services from Philippine-based suppliers and partners wherever feasible, we ensure that a meaningful portion of our operating expenditure circulates within the domestic economy. This benefits our direct suppliers, supports the growth of SMEs in our supply chain, and strengthens the economic ecosystems of the communities where we operate.

Subsidiary	Unit	2023	2024	2025
Puregold	%	100	100	<b>100</b>
S&R	%	61	61	<b>62</b>
OWI	%	90	90	<b>90</b>
Real Estate	%	100	100	<b>100</b>
Keepers	%	12	31	<b>10</b>

The Group monitors local procurement rates by subsidiary and treats this metric as part of how we measure our contribution to the broader Philippine economy. Where alternative sourcing is required, for example where specific products or materials are not available locally at the scale or specification we require, we document the rationale and continue to explore domestic alternatives.

**Disaster Preparedness**

The Philippines lies within the Pacific Ring of Fire and the Typhoon Belt of Asia, and our stores, warehouses, and commercial properties are spread across communities that face these hazards directly. We treat preparedness as a core operational responsibility that protects our people, maintains the continuity of our business, and upholds our obligation to the communities that depend on our facilities.

Our preparedness framework is anchored in the Disaster Preparedness Manual, which is implemented across our business segments and covers our organization, personnel, and the communities surrounding our stores and warehouses. The manual establishes procedures for situational assessment, response

objectives, operational protocols, support services, and communication during emergencies. It also embeds the four standard phases of emergency management into how we plan and respond: preparedness, response, recovery, and mitigation.

**Hazard Coverage Under the Disaster Preparedness Manual**

Hazard	Coverage
<b>Fires</b>	Workplace safety guidelines, detailed drill procedures, and examples of dangerous practices to avoid.
<b>Earthquakes</b>	General preparedness guidelines, drill practices, damage assessment procedures, and seismic scale reference.
<b>Typhoons</b>	Safety precautions, storm classifications, and practical tips for store readiness and business continuity.
<b>Floods</b>	Preparation strategies and response plans tailored to mitigate business disruption and protect personnel.
<b>Volcanic eruptions</b>	Action plans during active eruptions, ashfall risk management, and guidance on alert level interpretation.
<b>Droughts</b>	Response strategies, water supply management protocols, and operational guidelines for extended drought conditions.

Puregold also maintains a dedicated Critical Incident Management Manual for its Critical Incident Management Committee and Emergency Operations Center, covering evacuation and relocation, damage assessment, and recovery planning. This subsidiary-level protocol reflects the scale and geographic reach of Puregold's store network and complements the Group's shared framework with more detailed operational guidance specific to that segment.

These give the Group a layered preparedness structure: a shared foundation of principles and procedures at the Group level, supplemented by subsidiary-specific protocols where the complexity or scale of operations warrants a more detailed response architecture. We review and update these frameworks regularly to ensure they remain responsive to the evolving risk environment in the communities where we operate.

**Business continuity through structured planning**

Our emergency management framework is designed not only to protect people but to support business continuity. Structured planning and response mechanisms mean that disruptions, when they occur, are contained more quickly, recovery timelines are shorter, and the impact on our customers and communities is reduced. For investors, this translates directly into operational resilience and reduced downside risk from weather events, seismic activity, or other natural hazards.

**Technology and Innovation**

We continue to invest in digital tools and platforms that improve how we serve customers and run our operations. Our Puregold mobile app and online shopping platforms for Puregold, S&R, and Office Warehouse give customers the ability to browse, shop, and access services on their own terms. Automation built into these platforms streamlines order processing and reduces friction across customer interactions, improving both service quality and operational efficiency.

Our loyalty programs, particularly Tindahan ni Aling Puring (TNAP), extend our digital reach into the micro-entrepreneur communities that form a core part of our customer base. The TNAP Green and Gold cards serve sari-sari store owners, minimarts, and resellers with purchase-based rewards, including Gold Plus Points and Gold Rewards, alongside financial protection benefits covering accident, death, disability,

and calamity. Gold card holders who meet the annual spending threshold also receive insurance coverage, providing a layer of financial security that is meaningful to the small business owners we serve.

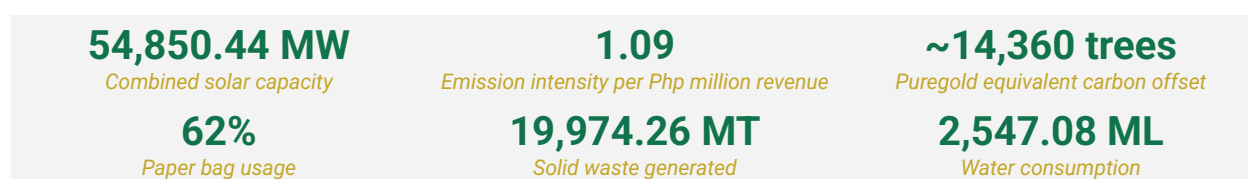
Beyond transactions, TNAP offers members free business training, seminars, and an annual Sari-Sari Store Convention. These programs build the entrepreneurial capacity of our members and reflect our view that customer engagement, done well, creates lasting economic value for the communities we operate in.

## Conscious Conduct of Operations

Reducing our environmental impact is a standing commitment across all business segments. We approach this through initiatives that address energy consumption, materials use, waste generation, and water management, all structured around our SDGs. They are embedded into how our stores, warehouses, distribution centers, and real estate properties operate day to day, and they involve our employees, customers, suppliers, and tenants as active participants.

Our commitment to sustainability is integrated into all aspects of our operations through initiatives that minimize our carbon footprint, improved waste management, managing energy use, and optimizing packaging, reflecting the compounding benefits of consistent effort over time.

Our efforts in recent years toward sustainability have paid off in 2025, with our solar panels yielding 55,463.44 MW to power our stores and locations, a total ban on use of plastic bags bringing the use of paper bags up to 38%, and water conservation measures reducing our water consumption to only 2,545.47 ML.



## Management of Sustainable Material

As part of our commitment towards sustainability and contribution to efforts toward environmental protection, we have incorporated in our operations in all our segments mindful and responsible sourcing, usage, and management of materials. In 2025, we continued to implement responsible material management practices in order to further reduce waste and our impact on the environment.

Our total material use increased to 802.47 MT, reflecting higher operational activity and continued business expansion. Despite this increase, we maintained a strong level of recycled input at 39.52%, demonstrating our continued integration of circular practices in material use.

Materials used	Unit	2023	2024	2025
Non-renewable materials	MT	606.50	666.20	760.30
Renewable material	MT	-	30.78	42.17
Recycled input	%	19.79	41.72	39.52

*Note: Data presented excludes hydropower plants. Renewable materials data covers the specialty retail segment only.*

## Local and Durable Sourcing

In our real estate operations, common supplies including electrical wiring, pipes, metal sheets, detergents, disinfectants, paper, and ink are procured from local stores and suppliers, minimizing the need for transportation or importation. For specialized equipment such as computers, appliances, and hardware, we work directly with trusted manufacturers to ensure product reliability. We reuse old supplies, recycle paper, use energy-efficient lighting and appliances, and source cleaning materials made from locally produced, environment-friendly ingredients.

### Cosco Group materials data

We recorded a 14.12% increase in non-renewable materials used in 2025, primarily driven by ongoing facility upgrades and maintenance activities across our operations. A key contributor to this increase

was the replacement of LED lighting systems, which required additional installation and maintenance materials. This reflects our continued efforts to improve energy efficiency while managing the corresponding material inputs needed to support these upgrades.

OWI does not engage in manufacturing and therefore does not use raw materials in production. Materials in its internal operations consist of packaging materials, cartons, plastic wrapping, office supplies, and warehouse consumables. As of 2025, OWI does not maintain a centralized system for tracking material consumption by weight or volume; usage is monitored through procurement and inventory records instead.

### Circular Packaging Practices

We use both rigid and flexible plastic packaging, which are categorized as recyclable materials, for our Puregold house brands. Through our in-store recycling program, we collect cardboard, glass, metal, and various types of plastic to support waste recovery efforts. All reclaimed materials are co-processed in partnership with Republic-Ecoloop, helping ensure that waste is responsibly managed and diverted from landfill.

We also work closely with suppliers to source private-label products that use recyclable, biodegradable, or reusable packaging, in line with local and national requirements on sustainable waste reduction.

### Reuse and Tenant Engagement

In our malls, tenants routinely use paper cartons, styrofoam containers, paper plates, packaging materials, cleaning supplies, and office stationery in day-to-day operations. We encourage both staff and tenants to reuse and recycle non-biodegradable materials, particularly packaging and office supplies, creating a shared commitment to sustainability across our real estate spaces.

### Energy and Emissions

Our energy sources in 2025 remain diversified across diesel, gasoline, LPG, and grid electricity. We also continue to grow our renewable energy capacity through solar and hydropower, reducing our dependence on the grid and lowering emissions across the Group.

The increase in total energy consumption was primarily driven by business expansion. At the same time, renewable energy use grew with the installation and expansion of rooftop solar photovoltaic (PV) systems across the grocery retail and commercial real estate segments.

Electricity consumption declined in certain areas due to energy efficiency initiatives, including the shift from incandescent bulbs to LED panel lights, alongside the increased use of renewable energy. Meanwhile, hydropower generation decreased due to plant outage occurrences at the Catuiran Hydropower Plant during the reporting period.

### Cosco Group energy consumption

Sources of Energy within the Organization	Unit	2023	2024	2025
Diesel	GJ	66,047.53	64,826.30	65,950.11
Gasoline	GJ	34,445.60	46,835.87	38,761.26
LPG	GJ	130,134.72	79,612.46	86,468.68
Electricity	GJ	931,655.29	1,580,816.61	1,444,867.73
Electricity sold	MWh	46,702.88	67,509.83	63,941.76

Note: Data for 2023-2024 have been restated due to the correction of previously reported figures following data validation and reconciliation. Electricity sold is electricity generated by hydropower facilities and exported to the grid.

