



MRSGL SEC Form 17Q - Quarterly Report | September 30, 2023

3 messages

VICSAL SEC <vicsal.sec@metroretail.ph> Fri, Nov 10, 2023 at 10:29 AM
To: ictdsubmission@sec.gov.ph, MSRD COVID19 <msrd_covid19@sec.gov.ph>, "Nessa B. Leguarda" <nbleguarda@sec.gov.ph>
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SECURITIES AND EXCHANGE COMMISSION

907 Makati Avenue, Salcedo. Village
Brgy. Bel-Air, Makati City 1209

ATTENTION : DIR. VICENTE GRACIANO P. FELIZMENIO JR.
Markets and Securities Regulation Department

Please see attached SEC Form 17-Q - Quarterly Report of Metro Retail Stores Group, Inc. (MRSGL) as of September 30, 2023.

Thank you.

Joselito G. Orense
Treasurer and Chief Financial Officer
Metro Retail Stores Group, Inc.

Metro Retail Stores Group, Inc._2023Q3_SEC17Q_10Nov2023.pdf
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ICTD Submission <ictdsubmission+canned.response@sec.gov.ph> Fri, Nov 10, 2023 at 10:29 AM
To: vicsal.sec@metroretail.ph

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----- NOTICE TO
COMPANIES -----

Please be informed of the reports that shall be filed only through ictdsubmission@sec.gov.ph.

Pursuant to SEC MC Circular No. 3 s 2021, scanned copies of the printed reports with wet signature and proper notarization shall be filed in PORTABLE DOCUMENT FORMAT (pdf) through email at ictdsubmission@sec.gov.ph such as the following SECONDARY REPORTS:

- 1. 17-A 6. ICA-QR 11. IHAR 16. 39-AR 21. Monthly Reports
- 2. 17-C 7. 23-A 12. AMLA-CF 17. 36-AR 22. Quarterly Reports
- 3. 17-L 8. 23-B 13. NPM 18. PNFS 23. Letters
- 4. 17-Q 9. GIS-G 14. NPAM 19. MCG 24. OPC (Alternate Nominee)
- 5. ICASR 10. 52-AR 15.BP-FCLC 20.S10/SEC-NTCE-EXEMPT

Further, effective 01 July 2023, the following reports shall be

submitted through <https://efast.sec.gov.ph/user/login>.

1. FORM MC 18 7. Completion Report
2. FORM 1 - MC 19 8. Certificate-SEC Form MCG- 2009
3. FORM 2- MC 19 9. Certificate-SEC Form MCG- 2002, 2020 ETC.
4. ACGR 10. Certification of Attendance in Corporate Governance
5. I-ACGR 11. Secretary's Certificate Meeting of Board Directors (Appointment)
6. MRPT

Please be informed that the submission of the abovementioned eleven (11) reports through the ictdsubmission@sec.gov.ph shall no longer be accepted. For further information, please access this link Notice for guidance on the filing of reports:

Likewise, the following reports shall be filed through the Electronic Filing and Submission Tool (eFAST) at <https://efast.sec.gov.ph/user/login> :

1. AFS 7. IHFS 13. SSF
2. GIS 8. LCFS 14. AFS with Affidavit of No Operation
3. BDFS 9. LCIF 15. AFS with NSPO Form 1,2, and 3
4. FCFS 10. OPC_AO 16. AFS with NSPO Form 1,2,3 and 4,5,6
5. FCIF 11. PHFS 17. FS - Parent
6. GFFS 12. SFFS 18. FS – Consolidated

For the submission and processing of compliance in the filing of Memorandum Circular No. 28 Series of 2020, please visit this link – <https://apps010.sec.gov.ph/>

For your information and guidance.

Thank you.

MSRD Submission <msrdsubmission@sec.gov.ph>
To: VICSAL SEC <vicsal.sec@metroretail.ph>
Cc: "ALDEN JYKA S. SANTOS" <ajssantos@sec.gov.ph>

Fri, Nov 10, 2023 at 10:49 AM

Gentlemen:

Acknowledging receipt of your email below with its attachments.

Please be informed that the email address for the Markets and Securities Regulation Department MSRD has been updated from msrd_covid19@sec.gov.ph to msrdsubmission@sec.gov.ph. All future correspondence with the department should be directed to the new email address.

For your information and guidance, please see the link below.

https://www.sec.gov.ph/wp-content/uploads/2023/10/REVISED_2023NOTICE-CHANGE-OF-MSRD-E-MAIL_3-OCTOBER-2023-3.pdf

Regards,

MARKETS AND SECURITIES REGULATION DEPARTMENT
PHILIPPINE SECURITIES AND EXCHANGE COMMISSION
The SEC Headquarters, 7907 Makati Avenue, Salcedo Village,
Barangay Bel-Air, Makati City 1209

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[Quoted text hidden]

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COVER SHEET

for
QUARTERLY FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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I	N	C	.																									

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

V	I	C	S	A	L		B	U	I	L	D	I	N	G	,		C	O	R	N	E	R		O	F		C	.	D
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G	U	I	Z	O	,		N	O	R	T	H		R	E	C	L	A	M	A	T	I	O	N		A	R	E	A	,
M	A	N	D	A	U	E		C	I	T	Y	,		C	E	B	U												

Form Type

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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	/	A
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COMPANY INFORMATION

Company's Email Address

vicsal.sec@ metroretail.ph

Company's Telephone Number

(032) 236-8390

Mobile Number

N/A

No. of Stockholders

22

Annual Meeting (Month / Day)

First Friday of May

Fiscal Year (Month / Day)

December 31

CONTACT PERSON INFORMATION

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

Name of Contact Person

Joselito G. Orense

Email Address

joel.orense @metroretail.ph
--

Telephone Number/s

(032) 236-7793

Mobile Number

N/A

CONTACT PERSON'S ADDRESS

Vicsal bldg., Corner of C.D.Seno & W.O. Seno Sts., Guizo, North Reclamation Area, Mandaue City, Cebu

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

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

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the quarterly period ended **September 30, 2023**
2. Commission identification number **CS200315877**
3. BIR Tax Identification No **226-527-915-000**
4. Exact name of issuer as specified in its charter **METRO RETAIL STORES GROUP, INC.**
5. Province, country or other jurisdiction of incorporation or organization **Cebu, Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office **Vicsal Building, corner of C.D. Seno and W.O. Seno Sts., Guizo,
North Reclamation Area, Mandaue City, Cebu 6014** Postal Code

8. Issuer's telephone number, including area code **(032) 236-8390**
9. Former name, former address and former fiscal year, if changed since last report **N/A**

10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA
- | Title of each Class | Number of shares of common stock
Outstanding and Amount of Debt outstanding |
|----------------------|--|
| Common Shares | 3,249,308,000 |

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

Yes No

If yes, state the name of such Stock Exchange and the class/es of securities listed therein:

Philippine Stock Exchange, Inc. **Common Shares**

12. Indicate by check mark whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 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 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

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The Financial Statements are filed as part of this form 17-Q.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

The Management's Discussion and Analysis of Financial Condition and Results of Operations are filed as part of this form 17-Q.

METRO RETAIL STORES GROUP, INC.**UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION****AS AT SEPTEMBER 30, 2023****(With Comparative Audited Figures as at December 31, 2022)**

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Notes 3 and 25)	₱3,525,009,689	₱5,162,583,002
Short-term investments (Notes 4 and 25)	–	–
Receivables (Notes 5 and 25)	833,218,354	954,824,757
Merchandise inventories (Note 6)	5,946,829,960	5,495,332,780
Other current assets (Notes 7 and 25)	687,601,786	630,372,608
Total Current Assets	10,992,659,789	12,243,113,147
Noncurrent Assets		
Property and equipment (Note 8)	5,901,924,224	5,294,353,429
Right-of-use (“ROU”) assets (Note 22)	4,158,935,208	4,307,663,208
Deferred tax assets - net (Note 21)	431,910,569	393,572,613
Other noncurrent assets (Notes 9 and 25)	702,825,946	500,309,676
Total Noncurrent Assets	11,195,595,947	10,495,898,926
TOTAL ASSETS	₱22,188,255,736	₱22,739,012,073
LIABILITIES AND EQUITY		
Current Liabilities		
Trade and other payables (Notes 10 and 25)	₱4,324,329,680	₱4,820,527,987
Contract liabilities (Note 11)	91,029,912	104,828,812
Income tax payable	25,636,909	23,734,498
Loans payable – current portion (Note 12)	323,611,111	130,208,334
Lease liabilities - current portion (Notes 22 and 25)	155,375,727	156,724,371
Total Current Liabilities	4,919,983,339	5,236,024,002
Noncurrent Liabilities		
Lease liabilities – net of current portion (Notes 22 and 25)	5,097,426,266	5,106,227,807
Retirement benefit obligation (Note 19)	500,911,162	470,417,519
Loans payable – net of current portion (Note 12)	2,573,792,190	2,850,878,173
Other noncurrent liabilities (Notes 13 and 25)	22,615,245	14,473,976
Total Noncurrent Liabilities	8,194,744,863	8,441,997,475
Total Liabilities	13,114,728,202	13,678,021,477
Equity		
Capital stock (Note 14)	3,429,375,000	3,429,375,000
Additional paid-in capital (Note 14)	2,455,542,149	2,455,542,149
Treasury stock (Note 14)	(253,037,855)	(207,150,258)
Retained earnings (Note 14)	3,347,600,550	3,289,176,015
Remeasurement losses on defined benefit obligation (Note 19)	94,047,690	94,047,690
Total Equity	9,073,527,534	9,060,990,596
TOTAL LIABILITIES AND EQUITY	₱22,188,255,736	₱22,739,012,073

See accompanying Notes to Financial Statements.

