

2023 Annual Stockholders' Meeting

05 May 2023



Management Report

05 May 2023



2022 Financial and Operational Highlights



PhP38.10 billion

Net sales



PhP2.68 billion

EBITDA



PhP917.27 million

Net income



PhP22.74 billion

Total assets



PhP9.06 billion

Total equity



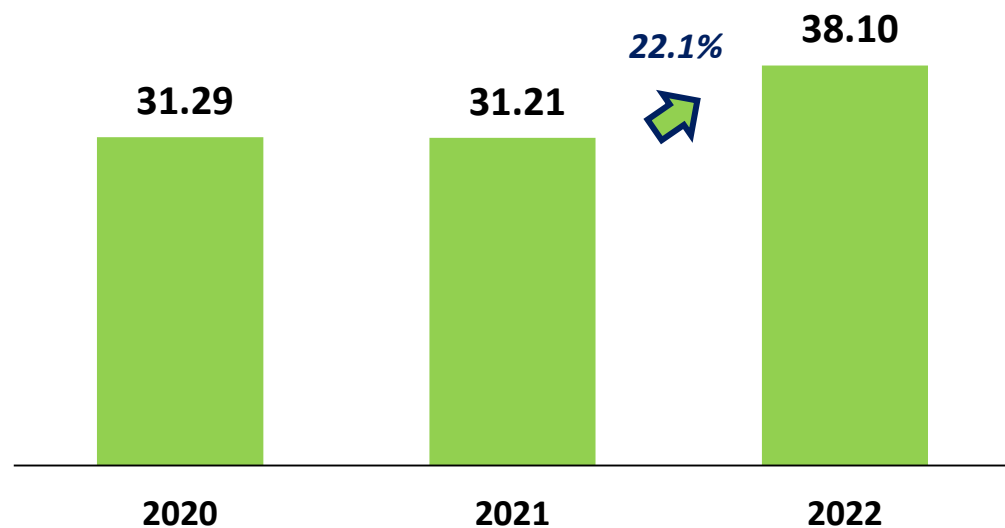
62 stores

34 SM, 15 DS, 13 HM

Note: SM refers to supermarkets, DS for department stores, and HM for hypermarkets.

Results of operations

Net sales
(in PhP billion)

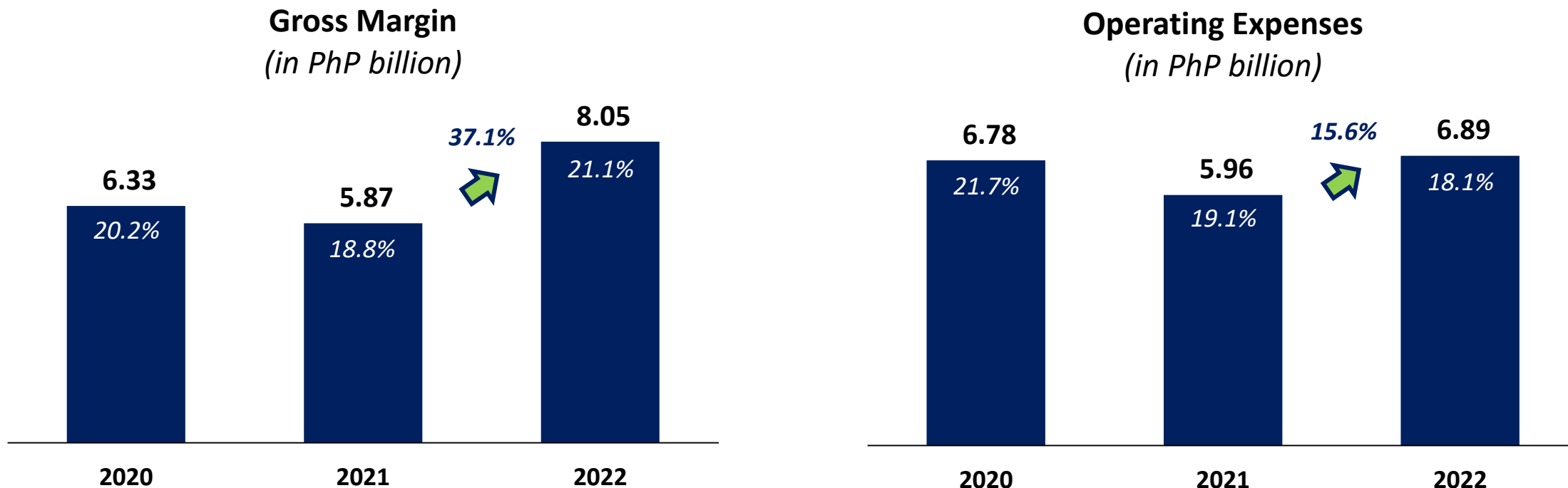


Share to Business
(in % of 2022 net sales)



- ❑ Net sales in 2022 jumped by 22.1 % from the previous year
- ❑ Blended same-store sales grew by 19.2% in 2022, a turnaround from the contraction in 2021.