## Energy use breakdown per subsidiary for 2025

Sources of Energy within the Organization	Unit	Cosco	Puregold	Keepers
Diesel	GJ	710.67	19,952.37	45,287.07
Gasoline	GJ	28.39	4,177.95	34,554.92
LPG	GJ	13,230.71	73,237.97	-
Electricity	GJ	144,571.79	1,187,819.94	112,476.00

## Renewable energy sources

Sources of Energy within the Organization	Unit	2023	2024	2025
Solar energy	GJ	72,485.43	100,001.58	199,666.80
Hydropower energy	GJ	171,843.48	158,770.08	152,288.28

Note: Data for 2023-2024 have been restated due to the correction of previously reported figures following data validation and reconciliation.

## Energy Initiatives by Segment

### Grocery Retail

Rooftop solar PV systems have been progressively deployed across viable Puregold stores under our Energy Management Plan, reducing electricity costs by up to 35% and minimizing CO<sub>2</sub> emissions. Phase 5 was initiated in 2025 with additional solar capacity at several locations, to be fully completed by Q1-Q2 2026. Across Phases 1 to 5, installed capacity has reached over 12.34 MWp. Stores with rooftop solar PV reported a 30.56% average reduction in electricity billings.

Energy consumption is collected from actual electricity billing statements issued by local electric distribution utilities, measured in kWh and consolidated annually. Facilities with direct billing record individual kWh data. In some warehouse and mall-based locations, charges fall under Common Use Service Area (CUSA) billing; individual consumption data may not be available for those facilities.

S&R expanded its solar installations in 2025, building on deployments begun in 2024. These installations reduced S&R's dependence on grid electricity and lowered operational costs.

### Specialty Retail

In 2025, OWI replaced conventional lighting with energy-efficient LED fixtures, promoted switching off lights and equipment after office hours, and implemented preventive maintenance of air-conditioning systems to reduce energy use. OWI does not currently quantify energy use associated with upstream and downstream value chain activities, including purchased goods, third-party transportation, business travel, and employee commuting.

### Commercial Real Estate

Our commercial real estate operations use LED lighting with motion sensors, HVAC smart thermostat optimization, and improved building insulation. Solar panels and other renewable energy systems have been introduced across properties to reduce reliance on grid electricity. Periodic energy audits and utility metering systems across stores, warehouses, branches, and offices identify consumption patterns and inefficiencies. Regular energy audits and installed energy meters track usage and surface further improvement opportunities. Conversion factors are based on data from local utility providers using standard units including kWh, cubic meters, kilograms, and liters.

## Hydropower plants

Energy produced at the Catuiran Hydroelectric Power Plant is used solely to maintain plant operations, dedicated to ensuring the plant runs efficiently with no unnecessary energy waste.

### On quantifying energy savings

The total energy reduction from conservation and efficiency measures has not yet been formally quantified for 2023 to 2025, due to the absence of a structured baseline dataset. Cosco has begun monthly monitoring of electricity consumption for facilities with direct metered billing to establish a consistent baseline and enable more structured measurement in future reporting periods.

## Emissions Management

Our commitment to sustainability also extends to preserving air quality by actively managing and reducing our greenhouse gas (GHG) emissions. Through ongoing projects and effective policies, we aim to minimize the environmental impact of our operations. Our efforts are focused on reducing emissions that directly affect air quality, aligning with our broader sustainability goals. We track emissions across our subsidiaries covering energy use, transportation, and waste management to record, assess, and report our carbon footprint accurately.

In 2025, total Scope 1 emissions decreased slightly by 0.60%, reflecting improved fuel efficiency and better management of direct emission sources. Scope 2 emissions declined by 8.60%, supported by increased integration of renewable energy in our electricity consumption.

Our emissions intensity per Php million revenue improved to 1.09, indicating that we generated lower emissions relative to revenue compared to the prior year. This reflects stronger operational efficiency and the Company's ability to partially decouple emissions from business growth. Similarly, emissions intensity per full-time employee (FTE) decreased to 19.20, suggesting improved workforce productivity and more efficient resource use per employee.

Carbon Emissions	2023	2024	2025
Total Scope 1 Emissions in tCO <sub>2</sub> e	15,448.48	13,050.42	12,972.49
Total Scope 2 Emissions in tCO <sub>2</sub> e	179,473.18	304,527.00	278,337.94
Intensity per Php million revenue	0.90	1.32	1.09
Intensity per FTE	14.22	22.29	19.20

*Note: Data for 2023-2024 have been restated due to the correction of previously reported figures following data validation and reconciliation. Current intensity ratios include Scope 1 and Scope 2 emissions only.*

### Emissions breakdown per subsidiary for 2025

Carbon Emissions	Cosco	Puregold	Keepers
Total Scope 1 Emissions in tCO <sub>2</sub> e	896.03	6,373.79	5,702.67
Total Scope 2 Emissions in tCO <sub>2</sub> e	27,850.17	228,820.50	21,667.27

OWI does not report Scope 1 GHG emissions as it does not operate vehicles, generator sets, or fuel-powered machinery. Scope 2 and Scope 3 emissions for OWI have not yet been quantified for 2023 to 2025 as OWI is consolidating electricity consumption data and aligning emission factor applications with Group-level reporting methodologies. Quantified Scope 2 figures will be reported once the consolidated GHG inventory is complete. Scope 3 will be aligned with Group-level data collection as it develops.

A formal GHG emissions base year will be defined once the consolidated GHG inventory is completed at the Group level. Future recalculations will follow the GHG Protocol Corporate Standard in cases of significant structural, boundary, or methodological changes.

## Waste and Recycling of Packaging Waste

Solid waste is an inevitable consequence of retail and real estate operations. We are committed to reducing reliance on single-use plastics and promoting recycling and reuse of non-biodegradable materials across all stores and warehouses.

Despite increased occupancies and store expansions, our overall waste generation has decreased by 21.40%, showing that our waste reduction efforts and policies remain effective and continue to lower our environmental impact.

Waste composition (in tonnes)	2023	2024	2025
Non-hazardous waste	19,454.01	25,022.22	19,654.70
Hazardous waste	394.87	389.50	319.56
Total waste generated	19,848.88	25,411.72	19,974.26

Note: Data for 2023-2024 have been restated due to the correction of previously reported figures following data validation and reconciliation.

## Waste breakdown per subsidiary for 2025

Waste composition (in tonnes)	Cosco	Puregold	Keepers
Non-hazardous waste	11,731.18	7,923.52	No data available
Hazardous waste	220.00	99.56	No data available
Total waste generated	11,951.18	8,023.08	No data available

## Waste Management Processes

Solid and hazardous wastes are handled through structured, separate processes to ensure compliance with local environmental standards and DENR requirements.

We conduct detailed waste audits to assess the types and volumes of waste generated and identify key sources. Daily waste collection logs maintained by administrative and housekeeping teams are monitored for recyclable materials turned over to recyclers and incidents related to improper disposal or overflow. Engineering and administrative teams conduct regular audits to ensure compliance.

## Solid Waste Management Process

Step	Description
<b>Segregation at source</b>	Waste is sorted into biodegradable, non-biodegradable, and recyclable categories using color-coded bins: green (biodegradable), blue (non-biodegradable), red (recyclable).
<b>Collection and transfer</b>	Waste is transferred to designated depository areas accessible to authorized personnel only, then gathered for recycling or sanitary landfill disposal.
<b>Further segregation</b>	At the disposal area, recyclables are sorted for junk shops or scrap buyers; biodegradables taken to local disposal facilities for LGU processing.
<b>Disposal</b>	Recyclables: junk shops or scrap buyers. Biodegradables: Barangay MRFs for composting. Non-biodegradables: sanitary landfills or long-term storage.
<b>Careful handling</b>	Waste is disposed of with minimal spillage throughout the process, ensuring compliance with local environmental standards.

## Hazardous and Food Waste Management Process

Step	Description
Segregation and labeling	Hazardous materials (used oils, grease, fluorescent and LED lamps, batteries) are segregated at source into clearly labeled bins; stored in designated areas marked with yellow labels and black text.
Storage	Used oils and grease are stored in closed drums; expired bulbs are placed in sealed plastic drums to prevent leakage and contamination.
Tracking and monitoring	Store managers and operations staff regularly update records and monitor compliance with handling processes.
Returns and recycling	Hazardous materials within their warranty period are returned to suppliers for proper disposal.
Certified disposal	Remaining hazardous waste is disposed of by an accredited third-party waste management company certified by the DENR, in accordance with minimum weight requirements.

## Waste Management by Segment

### Grocery Retail

Puregold reduces packaging-related waste by promoting the use of paper and cloth bags, while limiting plastic bags for wet or frozen products. Some stores continue to offer both paper and plastic options, but efforts remain focused on minimizing plastic use in line with the Extended Producer Responsibility Act of 2022.

Packaging	2023	2024	2025
Plastic Sando Bags	46%	47%	38%
Paper Bags	54%	53%	62%
No. of Stores	488	511	761

*Note: This data reflects only plastic sando bags. Other plastic packaging generated, such as from packaging and labels, is not included.*

Customers are encouraged to bring reusable bags or purchase eco-bags available in store. Puregold reuses cartons from product packaging by selling them to third parties or using them to replace plastic bags for customers. Other recyclable waste including electronics and scrap materials is sold to scrap buyers. In 2025, we continued widespread use of paper cups, paper plates, and bamboo utensils, first introduced in Q2 2024, in line with the Extended Producers Responsibility Act of 2022.

S&R's food product range includes meat, fish, poultry, dairy, beverages, coffee, and deli dishes, all of which generate food waste. We employ third-party waste haulers to transport food waste to landfills in accordance with environmental regulations.

### Specialty Retail

OWI's waste consists of carton boxes, plastic wrapping, paper waste, general municipal waste, food waste from pantry use, and damaged or unsellable merchandise. A significant portion of packaging waste originates upstream from supplier packaging embedded in delivered goods; downstream impacts may also arise from third-party waste service providers, over which OWI has limited direct control.

Packaging	Unit	2023	2024	2025
Scrap Carton Generation	MT	-	30.78	42.17

OWI reduces waste by reusing carton boxes and packaging materials for document storage, product repacking, and operational transfers. Excess cartons are sold to accredited recyclers. OWI monitors

carton waste processing at its warehouses, categorizing cartons by whether they are reused internally, sold to recyclers, or directed to disposal. Waste disposal and segregation are handled through contractual arrangements with third-party companies in compliance with local environmental regulations.