METRO RETAIL STORES GROUP, INC.

UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

	For the Three Months Ended September 30		For the Nine Months Ended September 30	
	2023 (Unaudited)	2022 (Unaudited)	2023 (Unaudited)	2022 (Unaudited)
REVENUE				
Net sales (Note 15)	₱9,562,203,514	₱9,130,104,495	₱26,536,500,188	₱26,546,334,159
Rental (Note 22)	75,941,222	66,414,235	232,427,335	171,701,213
	9,638,144,736	9,196,518,730	26,768,927,523	26,718,035,372
COSTS AND EXPENSES				
Cost of sales (Note 17)	7,566,334,235	7,146,984,161	20,791,268,530	21,011,218,441
Operating expenses (Note 18)	1,838,948,643	1,770,699,951	5,437,256,564	4,961,426,004
	9,405,282,878	8,917,684,112	26,228,525,094	25,972,644,445
OPERATING INCOME	232,861,858	278,834,618	540,402,429	745,390,927
OTHER INCOME (CHARGES) (Note 16)				
Interest and other income	60,014,996	103,392,277	173,766,351	178,820,828
Finance costs	(134,600,691)	(137,322,364)	(371,336,710)	(388,373,523)
	(74,585,695)	(33,930,087)	(197,570,359)	(209,552,695)
INCOME BEFORE INCOME TAX	158,276,163	244,904,531	342,832,070	535,838,232
PROVISION FOR INCOME TAX (Note 21)				
Current	59,970,946	74,604,523	126,604,651	141,621,164
Deferred	(19,410,203)	(11,468,101)	(38,337,956)	(6,483,504)
	40,560,743	63,136,422	88,266,695	135,137,660
NET INCOME	117,715,420	181,768,109	254,565,375	400,700,572
OTHER COMPREHENSIVE INCOME				
<i>Not to be reclassified to profit or loss in subsequent periods</i>				
Remeasurement gains (losses) on defined benefit obligation	-	-	-	-
Income tax effect	-	-	-	-
	-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)	₱117,715,420	₱181,768,109	₱254,565,375	₱400,700,572
Basic/Diluted Earnings Per Share (Note 23)	₱0.04	₱0.05	₱0.08	₱0.12

See accompanying Notes to Interim Condensed Financial Statements.

METRO RETAIL STORES GROUP, INC.

STATEMENTS OF CHANGES IN EQUITY

For the nine-month periods ended September 30, 2023 and 2022

	Capital Stock (Note 14)	Additional Paid-in Capital (Note 14)	Treasury Stock (Note 14)	Retained Earnings (Note 14)	Remeasurement Gains (Losses) on Defined Benefit Obligation (Note 19)	Total
Balances at December 31, 2022 (Audited)	₱3,429,375,000	₱2,455,542,149	(₱207,150,258)	₱3,289,176,015	₱94,047,690	₱9,060,990,596
Net income for the period	-	-	-	254,565,375	-	254,565,375
Other comprehensive income	-	-	-	-	-	-
Total comprehensive income	-	-	-	254,565,375	-	254,565,375
Declaration of dividends (Note 14)	-	-	-	(196,140,840)	-	(196,140,840)
Acquisition of treasury shares (Note 14)	-	-	(45,887,597)	-	-	(45,887,597)
Balances at September 30, 2023 (Unaudited)	₱3,429,375,000	₱2,455,542,149	(₱253,037,855)	₱3,347,600,550	₱94,047,690	₱9,073,527,534
Balances at December 31, 2021 (Audited)	₱3,429,375,000	₱2,455,542,149	(₱102,572,930)	₱2,371,901,941	₱19,051,631	₱8,173,297,791
Net income for the period	-	-	-	400,700,572	-	400,700,572
Other comprehensive loss	-	-	-	-	-	-
Total comprehensive income	-	-	-	400,700,572	-	400,700,572
Acquisition of treasury shares (Note 14)	-	-	(85,554,972)	-	-	(85,554,972)
Balances at September 30, 2022 (Unaudited)	₱3,429,375,000	₱2,455,542,149	(₱188,127,902)	₱2,772,602,513	₱19,051,631	₱8,488,443,391

See accompanying Notes to Interim Condensed Financial Statements.

METRO RETAIL STORES GROUP, INC.**UNAUDITED INTERIM STATEMENTS OF CASH FLOWS**

	For the Nine-month Periods Ended September 30	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	₱342,832,071	₱535,838,232
Adjustments for:		
Depreciation and amortization - PPE (Note 8)	449,212,342	447,574,094
Finance costs (Note 16)	371,336,710	388,373,523
Depreciation - ROU assets (Note 22)	242,001,560	269,774,362
Retirement benefits costs (Note 19)	50,805,503	46,927,352
Foreign currency exchange gains (Note 16)	(14,017,769)	(49,034,605)
Provision for impairment loss on receivables (Note 18)	-	90,790
Gain on lease contract pretermination (Note 18)	(29,107,167)	-
Interest income (Note 16)	(118,569,464)	(40,024,470)
Operating income before working capital changes	1,294,493,786	1,599,519,278
Decrease (increase) in:		
Receivables	70,167,183	3,927,886
Merchandise inventories	(451,497,180)	(957,639,229)
Other current assets	(67,636,923)	(166,506,371)
Increase (decrease) in:		
Trade and other payables	(509,384,920)	285,680,935
Contract liabilities	(13,798,900)	(22,483,839)
Other current liabilities	8,141,270	-
Cash flows provided by operations	330,484,316	742,498,660
Income tax paid	(114,294,495)	(5,666,547)
Interest received	116,327,281	31,934,281
Interest paid	(120,808,950)	(82,777,638)
Retirement benefits paid	(9,818,237)	(5,583,573)
Net cash provided by operating activities	201,889,915	680,405,183
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment (Note 8)	(1,056,783,137)	(521,521,052)
Proceeds from insurance claim	53,681,402	-
Increase in short-term investments	-	(2,223,744,533)
Decrease (increase) in other noncurrent assets	(202,516,270)	87,309,876
Net cash used in investing activities	(1,205,618,005)	(2,657,955,709)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loans (Note 12)	-	2,500,000,000
Repayment of loans (Note 12)	(86,805,556)	(1,000,000,000)
Purchase of treasury stocks (Note 14)	(45,887,597)	(85,554,972)
Payment of:		
Lease liabilities (Note 22)	(319,028,999)	(379,439,107)
Dividends payable (Note 14)	(196,140,840)	-
Debt issue cost (Note 12)	-	(18,750,000)
Net cash provided by (used in) financing activities	(647,862,992)	1,016,255,921
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,651,591,082)	(961,294,605)
EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE (Note 16)	14,017,769	49,034,605
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,162,583,002	1,671,751,798
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 3)	₱3,525,009,689	₱759,491,798

See accompanying Notes to Interim Condensed Financial Statements.

METRO RETAIL STORES GROUP, INC.

NOTES TO UNAUDITED INTERIM CONDENSED FINANCIAL STATEMENTS

1. Corporate Information and Approval of the Financial Statements

Corporate Information

Metro Retail Stores Group, Inc. (MRSGI; the Company) was incorporated and registered with the Philippine Securities and Exchange Commission (the SEC) on August 28, 2003 in the Republic of the Philippines. The Company is 80.88%-owned by Vicsal Development Corporation (VDC), 0.76%-owned by Valueshop Stores, Inc., and the rest by the public. Its primary purpose is to buy, sell and trade, goods, wares and merchandise of every kind and description and in general to carry on the businesses of a supermarket, hypermarket and department store operator. The Company began commercial operations on November 19, 2004.

The Company's common stock was listed with the Philippine Stock Exchange (PSE) on November 24, 2015 (see Note 14).

The Company's principal place of business is located at Vicsal Building, corner of C.D. Seno and W.O. Seno Streets, Guizo North Reclamation Area, Mandaue City, Cebu.