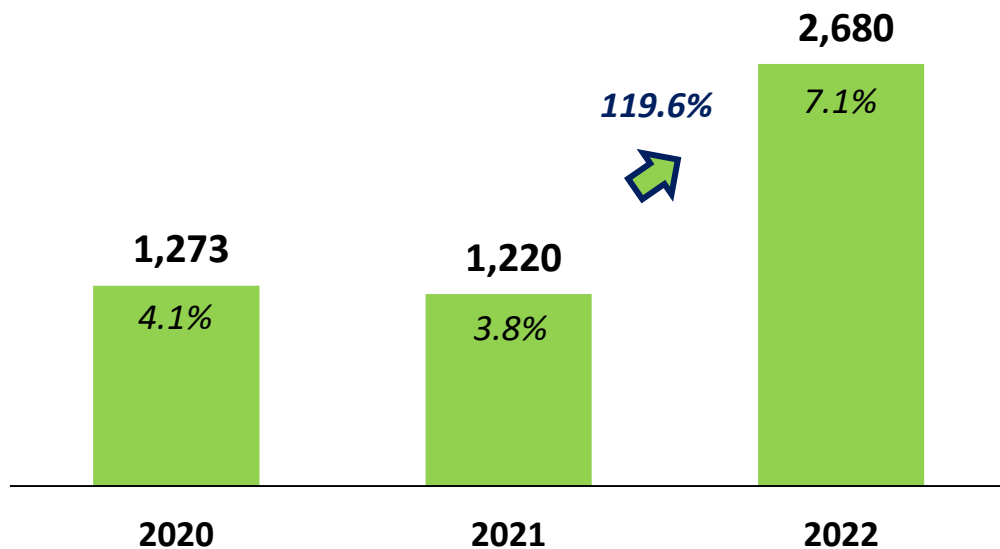
Results of operations



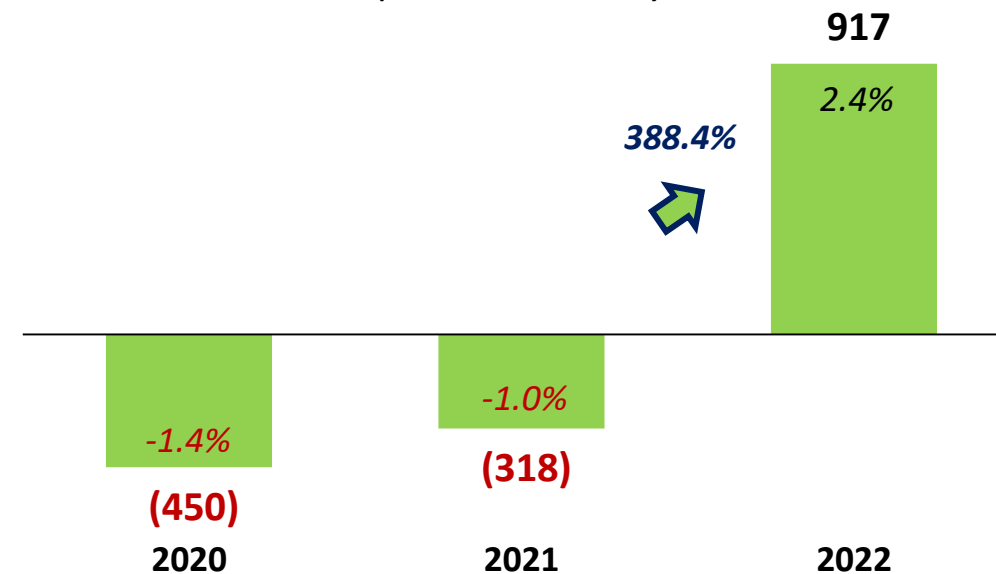
- ❑ Gross margin rose by 37.1% in 2022 or 230 bps from 18.8% in 2021 to 21.1% in 2022
- ❑ Operating expense-to-sales ratio improved by 100 bps to 18.1% in 2022 versus 19.1% a year ago.