### Commercial Real Estate

Daily operations generate waste from food preparation, store operations, maintenance works, renovations, and waste collection, including food scraps, plastic and paper waste, cartons, scrap metal, used oil, and wastewater. Additional waste enters from suppliers delivering goods in boxes and containers, and from customers disposing of shopping and food packaging. We have implemented proper waste segregation, recycling, and regular collection practices across all commercial real estate operations to address these impacts.

We encourage tenants to reduce packaging and use reusable containers, implement regular waste collection schedules to prevent overflow, and promote reuse of boxes, pallets, and scrap where practical. Continuous information drives and training for tenants and staff support these practices. Partnerships with licensed waste collectors and recyclers ensure segregated wastes are handled in compliance with environmental laws and city regulations. The mall regularly checks permits and accreditations of waste haulers and conducts periodic inspections.

### Optimizing Water Use

Water is used across our operations for cooling systems, cleaning, sanitation, and food preparation, with all subsidiaries sourcing supply from local water districts and utility providers. During the reporting period, water usage increased mainly due to the expansion of operations and higher demand across stores and facilities. However, the commercial real estate segment recorded a decline in consumption due to fewer food tenants.

We recognize the importance of water in our operations and remain committed to conserving it through responsible practices that support both environmental sustainability and long-term resource availability.

There are increases in water consumption (36.85%) and water discharge (52.01%) across our operations but these are mainly due to the fact that we have opened several new branches and stores across the country. The company remains steadfast in its commitment to also implement the same measures that would optimize water use in these new areas to ensure that they will also cause minimal impact only on their surroundings.

Water use (in megaliters, ML)	2023	2024	2025
Water consumption	2,437.36	1,861.17	2,547.08
Water discharge	349.03	415.53	631.63
Intensity per Php million revenue	0.0120	0.0083	0.0226
Intensity per FTE	0.0017	0.0019	0.0056

Note: Data for 2023-2024 have been restated due to the correction of previously reported figures following data validation and reconciliation.

### Water use breakdown per subsidiary for 2025

Water use (in megaliters, ML)	Cosco	Puregold	Keepers
Water consumption	1,048.37	989.89	506.82
Water discharge	6.69	624.94	No data available

Note: Monitoring is through records of available billing statements from local water utility providers for facilities with direct billing arrangements.

## **Water Use and Wastewater by Segment**

### **Grocery Retail**

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All water is sourced from local water districts and used solely for domestic purposes including cleaning, toilets, and kitchens. Wastewater from cleaning processes is directed to Sewage Treatment Facilities, septic tanks, or hauled by a third-party service provider, and in some cases interconnected to centralized wastewater treatment systems like Maynilad and Manila Water.

Puregold conducts quarterly monitoring of water quality and monthly monitoring of water usage to prevent water pollution and unintentional use of contaminated water. Wastewater quality is monitored to ensure it does not exceed 90% of the government standard for pollutants under DAO 2016-08. When this threshold is surpassed, an internal review identifies causes and implements corrective measures. Wastewater treatment facilities comply with the DENR classification of the nearest water body. Water pollution control facilities have been installed and information campaigns on water conservation are conducted for employees, customers, and stakeholders in compliance with RA 9275 and DAO 2016-08.

### **Specialty Retail**

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OWI does not engage in water-intensive manufacturing. Operations require sanitary facility maintenance, pantry use, and general cleaning, all using water from local utility providers. Wastewater is discharged through municipal sewage systems in accordance with local regulations. Watershed stress mapping and other specialized water risk assessment tools were not applied given the non-industrial nature of OWI's water use.

OWI promotes responsible water use through mindful consumption, routine plumbing inspections to detect leaks, and timely fixture repairs. All OWI facilities operate within commercial buildings connected to municipal or centralized wastewater systems; wastewater handling follows building administration policies and local regulatory requirements. OWI has not developed internal water quality guidelines as its operations do not involve industrial processes or activities requiring specialized effluent management. Wastewater is discharged through regulated municipal sewage systems rather than directly into natural water bodies.

### **Commercial Real Estate**

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Water sourced from local utilities is used in cooling systems, cleaning, and sanitation across all properties, for cooling towers, restrooms, and equipment, then discharged into drainage systems or sent to treatment plants. NE Pacific draws water from local sources for the same purposes, and used water is discharged into local drainage systems or treatment plants in accordance with local environmental laws and DENR guidelines.

We conduct regular assessments to monitor water use, withdrawal, discharge, and possible pollution from runoff using water meters, pollution monitoring, and environmental impact studies. We have installed water-efficient fixtures, implemented recycled water use where possible, and set targeted goals for high-consumption areas to reduce water waste in regions facing water stress. Suppliers and contractors are encouraged to adopt sustainable water practices; tenants are supported through resources, regular maintenance, and installation of water-efficient systems. Monthly inspections of water meters and facility conditions ensure proper usage and help identify leaks.

Minimum effluent discharge standards have been established based on local regulations and DENR guidelines. For facilities in areas without specific local discharge requirements, internal standards are based on best practices and guidelines from local water suppliers and relevant government agencies. NE Pacific sets its own internal standards for these locations based on regulations from the local water

supplier and relevant government agencies, following DENR guidelines as sector-specific standards. In all cases, effluent discharge must meet set minimum quality standards before release.

### **Hydropower plants**

The Catuiran Hydroelectric Power Plant operates in compliance with DENR guidelines, as demonstrated by its Environmental Compliance Certificate (ECC) and Forest Land Use Agreement (FLAG). Water from the Catuiran River is diverted through a weir dam into a tunnel, passes through turbines in the powerhouse, and is discharged via the tailrace back to the river, maintaining its natural downstream flow. Water quality is regularly monitored at multiple points to ensure consistency before and after plant operations.

Similarly, the 8.661 MW Matuno River Hydroelectric Power Plant generates electricity by diverting a portion of the river through an intake system. Water flows through the headrace and penstocks to drive three turbine units, then returns downstream through the tailrace, preserving the river's natural flow. Both plants operate on a non-consumptive basis, ensuring that all diverted water is returned and remains available for downstream users, including irrigation and local communities.

Water discharge from the Matuno plant is governed by DENR Administrative Order No. 2016-08, as updated by DAO 2021-19, which sets Water Quality Guidelines and General Effluent Standards. Where local standards do not apply, a hierarchy of applicable standards is followed to ensure environmental protection and risk mitigation. MRDC strictly adheres to these requirements, using them as the primary benchmarks for compliance. The characteristics of the Matuno River are also considered in setting operational parameters, ensuring that discharge practices remain aligned with ecological conditions.

At Catuiran, coffer dams are maintained to manage river flow during heavy rains and typhoon seasons, helping protect nearby communities from flooding. Tree planting supports watershed health and riverbank stability, while annual water analysis and regular visual inspections monitor water quality and silt levels. The plant does not require a Wastewater Discharge Permit under MB-MIMAROPA regulations, as it uses water solely for power generation without discharging processed wastewater.

While groundwater extraction data from Matuno's deep well facility remains unconsolidated during the reporting period, operations primarily rely on the natural flow of the river. Water use is directly proportional to electricity generation, reinforcing a system that supports responsible water stewardship while minimizing environmental impact.

### **Sustainable Supply Chain**

We maintain practical and effective relationships with our suppliers to ensure they meet environmental, social, and governance (ESG) standards alongside us. We prioritize local sourcing where feasible to support local businesses and reduce the environmental impact of our operations.

We engage Tier 1 suppliers across all segments on environmental, social, and governance standards, prioritizing local sourcing where feasible to reduce transportation impacts and support the domestic economy. Environmental compliance is a condition of supplier accreditation, and where concerns are identified, we work collaboratively on corrective action plans before escalating to termination.

### **Supply Chain and Sustainable Product Mix Practices by Segment**

#### **Specialty Retail**

Suppliers engaging with OWI undergo strict assessment based on legal compliance, product quality, pricing, delivery capability, operational reliability, required government registrations and permits, and compliance with applicable environmental laws. OWI has not yet established a formal environmental due diligence framework; however, regulatory compliance forms part of the supplier accreditation and onboarding process. No new suppliers were assessed against structured environmental performance

criteria during 2025. Environmental compliance requirements are incorporated within standard accreditation procedures and contractual documentation. No significant environmental compliance issues related to suppliers were reported or escalated to management as of 2025.

### **Commercial Real Estate**

Key environmental issues identified in recent assessments of the commercial real estate supply chain include improper waste disposal, failure to follow segregation rules, excessive electricity and water use, generator and delivery truck emissions, failure to recycle cartons and oil containers, and improper handling of chemicals and oil.

We addressed these by working with suppliers on improvement plans covering compliance with mall waste management and segregation policies, monitoring of electricity and water use, proper maintenance of generators and vehicles to reduce emissions, safe storage and disposal of chemicals, and participation in the mall's recycling programs. Some measures produced secondary impacts including higher volumes of waste sent to dumpsites, increased air pollution from higher fuel use, and the risk of clogged drainage systems.

#### **Supply chain assessment 2025**

Out of 20 suppliers assessed, six (30%) were identified as having significant actual or potential negative environmental impacts. Five of these (83%) committed to corrective actions. One supplier (17%) was terminated due to unresolved environmental concerns.

## Value for People

We value the vital role our stakeholders play in the sustainability and progress of Cosco Capital. We are committed to protecting the interests of our personnel, suppliers, customers, and the communities that host us. We uphold the rights to equality and freedom of all personnel, foster loyalty among customers, and maintain the trust of the communities where we operate.

### Employee Engagement and Diversity

Cosco Capital is committed to fostering diversity and inclusivity across all offices, stores, warehouses, and malls. Employees are recognized based on their skills and contributions, regardless of gender, age, race, or background. Our hiring practices prioritize qualifications and capability, helping build a workforce that reflects the diverse communities we serve. As of 2025, our direct workforce is composed of 59% female and 41% male employees, reflecting our continued efforts to maintain an inclusive and balanced organization.

In addition, we engage 24,456 indirect employees, of whom 54% are female and 46% are male, from our commercial real estate and grocery retail segments. These individuals are employed by independent and legitimate job contractors and are primarily assigned to roles such as data processing, field marketing, packaging, security, and utility services. While they are not under our direct supervision, they remain an important part of our extended workforce ecosystem.

Total Employee Headcount	2023	2024	2025
<b>By gender</b>			
Male	5,955	5,944	6,248
Female	7,753	8,304	8,924
<b>Total</b>	<b>13,708</b>	<b>14,248</b>	<b>15,172</b>

Note: Employee data for this report exclude PPC.