Approval of the Financial Statements

The unaudited interim condensed financial statements of the Company as at September 30, 2023 and for the nine-month periods ended September 30, 2023 and 2022 were approved and authorized by the Board of Directors (BOD) on November 9, 2023.

2. Basis of Preparation, Statement of Compliance and Summary of Significant Accounting Policies

Basis of Preparation

The unaudited interim condensed financial statements of the Company have been prepared on a historical cost basis and are presented in Philippine Peso (₱), which is the Company's functional currency. Amounts are rounded off to the nearest Philippine Peso, except where otherwise indicated.

The accompanying unaudited interim condensed financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's annual financial statements as at December 31, 2022.

Statement of Compliance

The accompanying unaudited interim condensed financial statements as of September 30, 2023 and for the nine-month periods ended September 30, 2023 and 2022 have been prepared in accordance with Philippine Accounting Standards (PAS) 34, *Interim Financial Reporting*.

Adoption of New and Amended Accounting Standards and Interpretations

The accounting policies adopted in the preparation of the Company's financial statements are consistent with those of the previous financial year except for the following new accounting pronouncements.

Effective beginning on or after January 1, 2023

- Amendments to PAS 12, Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences.

The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgment (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense).

An entity applies the amendments to transactions that occur on or after the beginning of the earliest comparative period presented for annual reporting periods on or after January 1, 2023.

- Amendments to PAS 8, Definition of Accounting Estimates

The amendments introduce a new definition of accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies and the correction of errors. Also, the amendments clarify that the effects on an accounting estimate of a change in an input or a change in a measurement technique are changes in accounting estimates if they do not result from the correction of prior period errors.

An entity applies the amendments to changes in accounting policies and changes in accounting estimates that occur on or after January 1, 2023 with earlier adoption permitted.

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

The amendments clarify paragraphs 69 to 76 of PAS 1, *Presentation of Financial Statements*, to specify the requirements for classifying liabilities as current or noncurrent. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right; and
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification

The amendments are effective for annual reporting periods beginning on or after January 1, 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Effective beginning on or after January 1, 2025

- PFRS 17, *Insurance Contracts*

PFRS 17 is a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, PFRS 17 will replace PFRS 4, *Insurance Contracts*. This new standard on insurance contracts applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply.

The overall objective of PFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in PFRS 4, which are largely based on grandfathering previous local accounting policies, PFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of PFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach)
- A simplified approach (the premium allocation approach) mainly for short-duration contracts

On December 15, 2021, the FRSC amended the mandatory effective date of PFRS 17 from January 1, 2023 to January 1, 2025. This is consistent with Circular Letter No. 2020-62 issued by the Insurance Commission which deferred the implementation of PFRS 17 by two (2) years after its effective date as decided by the IASB.

PFRS 17 is effective for reporting periods beginning on or after January 1, 2025, with comparative figures required. Early application is permitted.

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements*, and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments address the conflict between PFRS 10 and PAS 28 in dealing with the loss of control of a subsidiary that is sold or contributed to an associate or joint venture. The amendments clarify that a full gain or loss is recognized when a transfer to an associate or joint venture involves a business as defined in PFRS 3. Any gain or loss resulting from the sale or contribution of assets that does not constitute a business, however, is recognized only to the extent of unrelated investors' interests in the associate or joint venture.

On January 13, 2016, the Financial Reporting Standards Council deferred the original effective date of January 1, 2016 of the said amendments until the International Accounting Standards Board (IASB) completes its broader review of the research project on equity accounting that may result in the simplification of accounting for such transactions and of other aspects of accounting for associates and joint ventures.

3. Cash and Cash Equivalents

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Cash on hand	₱174,174,983	₱209,836,470
Cash in banks	674,913,327	2,126,827,451
Cash equivalents	2,675,921,379	2,825,919,081
	₱3,525,009,689	₱5,162,583,002

Cash in banks earn interest at the respective bank deposit rates. Cash equivalents are made for varying periods of up to three months, depending on the immediate cash requirements of the Company, and earn annual interest at the respective short-term rates.

Interest income earned from cash and cash equivalents amounted to ₱118.57 million and ₱1.58 million for the nine-month periods ended September 30, 2023 and 2022, respectively (see Note 16).

4. Short-term Investments

This account pertains to money market placements made for varying periods of up to one year depending on the immediate cash requirement of the Company and earn annual interest at the respective short-term investment rates that range from 1.60% to 1.75% in 2022.

Short term investments amounted to nil as of September 30, 2023 and December 31, 2022.

Interest income earned from short-term investments amounted to nil and ₱38.45 million for the nine-month periods ended September 30, 2023 and 2022, respectively (see Note 16).

5. Receivables

This account consists of:

	September 30, 2023	December 31, 2022
Trade		
Third parties	₱651,113,246	₱682,401,888
Rental		
Third parties	101,446,691	81,238,183
Related parties (see Note 20)	8,562,799	7,097,303
Nontrade		
Related parties (see Note 20)	48,928,587	113,800,642
Receivable from SSS	30,410,917	30,062,455
Accrued interest receivable	14,407,329	10,296,471
Receivable from insurance	-	53,681,402
Others	17,275,780	15,173,408
	872,145,349	993,751,752
Less allowance for expected credit losses	(38,926,995)	(38,926,995)
	₱833,218,354	₱954,824,757

Trade receivables from third parties pertain to credit sales mainly from the Company's credit account holders and credit card companies. These are noninterest-bearing and are generally collectible within 30–90 days.

Rentals pertain to receivables from tenants that lease spaces in the Company's stores. These are noninterest-bearing and are collectible within 15 days.

As of December 31, 2022, the Company recognized receivable from insurance pertaining to Insurance claims for the damage in inventory and assets amounting to ₱45.44 million and business interruption claims amounting to ₱8.24 million (see Note 16). As of September 30, 2023, this is already fully collected.

Receivable from Social Security System (SSS) pertains to maternity loans proceeds and are collectible within one (1) year.

Others consist of advances to employees and construction cash bond for store fit-outs and are collectible within the year.

Movements in the allowance for expected credit losses for individually and collectively impaired trade and rentals from third parties follow:

Trade receivables

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Beginning of period	₱28,926,995	₱25,606,019
Add provisions	–	5,272,136
Less write-off	–	(1,951,160)
End of period	₱28,926,995	₱28,926,995

Rentals

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Beginning of period	₱10,000,000	₱10,000,000
Add provisions	–	–
End of period	₱10,000,000	₱10,000,000

6. Merchandise Inventories

The rollforward analysis of this account follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Beginning inventory	₱5,495,332,780	₱4,163,043,783
Add purchases - net	21,323,219,433	31,415,449,276
Cost of goods available for sale	26,818,552,213	35,578,493,059

Less cost of merchandise sold (Note 17)	(20,791,268,530)	(29,982,451,133)
	6,027,283,683	5,596,041,926
Less allowance for shrinkage and decline in inventory values	(80,453,723)	(100,709,146)
Ending inventory	₱5,946,829,960	₱5,495,332,780

Net purchases include cost of inventory, freight charges, insurance and customs duties.

No inventories have been pledged as security for the Company's obligations as at September 30, 2023 and December 31, 2022. The Company does not have any purchase commitments as at September 30, 2023 and December 31, 2022.

7. Other Current Assets

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Input VAT - net	₱183,865,756	₱187,983,257
Security deposits – current	124,807,427	124,847,427
Prepayments		
Related parties (Note 20)	11,195,581	–
Third parties	152,946,618	121,028,920
Advances to trade suppliers		
Related parties (Note 20)	154,803,492	101,031,984
Third parties	8,263,764	6,296,916
Supplies	38,351,756	52,141,333
Deferred input VAT - current	15,917,392	39,634,557
	690,151,786	632,964,394
Less allowance for impairment losses	(2,550,000)	(2,591,786)
	₱687,601,786	₱630,372,608

Input VAT pertains to taxes imposed on purchase of goods and services. These are expected to be fully amortized within one year.

Security deposits - current pertains to leases with remaining lease period of one year or less from reporting period.

Prepayments consist of prepaid insurance and advance rental payments on short-term leases.

Advances to suppliers pertain to down payments made to suppliers for purchases of merchandise inventories, supplies and other services.

Supplies pertain to office and store supplies purchased by the Company for general and administrative purposes. These are recognized at cost.