In 2025, new hires declined slightly compared to 2024 as the Company focused on optimizing workforce requirements and improving hiring efficiency across operations.

New Hires	2023	2024	2025
<b>By gender</b>			
Male	1,798	1,267	1,316
Female	2,369	2,034	1,991
<b>By age</b>			
Under 30	2,581	2,192	2,090
30 - 50	1,575	1,100	1,209
Above 50	11	9	8
<b>Total</b>	<b>4,1675</b>	<b>3,301</b>	<b>3,307</b>

Note: Data for 2023–2024 have been restated to include updates identified during data review and validation.

Employee turnover recorded an attrition rate of 0.23 in 2025, reflecting a more stable workforce compared to prior years. To improve retention, the Company continues to strengthen employee engagement and expand opportunities for growth and development.

Employee turnover	2023	2024	2025
<b>By gender</b>			
Male	1,581	1,756	1,427
Female	2,050	2,000	1,985
<b>By age</b>			
Under 30	1,792	1,878	1,724
30 - 50	1,794	1,825	1,652
Above 50	46	53	36
<b>Total</b>	<b>3,631</b>	<b>3,756</b>	<b>3,412</b>
<b>Attrition rate</b>	<b>0.28</b>	<b>0.27</b>	<b>0.23</b>

Note: Data for 2023–2024 have been restated to include updates identified during data review and validation. Reported data exclude hydropower plants.

## Diversity, Equity, and Inclusion by Segment

### Grocery Retail

Puregold integrates diversity, equity, and inclusion into every stage of recruitment and daily operations. The Company discourages biases of any kind and fosters a cohesive environment where employees from various generations, backgrounds, and beliefs thrive together. A family-oriented culture that values collaboration, open communication, and shared purpose underpins this approach.

Recruitment prioritizes competencies, potential, and alignment with organizational values, using personality and skills assessments designed to eliminate unconscious bias. The workforce is intentionally multi-generational, valuing the unique perspectives each generation brings while maintaining merit-based selection. Equal access to promotions and leadership development is ensured for all employees.

### Most Caring Company

Puregold's reputation as one of the most caring companies in the Philippines is built on concrete practices: assigning employees to stores near their hometowns to support family life; providing scholarships for qualified employees' children; maintaining a well-funded retirement plan; and setting aside funds for accident and life insurance, memorial assistance, and bereavement support.

### Specialty Retail

In 2025, OWI's workforce levels were influenced by both retail expansion and store closures. Employees from closed stores were reassigned or transferred to other operational units, resulting in no significant net decrease in total employee numbers. The organization also engaged one male non-employee under an on-the-job training arrangement, supervised by OWI personnel as part of his academic training in coordination with his educational institution.

### Employee Benefits

We offer a comprehensive benefits package to all employees covering statutory requirements, health, financial security, and work-life balance. Our support for working parents is reflected in a 95.17% retention rate after parental leave, demonstrating our commitment to helping employees successfully return to and remain in the workforce.

Additional benefits include parental and solo parent leave with flexible work arrangements, breastfeeding support facilities for returning mothers, scholarship programs for employees' children, bereavement

funds supported by voluntary colleague contributions, and bonuses and car assignments for senior and middle management.

We also provide health support programs addressing Hepatitis B, STD/HIV/AIDS, and tuberculosis, with educational resources, workplace accommodations, and non-discriminatory policies. Drug-free workplace rules and anti-sexual harassment policies are enforced across all operations.

### Benefits Provided To All Employees

Benefit	Provided	Female	Male
SSS	Y	4,774	3,727
PhilHealth	Y	2,283	2,759
PAG - IBIG	Y	4,172	3,605
Parental Leaves	Y	2,669	921
Vacation Leaves	Y	7,037	5,151
Sick Leaves	Y	7,035	5,147
Life insurance	Y	1,922	2,444
Medical Benefits (aside from PhilHealth)	Y	6,963	5,065
Retirement Fund (aside from SSS)	Y	7	6
Flexible – Working Hours	Y	566	250

### Parental Leave

Parental Leave Disclosure	Male	Female	Total
Number of employees entitled to parental leave	3,530	8,389	11,919
Percentage of employees that took parental leave in FY 2024	188	677	856
Employees who returned to work after parental leave ended	177	651	820
Employees who returned to work after parental leave ended who were still employed 12 months after their return	175	606	781
<b>Return to Work Rate</b>	<b>95.72%</b>		
<b>Retention Rate</b>	<b>95.17%</b>		

Note: Data excludes Commercial Real Estate.

### Labor Management

Labor management is a dynamic aspect of our operations that we nurture through open communication, transparency, and fairness. We are committed to providing safe, secure, and dependable workplaces where employees can work without fear of harm, harassment, or unnecessary stressors. Employees and their representatives are generally informed in advance of significant operational changes, with notice periods ranging from one week to one month depending on the nature of the change.

## Labor Relations by Segment

### Grocery Retail

Puregold's DEI commitment extends into its labor practices. Fairness and respect are upheld as principles in all personnel decisions, with equal access to growth opportunities and promotions for all employees regardless of gender, age, or background.

### Specialty Retail

OWI does not operate manufacturing plants or high-risk industrial facilities, and its suppliers are all local, placing it at low risk for labor rights violations. The Company has no international operations; all stores, warehouses, and offices operate within the Philippines.

OWI typically provides a minimum notice period of two months prior to significant organizational or operational changes. This notice period, consultation process, and feedback system are governed by internal policies and applicable labor laws rather than collective agreements.

Despite not having a labor union or Collective Bargaining Agreement (CBA), OWI respects employees' rights to freedom of association in accordance with Philippine labor laws. Employees are encouraged to communicate concerns through established internal channels including supervisors, department heads, and the Human Resources department. During the reporting period, no employees were covered by CBAs and no formal consultation sessions regarding employee-related policies were conducted.

### Local Wage Equality

We follow DOLE minimum wage standards across all operations, ensuring equal pay for equal value and the economic empowerment of all genders, ages, and creeds. Newly hired employees of all genders start at the minimum wage rate in line with DOLE regulations. Pay increases and promotions are based on performance evaluations, with salary adjustments above the minimum wage available to those who qualify.

We regularly review wages and benefits packages to ensure compliance with labor laws, conducting annual performance appraisals. Senior management positions across retail units, corporate offices, warehouses, distribution centers, and QSRs are filled by locals from the communities where we operate.

### Specialty Retail

OWI strictly follows minimum wage regulations set by government legislation across all operating locations, with entry-level employees provided at least the minimum wage as their starting rate regardless of gender. Workers in the National Capital Region receive higher minimum wage rates in line with the higher cost of living there. Wage reviews and alignments are conducted regularly to ensure continued compliance. Compliance with wage orders is monitored through internal reviews, performance appraisal processes, and DOLE oversight.

## Occupational Health and Safety

We are committed to providing safe and secure workplaces across all subsidiaries. Our OHS approach is based on Republic Act No. 11058 (An Act Strengthening Compliance with Occupational Safety Health Standards) and is aligned with DOLE and DENR regulations.

### 2025 safety highlights

Across our operations, we recorded over 12 million combined safe man-hours, reflecting strong safety performance across operations. OWI maintained zero lost-time incidents for the year, underscoring its effective safety management practices. To further strengthen preparedness, OWI conducted fire and earthquake drills in April and November 2025, reinforcing evacuation procedures

and emergency response readiness.

### Safety Data for Employees

Safety Data for Employees	Unit	Total
Fatalities as a result of work related-injury	Number	0
Fatalities as a result of work related-ill health	Number	0
Recorded work related injuries	Number	43
Cases of recordable work-related ill health	Number	0
Safety drills	Number	788
Man-hours worked	Hours	37,869,312

Note: Data excludes KEEPR, OWI, and Hydropower plants.

### OHS Management System

Key components of the OHS Management System include annual medical reports, Workplace Prevention and Compliance Reports, and Health and Safety Committees at each work location. DOLE-registered First Aiders and Safety Officers are designated as required, and an approved OHS Program is implemented across operations. All employees, including those deployed through manpower agencies, are covered by the system.

Component	Description
<b>Safety promotion and education</b>	Regular fire and earthquake drills, safety seminars, and installation of safety signage across facilities.
<b>Risk assessment</b>	Regular hazard assessments particularly in warehouse and logistics operations.
<b>Driver and employee compliance</b>	Regular inspections and evaluations of driver performance and compliance with safety guidelines.
<b>Basic safety installations</b>	Smoke detection and sprinkler systems, maintained fire extinguishers, electrical systems, outward-swinging emergency exits, CCTV, and deployed security personnel.
<b>Worker participation</b>	Employees are provided avenues to report concerns, participate in OHS program development, and flag unsafe work situations without fear of disciplinary action.

### Hazard Identification, Mitigation, and Safety Practices by Segment

Primary hazards identified across operations include: electrical hazards; slips, trips, and falls; ergonomic hazards from repetitive motion and improper lifting; exposure to hazardous substances; fire hazards; heat stress; noise from equipment; and working at heights. We address these through engineering controls, administrative controls, and appropriate PPE, reinforced by regular safety training.

### Grocery Retail

Safety is reinforced through monthly Safety and Security Inspections and Assessments (SSIA). Accidents and injuries are documented using the Occupational Accident Report Form (OARF). Hazardous chemicals have been replaced with safer alternatives to minimize employee exposure. An annual learning and development budget per employee covers safety training alongside leadership, management, and technical skills.

S&R conducts regular safety inspections to identify equipment-related hazards. Older equipment has been replaced with quieter, more efficient models to address noise exposure. Employees benefit from HMO plans covering both occupational and non-occupational medical needs.

## **Specialty Retail**

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Common workplace risks including slips, trips, falls, and electrical hazards are identified and monitored through routine and non-routine risk assessments and employee feedback. OWI operates a Health and Safety Committee and a Disaster/Emergency Response Committee, both of which include representatives from management and workers, serving as platforms for consultation, coordination, and joint action on safety, emergency preparedness, and regulatory compliance. All work-related incidents are documented and investigated by the Safety Officer and relevant supervisors.

OWI prioritizes elimination and engineering controls before administrative controls and PPE. Ergonomic adjustments and optimized work schedules address heat stress and physical strain. For store branches in malls, OWI adheres to mall-imposed safety and emergency preparedness programs including evacuation procedures and facility safety guidelines. Logistics operations are monitored for compliance with transportation safety standards. Incidents involving external parties are documented and investigated, with corrective actions implemented to prevent recurrence.

OWI employees participate in OHS programs through scheduled safety meetings facilitated by the Safety Officer or Administrative Supervisor. Committee members and worker representatives raise concerns and suggest improvements. Employees may also directly report safety issues to supervisors or designated Safety Committee members.

OWI offers employees health cards for medical access along with first aid supplies and sick leave. OHS functions are coordinated by the Safety Officer and Administrative Supervisor, who report identified workplace health risks and recommended actions to management.

## **Wine and Liquor Distribution**

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Warehouse safety at Keepers is maintained through annual pest control operations targeting biological hazards that could disrupt operations.

## **Commercial Real Estate**

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Safety protocols are enforced through regular inspections and root-cause investigations. The safety policy is based on legal requirements implemented by trained safety officers. Workers are encouraged to immediately report discovered hazards and are informed of their right to discuss any assignment they consider unsafe. Injured personnel receive medical assistance following thorough investigation of any incident.

Hazardous chemicals and older equipment have been replaced with less toxic alternatives and quieter, more efficient models. Guardrails, non-slip flooring, and proper ventilation have been installed to reduce fall, slip, and heat stress risks. Stricter work schedules and rest periods address heat stress and fatigue. Ergonomic assessments reduce musculoskeletal strain. Workers are provided with PPE including gloves, safety boots, hearing protection, respirators, and fall protection harnesses, supported by regular training and refresher courses.

Wellness programs at NE Pacific include fitness classes, nutrition counseling, and stress management workshops. The OHS functions cover hazard identification and elimination, worker training in safe work practices, and correct use of PPE. The real estate group's OHSMS currently meets local regulatory requirements (DOLE, BFP, LGU), while management and employees are in the process of establishing a more comprehensive direction and commitment to further enhance the system.

## **Hydropower plants**

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Health and safety discussions are part of regular meetings at Catuiran Hydropower, allowing workers to participate in identifying hazards and recommending improvements. Safety audits address specific risks including electrocution, slips, and respiratory illness.

## Comprehensive Training Programs

Each subsidiary offers OHS training tailored to specific workplace risks. Training ensures all employees understand safety measures relevant to their roles and are prepared for emergency situations.

### Specialty Retail

OWI conducts annual fire and earthquake seminars for Head Office and Warehouse/Logistics employees, covering emergency evacuation, fire prevention, earthquake response, and general workplace safety awareness. Regular drills reinforce preparedness. Warehouse and logistics personnel receive safety briefings on operational hazards; driver performance and safety compliance are regularly monitored. Store personnel in malls participate in safety training organized by mall administrations. Stand-alone store personnel receive annual fire and earthquake training from the Administrative Supervisor.

For stores in buildings OWI owns or rents, OWI manages OHS risks from contractors, suppliers, logistics partners, and mall administrations by requiring third-party service providers to comply with applicable safety regulations and company protocols. Logistics operations are monitored for transportation safety compliance. Incidents involving external parties are documented, investigated, and addressed with corrective actions to prevent recurrence.

### Commercial Real Estate

NE Pacific provides a comprehensive OHS training program covering proper lifting techniques, fire safety, emergency evacuation, and first aid. Work-specific training addresses electrical safety and lockout/tagout procedures, HVAC refrigerant handling, construction-related hazards including working at heights and power tools, and hazard awareness for gas leaks, fire emergencies, and water ingress. Training data is compiled from incident reports, safety audits, and routine inspections using OSHA guidelines and local safety regulations as primary standards. Risk assessments evaluate likelihood and severity of each hazard; incident investigation reports are analyzed to identify root causes and common risk factors.

To prevent or mitigate significant negative OHS impacts, NE Pacific conducts thorough risk assessments, implements safety protocols and contingency plans, actively engages with suppliers and contractors on safety standards alignment, provides comprehensive training, and conducts regular maintenance and inspections. Incidents are thoroughly investigated to identify root causes and implement corrective actions.

## Training and Education

We support our employees' advancement by providing training programs that equip them with the skills needed to excel in their roles and contribute to the company's success. Each subsidiary conducts targeted programs designed to improve employee skills and ensure workplace safety.

Total training hours	2023	2024	2025
Male employees	264,383	198,230	354,459
Female employees	476,885	426,204	660,348
<b>Overall training hours</b>	<b>741,268</b>	<b>624,434</b>	<b>1,014,807</b>

*Note: Data includes grocery retail segment data only.*

There is a significant uptick in the number of employees who received additional training and education across our operations in 2025. We completed more than 1.0 million training hours across our workforce, supporting continuous skill development and professional growth. This reflects our ongoing investment in building capabilities to meet evolving operational needs and strengthen overall performance.

## Training Programs by Segment

### **Grocery Retail**

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An annual learning and development budget is allocated per employee, covering courses in leadership, management, technical skills, and legal compliance.

### **Specialty Retail**

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OWI offers mandatory job orientation for new hires and product knowledge and safety seminars for current employees. Programs include leadership development, operational policy updates, system refresher training (including Retail-Pro), sales audit training, safety seminars, soft skills development, and AI-based communication training.

For employees resigning or retiring, OWI implements standard exit procedures including clearance processing, final pay computation, and coordination of employee benefits in accordance with internal policies and applicable labor laws.

## Customer Health and Safety

Customer care is a top priority across all our operations. We continuously adopt best practices in sales and customer service, ensuring safe products while reducing the environmental impact of consumption. Products are sourced from reputable multinational and local vendors, all fully certified and compliant with health and safety regulations.

### **2025 compliance record**

Zero instances of non-compliance with product safety regulations were recorded across all operations in 2025. 100% of significant product and service categories were assessed for health, safety, and labeling compliance. No fines, penalties, or regulatory warnings were issued.

### **Fair Marketing and Labeling Practices**

In accordance with DTI guidelines and trade laws, we provide customers with clear and accurate product information including pricing, ingredients, nutritional content, and product name, enabling informed and responsible consumption choices. Our procurement team ensures providers of external brands adhere to both local and international marketing and labeling standards.

### **Grocery Retail**

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Puregold and S&R strictly adhere to Philippine food and drug regulations, ensuring all products meet the highest safety and quality standards.

### **Specialty Retail**

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OWI ensures relevant product and service information is made available to customers through labeling and documentation provided by manufacturers and suppliers. Details regarding product content, substances with environmental or social impacts, safe use guidance, specifications, operating instructions, and warranty details are indicated on product packaging or accompanying documentation from manufacturers. Disposal instructions and information on environmental or social impacts are also provided on packaging or manuals. OWI ensures products are sourced from legitimate and accredited suppliers.

### **Commercial Real Estate**

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Mall management and engineering teams conduct regular inspections and safety audits, providing operational reminders to ensure health and safety requirements are consistently followed. Immediate corrective actions are implemented for any minor issues observed. All major product and service

categories in the mall were assessed for health and safety impacts in 2025, covering 100% of operations. NE Pacific implements general cleaning, pest control, and preventive maintenance on a monthly and quarterly schedule.

## Customer Awareness

The Cosco Group emphasizes the importance of sustainable living which extends beyond our products and encompasses a culture that encourages environmentally responsible choices. We incorporate in all levels of our productions, systems, and plans our sustainability goals to ensure that our operations produce minimal impact on the environment while ensuring that we are able to secure financial stability and growth.

We also extend this passion to include our stakeholders and customers, motivating them to adopt greener habits. As part of this commitment, we have implemented several key programs to drive sustainability within our operations.

Program	Description
<b>Bring Your Own Eco-bag</b>	Customers are encouraged to bring reusable bags to reduce plastic waste.
<b>No Plastic Days</b>	No plastic bag usage every Monday and Wednesday at all Puregold stores.
<b>Encouraging Bulk Purchases</b>	Customers are guided toward larger pack sizes to reduce single-use plastic consumption.
<b>Cash for Trash Program</b>	Cash rebates are offered for recyclable packaging materials returned by customers.
<b>Energy-efficient Products</b>	Products promoting energy efficiency and renewable energy are stocked and promoted.
<b>ESG Tip of the Week</b> <i>OWI initiative</i>	Weekly ESG awareness campaign launched in 2025 across OWI's head office, stores, and warehouses, sharing guidance on sustainability, workplace responsibility, and ethical conduct.

## Customer Privacy and Cybersecurity

Our commitment to protecting employees and customers includes maintaining strict confidentiality of personal information in compliance with the Data Privacy Act and other relevant standards. Employee health-related information is kept in locked, undisclosed locations accessible only to authorized HR personnel. Personal health data and participation in occupational health services may only be disclosed to third parties with the worker's consent, unless a legal or public safety exception applies.

Data Privacy Officers and IT heads of each business unit manage customer privacy and cybersecurity. The HR department provides comprehensive training on data security practices for all employees.

### 2025 data privacy record

No substantiated complaints concerning breaches of customer privacy were identified across all operations in 2025. No complaints from external parties or regulatory bodies, and no instances of data threats, leaks, theft, or losses were reported.

## Data Privacy Practices by Segment

### Grocery Retail

Completed Occupational Accident Report Forms (OARFs) containing personal data are securely stored in HR and Administrative offices with explicit data privacy clauses. Employee participation in occupational

health services remains confidential. Data privacy concerns are managed by a dedicated Data Privacy office; complaints may be submitted to dpo@puregold.com.ph.

**Wine and Liquor Distribution | Specialty Retail**

Only the HR department has access to HMO transactions. A confidentiality agreement and Data Privacy Statement govern the handling of sensitive information. Medical conditions are not disclosed without employee consent unless required by law or business necessity.

**Commercial Real Estate**

Personal and confidential employee files are stored in a secure, locked area accessible only to authorized HR personnel.

**Communities and Livelihoods**

We recognize the role local communities play in our subsidiaries' success. In 2025, we continued to empower individuals, strengthen local systems, and contribute to the long-term well-being of communities through programs that protect their rights, support local biodiversity, and advance local economic development.