Allowance for impairment losses pertains to estimated unrecoverable security deposits and long-outstanding advances to third party trade suppliers. Movements in the allowance for impairment loss for other current assets follow:

Security deposits

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Beginning of period	₱2,550,000	₱6,223,444
Add provisions	-	-
Reclassification	-	(3,673,444)
End of period	₱2,550,000	₱2,550,000

Advances to trade suppliers

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Beginning of period	₱41,786	₱41,786
Add provisions	-	-
Write-off	(41,786)	-
End of period	₱-	₱41,786

8. Property and Equipment

For the nine-month periods ended September 30, 2023 and 2022, total additions to property and equipment amounted to ₱1,057.39 million and ₱521.52 million, respectively, while depreciation and amortization amounted to ₱449.21 million and ₱447.57 million for the nine-month periods ended September 30, 2023 and 2022, respectively.

There are no items of property and equipment that are pledged as security to liabilities as at September 30, 2023 and December 31, 2022.

The Company has contractual purchase commitments related to construction-in-progress amounting to ₱863.47 million and ₱765.57 million as of September 30, 2023 and December 31, 2022, respectively.

As of September 30, 2023 and December 31, 2022, the Company's net book value of property and equipment amounted to ₱5,901.92 million and ₱5,294.35 million, respectively.

9. Other Noncurrent Assets

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Deposits	₱246,814,204	₱229,025,395
Advances to nontrade suppliers		
Third parties	385,010,299	226,362,463

Related parties (Note 20)	55,146,544	22,450,521
Deferred input VAT	28,300,591	34,916,989
	715,271,638	512,755,368
Less allowance for impairment loss	(12,445,692)	(12,445,692)
	₱702,825,946	₱500,309,676

Deposits are payments to lessors for advance rental and security deposits and to utility companies for meter deposits. Security deposits, less any unpaid rent and other charges, are refundable to the Company at the end of contract term.

Advances to nontrade suppliers pertain to advance payments made for the acquisition of property and equipment and are to be delivered up to six months.

Deferred input VAT arises from purchases of capital goods above ₱1.00 million prior to 2022. This is amortized for a period of five years or over the useful life of the asset purchased, whichever is shorter.

Allowance for impairment losses pertains to long outstanding advances to nontrade suppliers.

Movements in the allowance for impairment losses for other noncurrent assets follow:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Beginning of period	₱12,445,692	₱8,772,248
Reclassification	-	3,673,444
End of period	₱12,445,692	₱12,445,692

10. Trade and Other Payables

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Trade		
Third parties	₱2,812,602,609	₱3,257,205,865
Related parties (Note 20)	12,867,710	33,107,812
Nontrade		
Third parties	463,016,485	510,371,092
Related parties (Note 20)	11,546,511	44,907,446
Accrued expenses	562,391,252	473,731,762
Credit cash bonds	234,775,073	241,652,844
Taxes payable	48,625,839	61,335,831
Others	178,504,201	198,215,335
	₱4,324,329,680	₱4,820,527,987

Trade payables pertain to payables to third parties and related parties arising mainly from purchases of merchandise inventories. These are generally noninterest-bearing and are normally settled in 30 days.

Nontrade payables consist of purchases of supplies, property and equipment and other services and retention payables to contractors for the Company's store equipment, leasehold improvements and liabilities in line with the Company's operating expenses. These are normally settled within twelve months.

Accrued expenses consist of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Suppliers and contractors	₱156,229,026	₱146,358,298
Utilities	94,786,665	115,123,772
Short-term rentals	109,183,379	81,189,838
Marketing-related cost	20,707,794	21,846,947
Professional fees	10,818,624	14,076,720
Other accruals	170,665,764	95,136,187
	₱562,391,252	₱473,731,762

Other accruals pertain to government remittances, and other operating related expenses.

Credit cash bonds pertain to cash bonds received by the Company as security for the unpaid balances of the receivables from credit account holders. This will be refunded if the account holder no longer wants to avail of the Company's credit line. These bonds earn interest annually at a fixed rate ranging from 1%–6% based on accumulated cash bond and purchases volume.

Taxes payable pertains to amount of taxes withheld by the Company on income payments yet to be remitted to the government.

Others include amounts payable to government agencies for mandatory contributions and payments to the SSS, Philippine Health Insurance Corporation (PHIC), and the Home Development Mutual Fund (HDMF), current portion of tenant's deposits which pertains to security deposits from tenants for the lease of space in the Company's stores with remaining lease period of one year or less from reporting period and other sundry payables.

11. Contract Liabilities

This account consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Gift check outstanding	₱20,835,148	₱40,017,200
Accrued customer loyalty reward	39,593,712	39,593,712
Stored value cards	30,601,052	25,217,900
	₱91,029,912	₱104,828,812

These items can only be redeemed from the Company's own stores. These are expected to be redeemed within twelve months.

12. Loans Payable

This account consists of the following:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Long-term bank loans with nominal interest rates ranging from 4.0%–5.6% per annum	₱2,913,194,444	₱3,000,000,000
Less current portion of loans payable	(323,611,111)	(130,208,334)
	2,589,583,333	2,869,791,666
Less unamortized debt issue cost	(15,791,143)	(18,913,493)
Noncurrent portion of loans payable	₱2,573,792,190	₱2,850,878,173

Short-term bank loans

Outstanding balance of short-term bank loans amounted to nil as of September 30, 2023 and December 31, 2022.

Long-term bank loans

On March 30, 2021, the Company availed an unsecured long-term loan of ₱500.00 million payable in thirty-two equal quarterly installments of ₱15.63 million commencing on June 30, 2023 to March 28, 2031. The loan bears a nominal interest rate of 4.0% per annum.

On March 3, 2022, the Company availed an unsecured long-term loan of ₱500.00 million payable in thirty-six equal quarterly installments of ₱13.89 million commencing on June 5, 2023 to March 3, 2032. The loan bears a nominal interest rate of 6.05%-6.77% per annum.

On March 17, 2022, the Company availed an unsecured long-term loan of ₱500.00 million payable in thirty-six equal quarterly installments of ₱13.89 million commencing on June 5, 2023 to March 3, 2032. The loan bears a nominal interest rate of 6.09%-6.77% per annum.

On March 24, 2022, the Company availed an unsecured long-term loan of ₱1,500.00 million payable in twenty equal quarterly installments of ₱75.00 million commencing on June 24, 2024 to March 23, 2029. The loan bears a nominal interest rate of 5.09% per annum.

Long-term bank loans were availed to finance construction of new store buildings.

The Company's long-term debt consists of:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
10-year loan due on March 28, 2031	₱468,750,000	₱500,000,000
10-year loan due on March 3, 2032	472,222,222	500,000,000
10-year loan due on March 3, 2032	472,222,222	500,000,000
7-year loan due on March 23, 2029	1,500,000,000	1,500,000,000
	2,913,194,444	3,000,000,000
Less unamortized debt issue cost	(15,791,143)	(18,913,493)
	₱2,897,403,301	₱2,981,086,507

The Company has no negative covenants and no prepayment options for its loans payable outstanding as of September 30, 2023 and December 31, 2022.

Interest expense from bank loans amounted to ₱120.90 million and ₱81.48 million as of September 30, 2023 and 2022, respectively (see Note 16).

The movement of the unamortized debt issue cost follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Beginning of period	₱18,913,493	₱3,330,090
Additions	-	18,750,000
Amortization	(3,122,350)	(3,166,597)
End of period	₱15,791,143	₱18,913,493

The repayment schedule of Company's long-term debt is as follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
2023	₱43,402,777	₱130,208,333
2024	398,611,111	398,611,111
2025	473,611,111	473,611,111
2026-2031	1,997,569,445	1,997,569,445
	₱2,913,194,444	₱3,000,000,000

13. Other Noncurrent Liabilities

Other noncurrent liabilities pertain to security deposits from tenants for the lease of space in the Company's stores, with remaining lease period of more than one year from the reporting period. These security deposits are refundable to the tenants upon termination of contract.

Other noncurrent liabilities amounted to ₱22.62 million and ₱14.47 million as of September 30, 2023 and December 31, 2022, respectively.

14. Equity

Capital Stock

The Company's common stock consists of:

	September 30, 2023 (Unaudited)		December 31, 2022 (Audited)	
	No. of shares	Amount	No. of shares	Amount
Common stock - ₱1.00 par value				
Authorized	10,000,000,000	₱10,000,000,000	10,000,000,000	₱10,000,000,000
Issued	3,429,375,000	3,429,375,000	3,429,375,000	3,429,375,000
Outstanding, beginning of year	3,282,303,000	3,222,224,742	3,355,996,000	3,326,802,070
Treasury shares acquired during the year	(32,995,000)	(45,887,597)	(73,693,000)	(104,577,328)
Outstanding, end of year	3,249,308,000	₱3,176,337,145	3,282,303,000	₱3,222,224,742

The Company was listed on the Main Board of the PSE on November 24, 2015 wherein it offered 905,375,000 shares at an offer price of ₱3.99 per share.

Additional Paid-in Capital

The Company recorded additional paid-in capital amounting to ₱2,455.54 million, net of transaction costs. The Company incurred transaction costs incidental to the IPO amounting to ₱251.53 million charged against "Additional paid-in capital" in the statements of financial position.

Treasury Shares

On January 22, 2021, the BOD of the Company has approved the implementation of a share buyback program of up to ₱300.00 million worth of the Company's common shares to be taken from the Company's existing cash (without using the IPO proceeds) and supported by the unrestricted retained earnings.

As of September 30, 2023, the Company repurchased a total of 180,067,000 shares for a total amount of ₱253.04 million. These treasury shares are recorded at cost.

Stock Option Plan

The BOD and stockholders of the Company have adopted resolutions on July 27, 2015 approving the establishment of a stock option plan to offer up to 103,320,000 shares out of its unissued capital stock to key personnel. The Company has not yet implemented the stock plan as of March 31, 2023.

On December 23, 2022, the Board of Directors has approved the MRSGI Executive Stock Option Plan or MESOP. The Company has allotted 1% of the total outstanding capital stock as of December 20, 2022 or 32,832,230 common shares out of its Treasury Shares for the MESOP. In a Special Meeting of the stockholders held on February 7, 2023, the stockholders of MRSGI owning at least 2/3 of the

total outstanding capital stock have ratified the MESOP. An application for the approval of the MESOP was submitted to the Securities and Exchange Commission on February 17, 2023 and this was approved by the Commission on May 29, 2023.

Retained Earnings

On March 31, 2023, the BOD approved the declaration of cash dividends amounting to ₱196.14 million or ₱0.06 per share, out of the Company's retained earnings as of December 31, 2022 to stockholders of record as of April 19, 2023 and paid on May 4, 2023.

15. Revenue from Contracts with Customers

All of the Company's net sales and portion of other income are revenue from contracts with customers recognized at a point in time or when it transfers control of a product to a customer.

The Company's revenue from contracts with customers accounted for under PFRS 15 are presented in the statements of comprehensive as follows:

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Net sales	₱26,536,500,188	₱26,546,334,159
Other income (Note 16)		
Others	33,279,409	42,972,972
Total revenue from contracts with customers	₱26,569,779,597	₱26,589,307,131

The following table disaggregates the Company's net sales by geographical markets and major goods or service lines.

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Geographical markets		
Luzon	₱8,006,266,045	₱ 9,238,751,266
Visayas	18,530,234,143	17,307,582,893
Total revenue from contracts with customers from net sales	₱26,536,500,188	₱26,546,334,159

Major goods/service lines		
Food retail	₱19,182,248,142	₱19,613,395,372
General Merchandise	7,354,252,046	6,932,938,787
Total revenue from contracts with customers from net sales	₱26,536,500,188	₱26,546,334,159

16. **Other income**

Interest and other income

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Interest income (Notes 3, 4)	₱118,569,464	₱40,024,470
Foreign currency exchange gains	14,017,769	49,034,605
Gain on insurance claim	–	37,153,080
Scrap sales	7,899,709	9,635,701
Others	33,279,409	42,972,972
	₱173,766,351	₱178,820,828

Interest income pertains to the interest earned from deposits in banks, cash placements, and finance charges earned from short-term installment receivables from guarantors and employees.

Scrap sales pertain to the sale of non-reusable cartons, sacks, containers, and other scrap items from the Company's stores.

Others include income from various sources such as parking income, lotto operations, penalties and others.

Finance costs

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Finance cost on lease liabilities (Note 22)	₱244,712,419	₱299,327,169
Interest expense from bank loans (Note 12)	120,901,915	81,480,540
Interest expense on cash bond (Note 10)	5,722,376	7,565,814
	₱371,336,710	₱388,373,523

17. **Cost of Sales**

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Cost of merchandise sold (Note 6)	₱20,761,356,742	₱20,985,280,741
Others (Note 18)	29,911,788	25,937,700
	₱20,791,268,530	₱21,011,218,441

Others pertain to the direct labor and other overhead costs.

18. Operating Expenses

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Personnel cost (Note 19)	₱1,380,141,560	₱1,220,644,637
Rental (Note 22)	1,087,168,307	921,876,186
Light, water and communications	806,887,330	793,366,251
Depreciation and amortization	449,212,342	447,554,462
Contracted services	295,270,105	270,667,762
Taxes and licenses	294,502,348	260,024,277
Depreciation and amortization of right-of-use assets (Note 22)	242,001,560	269,774,362
Repairs and maintenance	235,112,137	206,088,523
Supplies	118,941,603	110,762,808
Subscriptions	105,653,147	92,252,007
Commission	101,794,956	85,449,325
Advertising	108,355,895	76,814,270
Insurance	83,814,277	80,403,711
Professional fees	80,095,317	71,418,489
Transportation and travel	44,196,793	29,634,396
Gain on lease contract pretermination	(29,107,167)	-
Others	33,216,054	24,694,538
	₱5,437,256,564	₱4,961,426,004

Depreciation and amortization of right-of-use assets recorded in the statements of comprehensive income is net of the recognized effect of waived rentals for COVID-19 related rent concessions amounting to ₱16.71 million and ₱56.16 million in September 30, 2023 and 2022, respectively (see Note 22).

Gain on lease contract pretermination in 2023 pertains to the difference between the carrying amount of right-of-use asset and lease liability when the Company preterminated a lease contract due to store closure.

Others pertain to representation, entertainment, donations and contributions.

19. Personnel Cost

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Salaries and wages	₱1,102,261,866	₱ 1,000,578,221
Retirement benefit cost	51,530,354	46,927,352
Other employee benefits	244,589,456	188,510,944
	₱1,398,381,676	₱1,236,016,517

Personnel cost that were recognized as cost of sales amounted to ₱18.24 million and ₱15.37 million as of September 30, 2023 and 2022, respectively.

Other employee benefits consist of the required employer contributions to SSS, PHIC and HDMF, 13th month pay and other incentives.

As of September 30, 2023, the Company's retirement benefit obligation and remeasurement losses on the defined benefit obligation amounted to ₱500.91 million and ₱94.05 million, respectively. As of December 31, 2022, these amounted to ₱470.42 million and ₱94.05 million, respectively.

20. Related Party Transactions

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.

Terms and Conditions of Transactions with Related Parties

Transactions with related parties are made at terms agreed by the parties. Outstanding balances at year end are unsecured, noninterest-bearing and settled in cash usually within one year. There have been no guarantees or collaterals provided or received for any related party receivables or payables. The significant related party transactions and outstanding balances as of and for the years ended September 30, 2023 and December 31, 2022 are as follows:

September 30, 2023

	Amount/Volume	Outstanding	Terms and Conditions
<i>Parent Company (VDC)</i>			
Advances (see Note 5; a)	₱23,573,993	₱2,525,671	Noninterest-bearing and due in 30 days, unsecured
Prepayment on rentals (see Note 7; b)	843,073,179	11,195,581	Noninterest-bearing and for application within 30 days, unsecured
<i>Entities Under Common Control</i>			
Advances and rental income (see Note 5; c, d and f)	105,433,384	54,965,715	Noninterest-bearing and due in 30 days, not impaired
Advances to suppliers (see Notes 7 and 9; d)	1,144,444,433	209,950,036	Noninterest-bearing and for application within 30 days, not impaired
Due from related parties		₱278,637,003	
	Amount/Volume	Outstanding	Terms and Conditions
<i>Parent Company (VDC)</i>			
Lease liabilities (see Note 22; b)	₱378,846	(₱14,795,929)	Noninterest-bearing and payable in 30 days, unsecured
Management fee (see Note 10; e)	38,029,643	–	Noninterest-bearing and payable in 30

			days, unsecured
<i>Entities Under Common Control</i>			
Purchase of goods (see Note 10; d)	92,798,609	(12,867,710)	Noninterest-bearing and payable in 30 days, unsecured
Purchases of services and rent expense (see Note 10; c and d)	126,954,142	(11,546,511)	Noninterest-bearing and payable in 30 days, unsecured
Due to related parties		(P39,210,150)	

December 31, 2022

	Amount/Volume	Outstanding	Terms and Conditions
<i>Parent Company (VDC)</i>			
Advances (see Note 5; a)	₱84,991,507	₱55,932,734	Noninterest-bearing and due in 30 days, unsecured
<i>Entities Under Common Control</i>			
Advances and rental income (see Note 5; c, d and f)	152,776,135	64,965,211	Noninterest-bearing and due in 30 days, not impaired
Advances to suppliers (see Notes 7 and 9; d)	1,039,404,940	123,482,505	Noninterest-bearing and for application within 30 days, not impaired
Due from related parties		₱244,380,450	