**CSR Initiatives by Segment**

**Grocery Retail**

In 2025, Puregold remained committed to extending CSR initiatives to communities where its stores operate. The Company partnered with the Luis Co Chi Kiat Foundation to provide scholarship grants to financially challenged students. As of 2025, the partnership has produced 1,099 graduates, 484 with honors and 220 who have passed professional licensure examinations including teachers, engineers, accountants, lawyers, and physicians. Hundreds of scholars continue to receive support as of Q1 2026.

Puregold and the Luis Co Chi Kiat Foundation also provide quarterly assistance to the Golden Reception and Action Center for the Elderly and other Special Cases (GRACES), a home for the elderly. Since 2018, the partnership has provided food, medicine, and hygiene supplies to residents.

**Hydropower plants**

Our hydropower plants comply with DENR requirements for CSR efforts as part of each project's Environmental Compliance Certificate (ECC). Initiatives align with the development plans of local government units and reflect the priorities of host barangays.

Plant / Location	Initiative
<b>Matuno – Brgy. Manamtam</b>	Follows Department of Energy's ER 1-94, allocating 1% of electricity sales to the host province and barangay. A trust fund for Matuno's share has been opened and a formal request submitted to support road repairs based on the barangay's identified needs.

## Respect for the Rule of the Land

Cosco Capital adheres to the laws of the land as part of its commitment to contributing to the national and local economy and to environmental sustainability. Compliance with national and local government regulations is indispensable for efficient business operations and for maintaining harmonious relationships with authorities and the communities we operate in.

### Governance and Anti-Corruption

Our Corporate Governance Committee leads the Group's anti-corruption efforts and upholds integrity standards, ensuring that our governance framework promotes transparency, accountability, and ethical conduct. The Committee is composed of three independent directors and is chaired by Mr. Oscar S. Reyes.

The Committee oversees key governance functions, including the nomination and selection of directors, the appointment of a Group Sustainability Officer to manage ESG impacts such as climate risk, and the review of sustainability performance and the Integrated Annual Corporate Governance Report (IACGR). We are also developing a comprehensive ESG Policy Manual to strengthen how we manage potential ESG risks and impacts. Sustainability matters are regularly discussed during governance seminars to support continuous oversight and awareness.

We implement a Conflict of Interest Policy applicable to all directors, officers, and employees. This policy prohibits the use of one's position for personal gain and requires full disclosure of any potential conflicts, including offers of cash, gifts, or other benefits from customers, suppliers, or contractors. Non-compliance may result in disciplinary action, including termination.

We also conduct regular training and awareness programs on anti-corruption, health and safety, and disaster preparedness. During the reporting period, there were no violations or significant risks related to freedom of association or collective bargaining, and no incidents involving the infringement of indigenous rights were reported.

### Board Governance and Oversight

To support the implementation of our anti-corruption initiatives and uphold integrity across the organization, we maintain a Board of Directors that provides oversight of due diligence processes and the management of economic, environmental, and social impacts across our operations. The Board is composed of both executive and independent directors, ensuring a balance of leadership, objectivity, and accountability in decision-making.

The Board sets and oversees the Company's purpose, mission, strategies, and policies. It appoints senior executives across all operations and entrusts them with managing the Company's impacts, while retaining overall accountability for ensuring that governance frameworks, policies, and strategic priorities are effectively implemented.

The Board also reviews and approves reported information, including material sustainability topics. This process is supported by executive management through data validation, as well as internal audits and, where applicable, third-party assurance. This layered approach helps ensure that disclosures in the annual and sustainability reports are accurate, complete, and compliant before final approval. Subsidiaries remain accountable to the Board through regular reporting mechanisms.

The current members of the Board are:

1. **Lucio L. Co** - Chairman and chairman of the executive committee
2. **Susan P. Co** - Vice-Chairman of the BOD, member of the executive and audit committee

3. **Leonardo B. Dayao** - President of Cosco Capital, Director, member of the executive, audit and corporate governance committee
4. **Roberto Juanchito T. Dispo** - Director, member of the corporate governance committee
5. **Levi B. Labra** - Director
6. **Lily K. Gruba** - Director
7. **Cecillia B. Boromeo** - Independent Director, Chairman of the audit committee, member of the corporate governance committee
8. **Ramon Jesus P. Paje** - Independent Director, Chairman of the the corporate governance committee and member of the audit committee
9. **Antonio S. Abacan, Jr.** - Independent Director, member of the audit and corporate governance committee

Board members and committee representatives are nominated through a structured process to ensure that only qualified individuals are appointed. Candidates are assessed based on leadership capability, relevant industry experience, and alignment with the Company's strategic direction.

The Governance Committee ensures a balanced composition of executive and independent directors while promoting diversity in gender, background, and expertise. It also assesses independence and potential conflicts of interest to safeguard objective judgment. This diversity enables the Board to provide strong strategic direction while overseeing financial reporting, governance practices, and risk management.

The Chairman of the Board is not involved in day-to-day operations, ensuring a clear separation between governance and management.

#### **Conflict of interest**

The Board of Directors ensures that conflicts of interest are effectively prevented and managed through a structured governance framework anchored in the Company's Code of Conduct and Conflict of Interest Policy. This requires transparency and full disclosure from all Board members and executives, including candidates for executive positions, allowing potential conflicts to be identified and addressed with integrity.

Critical concerns are communicated to the highest governance body through established reporting channels, including executive reports and Board committee discussions. These mechanisms support timely escalation and enable informed, responsive decision-making, with urgent matters addressed through immediate response protocols. As of 2025, no critical concerns were escalated to the Board.

The Company also evaluates the performance of the Board through a structured and multi-layered process, including annual performance reviews, independent audits, and ongoing monitoring of compliance and financial performance. Governance meetings are conducted with Board committees present to ensure accountability and effective oversight. These evaluations combine internal assessments with periodic independent reviews, providing a balanced view of governance effectiveness.

Results of these assessments guide continuous improvement efforts, including refining oversight mechanisms, updating policies, strengthening Board expertise, and enhancing reporting structures. Where necessary, adjustments to Board composition are considered, and insights are integrated into the Company's strategic direction to reinforce accountability.

To support a strong culture of integrity, 100% of employees, from senior management to rank-and-file personnel, have been informed of the Company's anti-corruption policies and have completed related training. In addition, the Company continues to strengthen the knowledge and capabilities of its highest governance body through regular training, expert briefings, and participation in industry engagements, ensuring alignment with evolving sustainability standards and best practices.

## Code of Conduct

All employees receive a Code of Conduct outlining stringent anti-corruption policies, misconduct definitions, and penalties for violations. Awareness is assured through employee orientation programs and internal communications. The Code of Conduct explicitly prohibits:

- Gambling or engaging in games of chance on company premises
- Committing criminal offenses against customers or non-company personnel
- Providing services for another employer during working hours without approval
- Conducting personal business for profit on company premises
- Misappropriation of company funds, abuse of authority for personal gain, theft, fraud, and using the company's name for personal profit

Any violation of these policies result in severe consequences, including dismissal from the company. These measures help to ensure that all employees maintain the highest ethical standards, reinforcing the trust of our stakeholders and the integrity of our operations.

## Specialty Retail

OWI maintains a Code of Conduct and Human Resources policies that promote equal opportunity, non-discrimination, and a harassment-free workplace for all employees regardless of position or employment status. The Company has established a defined escalation process for reporting discrimination or harassment incidents through appropriate internal channels. OWI enforces a zero-tolerance approach to discrimination; confirmed discriminatory behavior or harassment is met with corrective or disciplinary action in accordance with company policies and applicable labor regulations.

## Reporting and Addressing Concerns

In line with our commitment to transparency and open communication, Cosco Capital Inc. provides multiple channels for employees and stakeholders to seek guidance, raise concerns, file complaints, and share feedback on business conduct.

Employees are encouraged to report concerns to their immediate supervisors, who escalate these to the Human Resources or Corporate Governance Departments for proper review and resolution. This structured process supports accountability while ensuring that concerns are addressed promptly and without fear of retaliation.

We also maintain dedicated ethics and compliance functions, along with established internal reporting channels, to help employees and stakeholders address issues and clarify expectations on ethical behavior.

In 2025, no concerns related to business conduct were recorded, reflecting strong adherence to the Company's standards and policies on responsible and ethical practices.

### 2025 compliance record

OWI recorded zero legal actions pending or completed related to anti-competitive behavior, anti-trust, or monopoly practices in 2025. No financial penalties or settlements related to anti-trust or anti-competition violations were recorded.

OWI's operations were also assessed for corruption risks during the reporting period. No significant corruption risks were identified. The Company continues to promote ethical conduct, transparency, and compliance with internal policies and applicable regulations to prevent corruption and uphold responsible business practices.

## Compliance to the Law

We maintain the highest ethical standards across all operations through strict compliance with applicable laws and regulations. Any instances of legal non-compliance or fines are promptly reported to the Office of the Corporate Secretary for corporate matters and to the Administrative Office and Environmental Health and Safety (EHS) Department for environmental concerns.

During the reporting period, there were no significant instances of non-compliance with laws and regulations on record. We have also recorded no cases where fines were incurred, nor were there any instances that resulted in non-monetary sanctions.

The Company also did not incur any monetary penalties related to non-compliance, whether arising from the current or previous reporting periods. No significant cases of non-compliance were identified as of 2025.

## Legal Frameworks and Compliance

We keep abreast and compliant of developing trends, legal frameworks and regulatory requirements. We adapt to these developments to ensure that we meet both national and international standards.

Applicable Laws and Regulations	Compliance Approach
<b>Extended Producer Responsibility Act of 2022</b>	We have registered with the DENR-led National Solid Waste Management Commission, participate in the EPR program, and have submitted our EPR Compliance Audit Report.
<b>RA 9003 – Ecological Solid Waste Management Act of 2000</b>	Addressed through our waste segregation, recycling, and disposal practices across all subsidiaries.
<b>RA 9275 – Philippine Clean Water Act of 2004</b>	Addressed through wastewater monitoring, treatment facilities, and compliance with DAO 2016-08 discharge standards.
<b>RA 8749 – Philippine Clean Air Act of 1999</b>	Addressed through emissions monitoring, vehicle maintenance programs, and reduction of fuel-based activities.
<b>RA 6969 – Toxic Substances, Hazardous and Nuclear Waste Control Act of 1990</b>	Addressed through our hazardous waste segregation, storage, and DENR-certified disposal processes.
<b>PD 1586 – Environmental Impact Statement of 1978</b>	Environmental Impact Assessments are conducted as required for applicable projects and expansions.