	Amount/Volume	Outstanding	Terms and Conditions
<i>Parent Company (VDC)</i>			
Lease liabilities (see Note 22; b)	₱2,221,455	(₱27,427,889)	Noninterest-bearing and payable in 30 days, unsecured
Rent expense (see Note 10; b)	1,185,817,559	(10,638,049)	Noninterest-bearing and for application within 30 days, unsecured
Management fee (see Note 10; e)	40,781,093	-	Noninterest-bearing and payable in 30 days, unsecured
<i>Entities Under Common Control</i>			
Purchase of goods (see Note 10;d)	148,124,872	(35,361,323)	Noninterest-bearing and payable in 30 days, unsecured
Purchases of services and rent expense (see Note 10; c)	132,489,365	(32,015,886)	Noninterest-bearing and payable in 30 days, unsecured
Due to related parties		(₱105,443,147)	

The Company, in the normal course of business, entered into the following transactions with related parties:

- a. Advances to VDC pertain to expenses paid by the Company on behalf of VDC and vice versa.
- b. Rentals from leases for the Company's store spaces and warehouses. The Company recognized "Lease liabilities" for fixed rent and "Prepayments" under Other Current Assets representing advance payments to the lessor to be applied to the subsequent billing and "Trade and other payables" for variable rent.
- c. The Company has receivables and payables pertaining to rental transactions in the Company's stores. These are noninterest-bearing and are collectible within 30 days.
- d. The Company has short-term noninterest-bearing receivables and payables in the normal course of business pertaining to the recovery of expenses, sales and purchases of goods and services.
- e. The Company entered into an agreement with VDC for legal and other services. Management fee is lodged in "Contracted services" under "Operating expenses" in the statements of comprehensive income.
- f. In 2022, the Company sold its used equipment to its affiliates amounting to ₱49.40 million.

The Company has an approval requirement and limits on the amount and extent on any related party transactions which is 10% or higher of the Company's total assets based on its latest audited financial statements.

Cash placements and bank accounts with Wealth Development Bank Corporation (an entity under common control) amounted to ₱654.82 million and ₱1,175.88 million as of September 30, 2023 and December 31, 2022, respectively, which earn interest based on prevailing market interest rates.

21. Income Taxes

Provision for income tax consists of:

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Current	₱126,604,651	₱141,621,164
Deferred	(38,337,956)	(6,483,504)
	₱88,266,695	₱135,137,660

The provision for current income tax for the nine-month periods ended September 30, 2023 and 2022 pertains to final and regular corporate income tax.

As of September 30, 2023 and December 31, 2022, the Company's deferred tax assets amounted to ₱431.91 million and ₱393.57 million, respectively, which pertains to income tax effect of retirement benefit obligation, provision for decline in value of inventories, provision for impairment of assets, contract liability from customer loyalty program, unamortized debt issuance cost, unrealized foreign exchange gain and PFRS 16 adjustments.

22. Lease Commitments

Company as a lessee

The Company enters into lease agreements with third parties and related parties for Company's stores, warehouses and corporate office space. The Company also entered into lease arrangements

covering various computer equipment used in the operations of the Company. These leases have terms ranging from one to 41 years and generally provide for either: (a) fixed monthly rent; or (b) minimum rent or a certain percentage of gross revenue, whichever is higher. Certain leases include a clause to enable upward revision on the rental charge on an annual basis based on prevailing market conditions.

The Company's obligations under its leases are subject to interest and penalty in cases of default of payment. There are several lease contracts that include extension and termination options and variable lease payments, which are further discussed below.

The Company also has certain leases of equipment and staff-houses with lease terms of 12 months or less and leases of equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

The rollforward analysis of right-of-use assets follows:

September 30, 2023

	Land	Building	Total
<u>Cost</u>			
At January 1, 2023	₱1,760,106,298	₱4,861,840,783	₱6,621,947,081
Additions	2,125,796	189,899,355	192,025,151
Lease modification	-	-	-
Asset retirement	-	(237,750,933)	(237,750,933)
At September 30, 2023	1,762,232,094	4,813,989,205	6,576,221,299
<u>Accumulated depreciation</u>			
At January 1, 2023	860,144,688	1,349,467,233	2,209,611,921
Depreciation	36,162,584	222,546,999	258,709,583
Lease modification	-	-	-
Asset retirement	-	(129,430,169)	(129,430,169)
At September 30, 2023	896,307,272	1,442,584,063	2,338,891,335
Less allowance for impairment losses	-	(78,394,756)	(78,394,756)
Net Book Value	₱865,924,822	₱3,293,010,386	₱4,158,935,208

December 31, 2022

	Land	Building	Total
<u>Cost</u>			
At January 1, 2022	₱1,760,106,298	₱5,001,943,908	₱6,762,050,206
Lease modification	-	(140,103,125)	(140,103,125)
At December 31, 2022	1,760,106,298	4,861,840,783	6,621,947,081
<u>Accumulated depreciation</u>			
At January 1, 2022	800,465,064	1,161,667,406	1,962,132,470
Depreciation	59,679,624	374,542,598	434,222,222
Lease modification	-	(186,742,771)	(186,742,771)
At December 31, 2022	860,144,688	1,349,467,233	2,209,611,921
Less allowance for impairment losses	-	(104,671,952)	(104,671,952)
Net Book Value	₱899,961,610	₱3,407,701,598	₱4,307,663,208

The following are the amounts recognized in statement of income:

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Variable lease payments (Note 18)*	₱850,072,664	₱809,900,203
Finance cost on lease liabilities (Note 16)	244,712,419	299,327,169
Depreciation expense of right-of-use assets – net (Note 18)	242,001,560	269,774,362
Expenses relating to short-term leases (Note 18)*	237,095,643	111,975,983
Total amount recognized in statement of income	₱1,573,882,286	₱1,490,977,717

*Included in "Rental" under "Operating Expenses" in the statement of comprehensive income

The rollforward analysis of lease liabilities follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
At beginning of year	₱5,262,952,178	₱5,574,955,193
Finance cost (Note 16)	244,712,419	397,857,648
Additions	192,025,152	-
Payments	(319,028,998)	(532,163,609)
Lease modification, termination and waived rentals	(127,858,758)	(177,697,054)
	₱5,252,801,993	₱5,262,952,178

Classification of lease liabilities follows:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Current portion	₱155,375,727	₱156,724,371
Noncurrent portion	5,097,426,266	5,106,227,807
	₱5,252,801,993	₱5,262,952,178

Shown below is the maturity analysis of the undiscounted lease payments:

	September 30, 2023 (Unaudited)	December 31, 2022 (Audited)
Within one year	₱445,442,427	₱530,014,484
More than one year but not more than five years	1,731,354,629	2,737,160,622
More than five years	7,639,914,187	9,261,481,261
	₱9,816,711,243	₱12,528,656,367

Company as lessor

The Company entered into lease agreements with tenants for the use of space in the Company's stores. These lease agreements have terms ranging from one to four years. Certain leases include a

clause to enable upward revision on the rental charge on an annual basis based on prevailing market rate conditions.

Tenants are required to pay for security deposits, subject to adjustment if minimum rent increases; refundable at the end of the lease term, after deducting the amount of damages to the leased premises and unpaid charges, if any. Security deposits amounted to ₱81.34 million and ₱130.85 million as of September 30, 2023 and December 31, 2022, respectively (Notes 10 and 13).

Rental income amounted to ₱232.43 million and ₱171.70 million as of September 30, 2023 and 2022, respectively.

23. Earnings Per Share

The following table presents information necessary to calculate EPS on net income:

	September 30, 2023 (Unaudited)	September 30, 2022 (Unaudited)
Net income	₱254,565,375	₱400,700,572
Weighted-average number of common shares outstanding (Note 14)	3,263,652,542	3,306,706,828
Basic/Diluted EPS	₱0.08	₱0.12

There are no potentially dilutive common shares as of September 30, 2023 and 2022.

24. Segment Reporting

The Company has determined that it is operating as one operating segment. Based on management's assessment, no part or component of the business of the Company meets the qualifications of an operating segment as defined by PFRS 8.

The Company's store operations is its only income generating activity and such is the measure used by the CODM in allocating resources.

The Company conducts its operations through the following store formats:

Department Stores

Department stores are engaged in the business of trading goods, commodities, wares and merchandise of any kind, such as clothes, bags, accessories, toys, and household goods.

Supermarket

Supermarkets offer a wide selection of meats, seafoods, fruits and vegetables and organic produce. This format also offers ancillary services such as pharmacy, bakeshop, café and fastfood outlets. A supermarket maybe a stand-alone supermarket or opened together with a department store.

Hypermarkets

Hypermarkets consist of "superstores" which is a combination of supermarket and department

store which offer a wide range of product including full grocery lines and general merchandise.

The Company does not report its results based on geographical segments. The Company has no significant customer which contributes 10% or more to the revenues of the Company.

25. Financial Instruments

Fair Value of Financial Instruments

As of September 30, 2023 and December 31, 2022, the Company has no financial asset and liability carried at fair value.

Fair Value Hierarchy

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

Financial Assets

Due to the short-term nature of the transaction, the fair values of cash and cash equivalents, short-term investments, trade receivables, rentals and receivable from related parties, other receivables (Claims from insurers and accrued interest receivable) and security deposits under "Other current assets" approximate the carrying values at end of reporting period.

Financial Liabilities

Due to the short-term nature of trade and other payables (excluding statutory payables), loans payable, current portions of lease liabilities, their carrying values approximate fair value at end of reporting period.

There were no transfers between levels 1, 2 and 3.

Financial Risk Management Objectives and Policies

The main purpose of the Company's financial instruments is to fund its operations and capital expenditures. The main risks arising from the Company's financial instruments are liquidity risk and credit risk. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options.

Liquidity risk

Liquidity or funding risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company's exposure to liquidity risk relates primarily to its short-term obligations.

The Company seeks to manage its liquidity profile by maintaining cash at a certain level and ensuring the availability of ample unused revolving credit facilities from banks as back-up liquidity that will enable it to finance its operating expenses.

The Company maintains a level of cash deemed sufficient to finance operations. As part of its liquidity risk management, the Company regularly evaluates its projected and actual cash flows.

The table below shows the maturity profile of the financial liabilities of the Company as of September 30, 2023 and December 31, 2022 based on the remaining period at the reporting date to their contractual maturities and are also presented based on contractual undiscounted repayment obligations.

September 30, 2023

	On Demand	Within One (1) Year	More than One (1) Year	Total
Financial liabilities:				
Trade and other payables				
Trade				
Third parties	₱-	₱2,812,602,609	₱-	₱2,812,602,609
Related parties	-	12,867,710	-	12,867,710
Nontrade				
Third parties	-	463,016,485	-	463,016,485
Related parties	-	11,546,511	-	11,546,511
Accrued expenses	-	562,391,252	-	562,391,252
Credit cash bonds	-	234,775,073	-	234,775,073
Others*	-	173,018,282	-	173,018,282
Long-term bank loans:				
Principal	-	323,611,111	2,589,583,333	2,913,194,444
Future interest payments	-	129,598,511	347,232,192	476,830,703
Lease liabilities	-	445,442,427	9,371,268,816	9,816,711,243
Other noncurrent liabilities	-	-	22,615,245	22,615,245
	₱-	₱5,168,869,971	₱12,330,699,586	₱17,499,569,557

*Excluding statutory payables

December 31, 2022

	On Demand	Within One (1) Year	More than One (1) Year	Total
Financial liabilities:				
Trade and other payables				
Trade				
Third parties	₱-	₱3,257,205,865	₱-	₱3,257,205,865
Related parties	-	33,107,812	-	33,107,812
Nontrade				
Third parties	-	510,371,092	-	510,371,092
Related parties	-	44,907,447	-	44,907,447
Accrued expenses	-	473,731,762	-	473,731,762
Credit cash bonds	-	241,652,844	-	241,652,844
Others*	-	192,720,915	-	192,720,915
Short-term bank loans:				
Principal	-	-	-	-
Future interest payments	-	-	-	-
Long-term bank loans:				
Principal	-	130,208,333	2,869,791,667	3,000,000,000
Future interest payments	-	134,977,683	443,692,921	578,670,604
Lease liabilities	-	530,014,484	11,998,641,883	12,528,656,367
Other noncurrent liabilities	-	-	14,473,976	14,473,976
	₱-	₱5,548,898,237	₱15,326,600,447	₱20,875,498,684

*Excluding statutory payables

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company's receivables are actively monitored by its collection department to avoid significant concentrations of credit risk.

The Company manages the level of credit risk it accepts through comprehensive credit risk policies setting out the assessment and determination of what constitutes credit risk for the Company. The Company's policies include: setting up of exposure limits for each counterparty; reporting of credit risk exposures; monitoring of compliance with credit risk policy; and review of credit risk policy for pertinence and the changing environment.

The table below shows the exposure of the Company to credit risk:

	September 30, 2023			
	Maximum exposure to credit risk	Fair value of collaterals or credit enhancements	Net exposure	Financial effect of collaterals or credit enhancements
Receivables:				
Trade				
Third parties	₱651,113,246	₱234,775,073	₱416,338,173	₱234,775,073
Rental				
Third parties	101,446,691	65,390,531	36,056,160	65,390,531
Related parties	8,562,799	-	8,562,799	-
Nontrade				
Related parties	48,928,587	-	48,928,587	-
Accrued interest receivable	14,407,329	-	14,407,329	-
Receivable from insurance	-	-	-	-
Others	17,275,781	-	17,275,781	-
	₱841,734,433	₱300,165,604	₱541,568,829	₱300,165,604

	December 31, 2022			
	Maximum exposure to credit risk	Fair value of collaterals or credit enhancements	Net exposure	Financial effect of collaterals or credit enhancements
Receivables:				
Trade				
Third parties	₱682,401,888	₱241,652,844	₱440,749,044	₱241,652,844
Nontrade				
Rentals	81,238,183	64,497,675	16,740,508	64,497,675
Related parties	120,897,945	-	120,897,945	-
Accrued interest receivable	10,296,471	-	10,296,471	-
Receivable from insurance	53,681,402	-	53,681,402	-
Others	15,173,408	-	15,173,408	-
	₱963,689,297	₱306,150,519	₱657,538,778	₱306,150,519

Collaterals or credit enhancements pertain to cash bonds posted by credit account holders to secure payment of credit purchases through the Company's credit facilities. These also pertain to tenants' security deposits which shall be applied against the tenants' last billing.

Other than those disclosed above, the carrying amount of the financial assets represent the maximum exposure of the Company to credit risk.

Impairment of financial assets

The Company has the following financial assets that are subject to the expected credit loss model:

- trade receivables from third party and related parties for sales of inventory;
- rent receivables from third party and related parties for rental of spaces;
- other debt instruments carried at amortized cost

Other debt instruments carried at amortized cost include cash and cash equivalents, short-term investments, accrued interest receivables, refundable security deposits and receivable from insurance. These are also subject to the impairment requirements of PFRS 9, the identified impairment losses were immaterial.

Trade and rent receivables

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and rent receivables. To measure the expected credit losses, trade and rent receivables have been grouped based on shared credit risk characteristics and the days past due. The ECL on trade and rent receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the country in which it sells its goods and accordingly adjusts the historical loss rates based on expected changes in these factors.

Below is the information about the credit risk exposure on the Company's trade receivables using a provision matrix as of September 30, 2023 and December 31, 2022:

September 30, 2023

Trade receivables

	Current Stage 1 (12-month ECL)	Credit-impaired Stage 3	Total
Expected credit loss rates	0.00%	86.95%	
Gross carrying amount	₱617,844,871	₱33,268,375	₱651,113,246
ECL	-	28,926,995	28,926,995

Rental

	Current Stage 1 (12-month ECL)	Credit-impaired Stage 3	Total
Expected credit loss rates	9.86%	0.00%	
Gross carrying amount	₱101,446,691	₱-	₱101,446,691
ECL	10,000,000	-	10,000,000

December 31, 2022

Trade receivables

	Current Stage 1 (12-month ECL)	Credit-impaired Stage 3	Total
Expected credit loss rates	0.02%	98.84%	
Gross carrying amount	₱653,239,485	₱29,162,403	₱682,401,888
ECL	102,735	28,824,260	28,926,995

Rental

	Current Stage 1 (12-month ECL)	Credit-impaired Stage 3	Total
Expected credit loss rates	12.31%	0.00%	
Gross carrying amount	₱81,238,183	₱-	₱81,238,183
ECL	₱10,000,000	-	₱10,000,000

Trade receivables are written off when there is no reasonable expectation of recovery. All of the indicators that there is no reasonable expectation of recovery should be present prior to write off which include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, debtor is experiencing significant financial difficulties, and a failure to make contractual payments for a period of greater than 90 days past due. Provisions are measured using Stage 3 ECL where receivables are considered credit impaired.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

26. Seasonality of Operations

The Company experiences seasonal fluctuations in supermarket, department store and hypermarket operations. Historically, sales peak in December of each year, thereafter it slows down in the first quarter of the year and begins to increase in the second quarter, driven by the summer season, the school break in June and July. This is followed by a slowdown in sales in the third quarter due to the rainy season.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Results of Operations

Nine-month period ended September 30, 2023 versus September 30, 2022

Revenue

Net sales

For the nine-month period ended September 30, 2023, our net sales were ₱26,536.5 million, a decrease of 0.04% compared to ₱26,546.3 million for the same period last year.

Total food retail business declined by 2.2% due to bulk sales transactions in 2022 while general merchandise business grew by 6.1% over the same period last year.