## Specialty Retail

OWI did not identify any operations or suppliers with significant risk of child labor in 2025. All hiring is conducted through the Human Resources Department in compliance with Philippine labor laws on minimum employment age. No operations were identified where young workers are exposed to hazardous work; all work assignments follow company safety policies and applicable labor regulations. HR recruitment procedures include verification of employee eligibility prior to hiring and engagement only with legitimate suppliers complying with applicable labor standards.

## Addressing Environmental Compliance

In 2025, we continued to address environmental compliance requirements and reinforce our commitment to resolving any instances of non-compliance in a responsible and timely manner. We aim to achieve full compliance with all applicable environmental regulations in the Philippines across our operations.

Our subsidiaries generate environmental impacts that affect key stakeholders, including customers, employees, local communities, regulatory agencies such as the DENR and local government units (LGUs), and shareholders.

During the year, NE Pacific incurred monetary fines totaling PHP 10,000, mainly due to delayed submissions and minor compliance gaps. The Catuiran Hydropower Plant recorded PHP 19,500 in monetary fines, along with one non-monetary sanction and one case resolved through a dispute resolution mechanism. These were largely related to permitting requirements and regulatory submissions, including efforts to secure a Permit to Operate (PTO) for a standby generator set.

These incidents highlighted gaps in permitting processes, particularly for operational equipment. In response, we strengthened our compliance management approach by enhancing monitoring of licensing requirements and assigning clear accountability to responsible teams. These measures aim to prevent recurrence and ensure timely submission of regulatory requirements moving forward.

#### **How we manage environmental compliance**

We conduct proactive environmental compliance monitoring, periodic review of environmental permits and documentation, and regular tracking of utility consumption trends. Management evaluates energy use, waste management practices, and operational vulnerabilities to mitigate financial exposure, operational disruptions, and compliance-related risks. Preventive maintenance and facility-level controls are implemented to reduce both environmental and operational risks.

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<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 302: Energy 2016</b>	302-1 Energy consumption within the organization	36-39	
	302-2 Energy consumption outside of the organization		Not disclosed due to data unavailability. We have not yet gathered the necessary data but are working to include it in future reports.
	302-3 Energy intensity		
	302-4 Reduction of energy consumption		

GRI STANDARD	DISCLOSURE	LOCATION	REMARKS
	302-5 Reductions in energy requirements of products and services		
<b>Water and effluents</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 303: Water and Effluents 2018</b>	303-1 Interactions with water as a shared resource	41-43	
	303-2 Management of water discharge-related impacts	41-43	
	303-3 Water withdrawal		We have not yet gathered the necessary data but are working to include it in future reports.
	303-4 Water discharge	41-43	
	303-5 Water consumption	41-43	
<b>Emissions</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 305: Emissions 2016</b>	305-1 Direct (Scope 1) GHG emissions	38	
	305-2 Energy indirect (Scope 2) GHG emissions	38	
	305-3 Other indirect (Scope 3) GHG emissions		We have not yet gathered the necessary data but are working to include it in future reports.
	305-4 GHG emissions intensity	38	
	305-5 Reduction of GHG emissions		We have not yet gathered the necessary data but are working to include it in future reports.
	305-6 Emissions of ozone-depleting substances (ODS)		
	305-7 Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions		
<b>Waste</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 306: Waste 2020</b>	306-1 Waste generation and significant waste-related impacts	39-41	
	306-2 Management of significant waste-related impacts	39-41	
	306-3 Waste generated	39-41	
	306-4 Waste diverted from disposal		We have not yet gathered the necessary data but are working to include it in future reports.
	306-5 Waste directed to disposal		
<b>Supplier environmental assessment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	

GRI STANDARD	DISCLOSURE	LOCATION	REMARKS
<b>GRI 308: Supplier Environmental Assessment 2016</b>	308-1 New suppliers that were screened using environmental criteria	43-45	
	308-2 Negative environmental impacts in the supply chain and actions taken	43-45	
<b>Employment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 401: Employment 2016</b>	401-1 New employee hires and employee turnover	45-48	
	401-2 Benefits provided to full-time employees that are not provided to temporary or part-time employees	45-48	
	401-3 Parental leave	45-48	
<b>Labor/management relations</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 402: Labor/Management Relations 2016</b>	402-1 Minimum notice periods regarding operational changes	48	
<b>Occupational health and safety</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 403: Occupational Health and Safety 2018</b>	403-1 Occupational health and safety management system	48-51	
	403-2 Hazard identification, risk assessment, and incident investigation	48-51	
	403-3 Occupational health services	48-51	
	403-4 Worker participation, consultation, and communication on occupational health and safety	48-51	
	403-5 Worker training on occupational health and safety	48-51	
	403-6 Promotion of worker health	48-51	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	48-51	
	403-8 Workers covered by an occupational health and safety management system	48-51	
	403-9 Work-related injuries	48-51	
	403-10 Work-related ill health	48-51	
<b>Training and education</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 404: Training and Education 2016</b>	404-1 Average hours of training per year per employee	51-52	

GRI STANDARD	DISCLOSURE	LOCATION	REMARKS
	404-2 Programs for upgrading employee skills and transition assistance programs	51-52	
	404-3 Percentage of employees receiving regular performance and career development reviews		We have not yet gathered the necessary data but are working to include it in future reports.
<b>Diversity and equal opportunity</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 405: Diversity and Equal Opportunity 2016</b>	405-1 Diversity of governance bodies and employees	45-48	
<b>Non-discrimination</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 406: Non-discrimination 2016</b>	406-1 Incidents of discrimination and corrective actions taken	57	
<b>Freedom of association and collective bargaining</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 407: Freedom of Association and Collective Bargaining 2016</b>	407-1 Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	48, 55	
<b>Child labor</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 408: Child Labor 2016</b>	408-1 Operations and suppliers at significant risk for incidents of child labor	58-59	
<b>Forced or compulsory labor</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 409: Forced or Compulsory Labor 2016</b>	409-1 Operations and suppliers at significant risk for incidents of forced or compulsory labor	58-59	
<b>Security practices</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 410: Security Practices 2016</b>	410-1 Security personnel trained in human rights policies or procedures	58-59	
<b>Rights of indigenous peoples</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 411: Rights of Indigenous Peoples 2016</b>	411-1 Incidents of violations involving rights of indigenous peoples	55	

GRI STANDARD	DISCLOSURE	LOCATION	REMARKS
<b>Local communities</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 413: Local Communities 2016</b>	413-1 Operations with local community engagement, impact assessments, and development programs	30-31	
	413-2 Operations with significant actual and potential negative impacts on local communities	30-31	
<b>Supplier social assessment</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 414: Supplier Social Assessment 2016</b>	414-1 New suppliers that were screened using social criteria	43-45	
	414-2 Negative social impacts in the supply chain and actions taken	43-45	
<b>Customer health and safety</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 416: Customer Health and Safety 2016</b>	416-1 Assessment of the health and safety impacts of product and service categories	52-53	
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	52-53	
<b>Marketing and labeling</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 417: Marketing and Labeling 2016</b>	417-1 Requirements for product and service information and labeling	52	
	417-2 Incidents of non-compliance concerning product and service information and labeling	52	
	417-3 Incidents of non-compliance concerning marketing communications	52	
<b>Customer privacy</b>			
<b>GRI 3: Material Topics 2021</b>	3-3 Management of material topics	22-28	
<b>GRI 418: Customer Privacy 2016</b>	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	53-54	

**BUSINESS PROFILE OF THE MEMBERS OF THE BOARD OF DIRECTORS AND MANAGEMENT TEAM**

A.) Board of Directors:

**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., and President of Cordillera Hydro Electric Power Corporation.

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.

#### **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**

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

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

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.**

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

He also serves as the Independent Director at Bank of Commerce, San Miguel Food and Beverages, Inc., and Primex Corporation (PRMX)

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), 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.

#### B.) Management Team / Key Officers:

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

This is Ms. Katrina Marie P. Co's first nomination as the Company's Director. Ms. Co is presently the Company's 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., and Advanced Nutritional Technologies (ANTECH), Inc.

In November 2025, Ms. Co was elected as the President of League One Finance and Leasing Corporation.

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., *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 was the Company's Deputy Comptroller but was promoted as its Comptroller in 2025. 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. Llamado 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. He is also a Director of Puregold Price Club, Inc.

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. 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.

**LIST OF TRADEMARKS AS OF DECEMBER 31, 2025**  
**(THE KEEPERS HOLDINGS, INC.)**







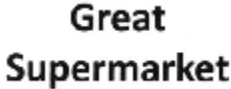





No.	Tradenames	Trademarks	Date of Registration	Date of Expiration
1	7 SEAS		May 04, 2024	May 04, 2034
2	ADOLFO	<b>ADOLFO</b>	May 21, 2005	May 21, 2035
3	ALBERTO	<b>ALBERTO</b>	February 20, 2023	February 20, 2033
4	ALFIE	<b>ALFIE</b>	December 3, 2022	December 3, 2032
5	ALFONSO	<b>ALFONSO</b>	March 3, 2008	March 3, 2028
6	ALFONSO I	<b>ALFONSO I</b>	May 21, 2005	May 21, 2035
7	ALFONSO I LIGHT	<b>ALFONSO I LIGHT</b> <small>ALCOHOL</small>	November 25, 2018	November 25, 2028
8	ALFONSO PLATINIUM	ALFONSO PLATINIUM	September 15, 2016	September 15, 2026
9	ALFONSO PLATINIUM LIGHT	ALFONSO PLATINIUM LIGHT	May 23, 2022	May 23, 2032
10	ALFONSO XO	<b>ALFONSO XO</b>	May 5, 2008	May 5, 2028
11	ALFREDO	ALFREDO	February 19, 2007	February 19, 2027
12	ALHAMBRA	<b>Alhambra</b>	August 13, 2007	August 13, 2027
13	ALONZO	<b>Alonzo</b>	July 23, 2007	July 23, 2027
14	ALVARO	<b>ALVARO</b>	February 19, 2007	February 19, 2027
15	BRANDLESS	<b>BRANDLESS</b>	June 22, 2024	June 22, 2034

16	CARLITO	<b>CARLITO</b>	May 25, 2017	May 25, 2027
17	CHARLIE	<b>CHARLIE</b>	May 30, 2024	May 30, 2034
18	CHINGU	<b>CHINGU</b>	July 2, 2021	July 2, 2031
19	CONQUEROR	<b>CONQUEROR</b>	August 5, 2023	August 5, 2033
20	DONKI	<b>DONKI</b>	April 20, 2024	April 20, 2034
21	DOMINANTE	<b>Dominante</b>	October 10, 2013	October 10, 2033
22	DON ALFONSO	<b>DON ALFONSO</b>	November 5, 2007	November 5, 2027
23	DON LUIS	<b>DON LUIS</b>	May 21, 2015	May 21, 2035
24	DON QUIXOTE	<b>DON QUIXOTE</b>	October 7, 2018	October 7, 2028
25	DUMONT	<b>DUMONT</b>	October 13, 2019	October 13, 2029
26	ESCOBAR	<b>ESCOBAR</b>	September 11, 2020	September 11, 2030
27	EXCELENTE	<b>EXCELENTE</b>	November 25, 2018	November 25, 2028
28	FARO	<b>FARO</b>	July 10, 2014	July 10, 2034
29	FUNDACION	<b>FUNDACIÓN</b>	September 23, 2018	September 23, 2028
30	FUNDACION BOTTLE		June 25, 2007	June 25, 2027
31			March 1, 2007	March 1, 2027

	FUNDACION LABEL			
32	GRANADA	<b>Granada</b>	March 15, 2018	March 15, 2028
33	ISLAND	<b>ISLAND</b>	November 27, 2006	November 27, 2026
34	ISLAND MIXERS	<b>ISLAND MIXERS</b>	August 28, 2005	August 28, 2035
35	JOHN RED	<b>JOHN RED</b>	March 31, 2016	March 31, 2026
36	LA CHICA SANGRIA	LA CHICA SANGRIA	July 14, 2022	July 14, 2032
37	MALABAR	<b>MALABAR</b>	October 14, 2016	October 14, 2026
38	MAXICA	<b>MAXICA</b>	October 14, 2016	October 14, 2026
39	MAXIMO	<b>Maximo</b>	July 10, 2014	July 10, 2034
40	NAVARINO	<b>NAVARINO</b>	October 23, 2023	October 23, 2033
41	PABLO	<b>PABLO</b>	April 16, 2021	April 16, 2031
42	ROMULO	<b>ROMULO</b>	July 14, 2022	July 14, 2032
43	TABACALERA	<b>Tabacalera</b>	October 26, 2017	October 26, 2027
44	WHISKY LUXE	<b>WHISKY LUXE</b>	June 27, 2019	March 15, 2028
45	WILD HORSE	<b>WILD HORSE</b>	February 03, 2024	February 03, 2034

**TRADEMARKS AND TRADENAMES REGISTERED UNDER “PUREGOLD PRICE CLUB, INC.” AS OF 31 DECEMBER 2025**

No.	Tradenames	Trademarks	Date of Registration	Date of Expiration
1.	ALWAYS PANALO		April 23, 2007	April 23, 2027
2.	ANYWEAR		Novembr 12, 2009	Novembr 12, 2029
3.	AQUALIFE		February 09, 2009	February 09, 2029
4.	AQUALIZED		September 09, 2010	September 09, 2030
5.	ATLANTIC		September 22, 2008	September 22, 2028
6.	BELLOTA		September 09, 2009	September 09, 2030
7.	BIANCA COFFEE		March 30, 2023	March 30, 2033
8.	CATTLEYA		June 04, 2021	June 04, 2031
9.	CLIQUE Logo		March 25, 2010	March 25, 2030
10.	COFFEE MATCH		October 18, 2017	October 18, 2027
11.	COFFEE MAX		January 12, 2009	January 12, 2029
12.	DRY PLUS		February 27, 2020	February 27, 2030
13.	EASY HOME DEPOT		September 22, 2008	September 22, 2028
14.	EQUAL		July 23, 2007	July 23, 2027
15.	EQUIVALENT		July 23, 2007	July 23, 2027

16.	EZEE		April 29, 2010	April 29, 2030
17.	FRESH & EASY		February 08, 2018	February 08, 2028
18.	FRESH N FREE		October 13, 2008	October 13, 2028
19.	GOLD YARN		January 01, 2016	January 01, 2026
20.	GOPURE		October 14, 2016	October 14, 2026
21.	GRAND P		April 22, 2010	April 22, 2030
22.	GREAT SUPERMARKET		May 28, 2015	May 28, 2035
23.	HER COLLECTION/ HIS COLLECTION		October 26, 2017	October 26, 2027
24.	HIS KIDS/ HER KIDS		October 26, 2017	October 26, 2027
25.	HER COLLECTION	HER COLLECTION	March 2, 2023	March 2, 2033
26.	HER KIDS	HER KIDS	October 3, 2022	October 3, 2032
27.	HIS COLLECTION	HIS COLLECTION	March 2, 2023	March 2, 2033
28.	HIS KIDS	HIS KIDS	March 2, 2023	March 2, 2033
29.	HOME CLEAN		November 25, 2018	November 25, 2028
30.	JOOZY		October 13, 2018	October 13, 2028
31.	KA-ASENSO		December 16, 2010	December 16, 2030

32.	KAINDUSTRİYA		May 17, 2012	May 17, 2032
33.	KITANG-KITA CASE		July 24, 2014	July 24, 2034
34.	KOBE CHICKEN	<b>Kobe Chicken</b>	May 04, 2017	May 04, 2027
35.	LA FLOR DE LA ISABELA	<b>LA FLOR DE LA ISABELA</b>	May 14, 2021	May 14, 2031
36.	MAGIC GLOW	<i>Magic Glow</i>	December 29, 2011	December 29, 2031
37.	MARKET 999	<b>MARKET 999</b>	December 22, 2016	December 22, 2026
38.	MINI MART BY PUREGOLD	<b>Mini Mart by Puregold</b>	August 18, 2016	August 18, 2026
39.	MOMMY MARKET	<b>Mommy Market</b>	January 19, 2017	January 19, 2027
40.	MR. PAPER	<b>MR. PAPER</b>	June 04, 2015	June 04, 2035
41.	MY BABY PLANET	<b>My Baby Planet</b>	January 19, 2017	January 19, 2027
42.	NE KAYA 'YAN CABAYAN!		August 11, 2016	August 11, 2026
43.	NEGOSYO MO CABAYAN CARD		October 14, 2016	October 14, 2026
44.	PANALO KARD	<b>PANALO KARD</b>	September 22, 2008	September 22, 2028
45.	PEOPLE'S RICE	<b>PEOPLE'S RICE</b>	December 29, 2019	December 29, 2029
46.	PERFECT MATE	<b>PERFECT MATE</b>	February 11, 2008	February 11, 2028
47.	PERKS LOYALTY CARD	<b>PERKS LOYALTY CARD</b>	May 28, 2015	May 28, 2035
48.	PISO GARANTISADO	<b>Piso Garantisado</b>	November 20, 2014	November 20, 2034

49.	POSITIVE 99		May 18, 2017	May 18, 2027
50.	PREM		April 2, 2021	April 2, 2031
51.	PREMIUM GOLD		October 15, 2015	October 15, 2035
52.	PUHUNAN PLUS		May 26, 2019	May 26, 2029
53.	PURE BASICS		December 23, 2018	December 23, 2028
54.	PURE BASICS LOGO		March 12, 2020	March 12, 2030
55.	PURE BASICS		March 12, 2020	March 12, 2030
56.	PURE BASICS Panlaban sa Sebo, Panalo sa Presyo		March 28, 2020	March 28, 2030
57.	PURE BASICS Pure Clean, Pure White		March 12, 2020	March 12, 2030
58.	PURE BASICS Pure Freshness, Pure Softness		July 13, 2020	July 13, 2030
59.	PURE HEALTH CARE		December 23, 2018	December 23, 2028
60.	PUREPADALA Di lang makakarating, Malayo ang mararating!		October 29, 2015	October 29, 2035
61.	PURE PHARMACY		December 29, 2016	December 29, 2026
62.	PURE PLUS		January 20, 2019	January 20, 2029
63.	PURE VALUE		November 11, 2007	November 11, 2027
64.	PURE VALUE		October 05, 2023	October 05, 2033
65.	PURECART		February 14, 2019	February 14, 2029
66.	PURECASH		September 15, 2016	September 15, 2026

67.	PUREGLIDE	<b>PUREGLIDE</b>	December 15, 2016	December 15, 2026
68.	PUREGOLD FREE	<b>Puregold Free</b>	April 29, 2016	April 29, 2026
69.	PUREGOLD HOME OFFICE	<b>Puregold Home Office</b>	April 12, 2018	April 12, 2028
70.	PUREGOLD NUTRITIONISCOOL	<b>Puregold NutritionisCool</b>	September 15, 2016	September 15, 2026
71.	PUREPLEASURE	<b>PUREPLEASURE</b>	June 19, 2014	June 19, 2034
72.	PUREPLUS	<b>Pureplus</b>	January 20, 2019	January 20, 2029
73.	REACH Softest Touch & Device		October 23, 2009	October 23, 2029
74.	SA PUREGOLD, ALWAYS PANALO	SA PUREGOLD, ALWAYS PANALO!	August 11, 2016	August 11, 2026
75.	STACK & STOCK RIGHT		April 22, 2010	April 22, 2030
76.	TABACALERA	<b>TABACALERA</b>	August 11, 2016	August 11, 2026
77.	TINDAHAN NI ALING PURING (Super SIM and Device)		December 16, 2010	December 16, 2030
78.	Tindahan ni Aling Puring	TINDAHAN NI ALING PURING ABOT KAYA ANG ASENSO!	January 19, 2017	January 19, 2027
79.	TIPPTOES		July 10, 2014	July 10, 2034
80.	TWIN ELEPHANT	<b>TWIN ELEPHANT</b>	June 27, 2019	June 27, 2029
81.	VIPuring	<b>VIPuring</b>	February 26, 2015	February 26, 2035
82.	WRAP & SEAL	<b>Wrap &amp; Seal</b>	May 28, 2015	May 28, 2035
83.	EXPERTSKINPROPLUS	<b>EXPERTSKINPROPLUS</b>	August 19, 2024	August 19, 2034