Blended same store sales decreased by 1.2% over the same period last year.

Rental income

For the nine-month period ended September 30, 2023, our rental income was ₱232.4 million, an increase of 35.4% compared to ₱171.7 million for the same period last year. The increase in rental income is primarily due to the re-opening of the economy and non-essential tenants have become operational. Rental concessions that were extended to tenants who continued to operate during the pandemic times were totally discontinued in the last quarter of 2022.

Cost of sales

For the nine-month period ended September 30, 2023, our cost of sales was ₱20,791.3 million, a decrease of 1.0% compared to ₱21,011.2 million for the same period last year. Cost of sales decreased as sales amount during the period also decreased.

Operating expenses

For the nine-month period ended September 30, 2023, our operating expenses were ₱5,437.3 million, an increase of 9.6% compared to ₱4,961.4 million for the same period last year. While the Company continued to implement cost reduction and saving measures, there were significant increases in rent as rental concessions given during the pandemic were already waived, and payroll costs as a result of the opening of new stores, and government mandated minimum wage increases.

Interest and other income

For the nine-month period ended September 30, 2023, our interest and other income was ₱173.8 million, a decrease of 2.8% compared to the ₱178.8 million for the same period last year. This is mainly due to lower foreign currency exchange gain this year.

Finance costs

For the nine-month period ended September 30, 2023, finance costs were ₱371.3 million, a decrease of 4.4% compared to ₱388.4 million for the same period last year. This is due to the decrease in finance cost on lease liabilities offset by an increase in interest expense from bank loans.

Provision for income tax

For the nine-month period ended September 30, 2023, our provision for income tax was ₱88.3 million, a decrease of 34.6% compared to the ₱135.1 million for the nine-month period ended September 30, 2022. The decrease in provision for income tax was due to the decrease in income before tax.

Net income

As a result of the foregoing, for the nine-month period ended September 30, 2023, our net income was ₱254.6 million, a decline of 36.5% compared to the net income of ₱400.7 million for the nine-month period ended September 30, 2022.

Financial Position

As of September 30, 2023 and December 31, 2022, our net current assets, or the difference between total current assets and total current liabilities, were ₱6,072.7 million and ₱7,007.1 million respectively, representing a positive net working capital position.

Current Assets

Our current assets consist of cash and cash equivalents, receivables, merchandise inventories and other current assets. Total current assets as of September 30, 2023 and December 31, 2022 were ₱10,992.7 million and ₱12,243.1 million, respectively. The decrease of 10.2% in current assets is due to the decrease in cash and cash equivalents and receivables.

As of September 30, 2023, receivables totaled ₱833.2 million, merchandise inventories totaled ₱5,946.8 million and other current assets totaled ₱687.6 million. As of December 31, 2022, receivables totaled ₱954.8 million, merchandise inventories totaled ₱5,495.3 million and other current assets totaled ₱630.4 million.

As of September 30, 2023, cash and cash equivalents amounted to ₱3,525.0 million, a decrease of 31.7% from ₱5,162.6 million as of December 31, 2022. The decrease was attributable to the acquisition of property and equipment amounting to ₱1,056.8 million, decrease in trade and other payables of ₱509.4 million, decrease in merchandise inventories of ₱451.5 million, payment of lease liabilities of ₱319.0 million, increase in other noncurrent assets of ₱202.5 million, payment of dividends payable of ₱196.1 million, offset by interest received of ₱116.3 million, decrease in receivables of ₱70.2 million and receipt of insurance claim proceeds of ₱53.7 million.

Noncurrent Assets

Our noncurrent assets consist of property and equipment, right-of-use assets, deferred tax assets–net and other noncurrent assets. Total noncurrent assets as of September 30, 2023 and December 31, 2022 were ₱11,195.6 million and ₱10,495.9 million, respectively or an increase of 6.7%. While right-of-use assets decreased by ₱148.8 million, this was offset by the increases in property and equipment by ₱607.5 million, other noncurrent assets by ₱202.5 million and deferred tax assets–net by ₱38.3 million.

Current Liabilities

Total current liabilities as of September 30, 2023 and December 31, 2022 were ₱4,920.0 million and ₱5,236.0 million, respectively. As of September 30, 2023 and December 31, 2022, trade and other payables totaled ₱4,324.3 million and ₱4,820.5 million, respectively, which consisted primarily of trade payables to our suppliers for purchases of inventory. Loans payable – current portion amounted to ₱323.6 million and ₱130.2 million as of September 30, 2023 and December 31, 2022, respectively.

Noncurrent liabilities

Total noncurrent liabilities as of September 30, 2023 and December 31, 2022 were ₱8,194.7 million and ₱8,442.0 million, respectively. The 2.9% decrease is due to the decrease in the noncurrent portion of loans payable and lease liability of ₱277.1 million and ₱8.8 million, respectively.

Cash Flows

The following table sets out information from our statements of cash flows for the periods indicated.

	For the nine-month periods ended September 30,	
	2023	2022
	(₱ million)	
Net cash flows provided by operating activities	201.9	680.4
Net cash flows used in investing activities	(1,205.6)	(2,658.0)
Net cash flows provided by (used in) financing activities	(647.9)	1,016.3
Net decrease in cash	<u>(1,651.6)</u>	<u>(961.3)</u>

Net cash flows provided by operating activities

Our net cash flows provided by operating activities for the nine-month period ended September 30, 2023 was ₱201.9 million, which comprised of operating income before working capital changes of ₱1,294.5 million, adjusted for changes in working capital and interest received, partially offset by income tax, interest and retirement benefits paid. The changes in working capital were mainly attributable to decrease in trade and other payable of ₱509.4 million, increase in merchandise inventories of ₱451.5 million, increase in other current assets of ₱67.6 million, offset by the decrease in receivables of ₱70.2 million.

Our net cash flows provided by operating activities for the nine-month period ended September 30, 2022 was ₱680.4 million, which comprised operating income before working capital changes of ₱1,599.5 million, adjusted for changes in working capital and interest received, partially offset by income tax and interest paid. The changes in working capital were mainly attributable to increase in merchandise inventories of ₱957.6 million, increase in other current assets of ₱166.5 million, decrease in contract liabilities of ₱22.5 million, and increase in trade and other payables of ₱285.7 million.

Net cash flows used in investing activities

For the nine-month period ended September 30, 2023, net cash flows used in investing activities was ₱1,205.6 million, which resulted from the additions to property and equipment due to construction and fit outs of new stores amounting to ₱1,056.8 million, increase in other noncurrent assets of ₱202.5 million, offset by the receipt of the insurance claim proceeds of ₱53.7 million.

For the nine-month period ended September 30, 2022, net cash flows used in investing activities was ₱2,658.0 million, which resulted from the additions to property and equipment primarily resulting from the construction and fit outs of new stores amounting to ₱521.5 million, increase in short-term investments of ₱2,223.7 million, offset by the decrease in other noncurrent assets of ₱87.3 million.

Net cash flows provided by (used in) financing activities

For the nine-month period ended September 30, 2023, net cash flows used in financing activities was ₱647.9 million, which resulted from the payment of lease liabilities as a result of PFRS 16 adoption amounting to ₱319.0 million, payment of dividends payable amounting to ₱196.1 million, payment of loans amounting to ₱86.8 million and purchase of treasury stocks of ₱45.9 million.

For the nine-month period ended September 30, 2022, net cash flows provided by financing activities was ₱1,016.3 million, which resulted from availment of loan of ₱2,500.0 million, offset by the repayment of loans of ₱1,000.0 million, payment of lease liabilities recognized as a result of PFRS 16 adoption amounting to ₱379.4 million, purchase of treasury stocks of ₱85.6 million and payment of debt issuance cost of ₱18.8 million.

Indebtedness

The Company has an outstanding loans payable of ₱2,897.4 million and ₱2,981.1 million as of September 30, 2023 and December 31, 2022, respectively.

PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeated in a report on Form 17-C which would otherwise be required to be filed with respect to such information or in a subsequent report on Form 17-Q.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

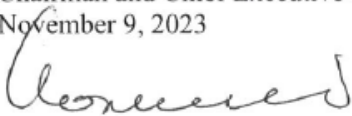
METRO RETAIL STORES GROUP, INC.

Issuer.....

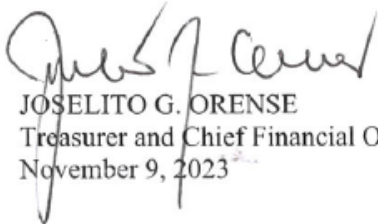
By:



FRANK S. GAISANO
Chairman and Chief Executive Officer
November 9, 2023



MANUEL C. ALBERTO
President and Chief Operating Officer
November 9, 2023



JOSELITO G. ORENSE
Treasurer and Chief Financial Officer
November 9, 2023