Results of operations

EBITDA
(in PhP million)



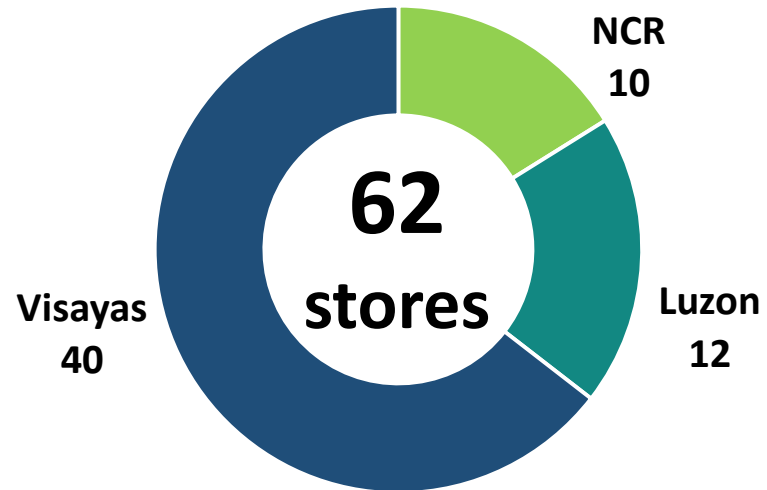
Net Income
(in PhP million)



- ❑ In 2022, EBITDA posted a 119.6% increase compared to the previous year
- ❑ The Company posted NIAT of PhP917.3 million from pandemic-driven losses in 2020 and 2021.

MRSGI existing store network (as of end-2022)

Geographical composition of store network
(as of end-2022)



Supermarket

| | |
|--------------|-----------|
| NCR | 7 |
| Luzon | 4 |
| Visayas | 23 |
| Total | 34 |

Department Store

| | |
|--------------|-----------|
| NCR | 3 |
| Luzon | 4 |
| Visayas | 8 |
| Total | 15 |

Hypermarket

| | |
|--------------|-----------|
| NCR | - |
| Luzon | 4 |
| Visayas | 9 |
| Total | 13 |

Note: MRSGI has 60 stores to date.

MRSGI network expansion

New stores in 2022

Metro Paseo
Supermarket in Cebu
Opened in April 2022



Metro Hilongos
Supermarket in Leyte
Opened in April 2022



MRSGI network expansion

Pipeline stores

Metro Catbalogan

Supermarket and Department Store in Samar
On-going



Metro Alang-alang

Supermarket in Leyte
On-going



Awards and recognitions

Metro Supermarket Ayala Center Cebu
Best Grocery Selection
Awarded by SunStar's Best of Cebu



Metro Supermarket Alabang Town Center
Recertification for Good Manufacturing Practices (GMP) and
Hazard Analysis and Critical Control Points (HACCP)



In addition to Metro Supermarket Alabang Town Center, MRSGI has received GMP and HACCP certification for other 3 of its supermarkets - Metro Ayala Center Cebu, Metro Mandaue, and Metro Market! Market! to date.

Other matters

Declaration of cash dividends

During the Regular Meeting of the Board of Directors of MRS GI held on 31 March 2023, the Board of Directors of MRS GI unanimously approved the declaration of cash dividends in the total amount of One Hundred Ninety Six Million One Hundred Forty Thousand Eight Hundred Forty Pesos (PHP196,140,840.00), equivalent to PHP0.06 per share.

| <i>Currency: PhP</i> | Amount |
|----------------------------------|--------------------------|
| Cash dividends per share | PHP0.06 |
| Total amount of dividends | PHP196,140,840.00 |

Buyback program update

On 22 January 2021, the BOD of the Company approved the implementation of a share buyback program of up to PHP300.00 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.

| <i>Currency: PhP</i> | As of 31 December 2022 |
|-------------------------------------|-------------------------------|
| No. of treasury shares | 147,072,000 |
| Amount of shares repurchased | PHP207,150,258 |

Approval of Annual Report and Audited Financial Statements



Annual Stockholders' Meeting

05 May 2023

Statement of Comprehensive Income

| | Years Ended December 31 | | |
|---|-------------------------|-----------------------|-----------------------|
| | 2022 | 2021 | 2020 |
| REVENUE | | | |
| Net sales | ₱38,101,661,412 | ₱31,211,348,935 | ₱31,286,312,987 |
| Rentals | 243,657,457 | 172,466,727 | 146,843,483 |
| | 38,345,318,869 | 31,383,815,662 | 31,433,156,470 |
| COSTS AND EXPENSES | | | |
| Cost of sales | 30,053,235,521 | 25,336,357,749 | 24,960,173,867 |
| Operating expenses | 6,886,725,835 | 5,962,470,235 | 6,775,499,850 |
| | 36,939,961,356 | 31,298,827,984 | 31,735,673,717 |
| OPERATING INCOME | 1,405,357,513 | 84,987,678 | (302,517,247) |
| OTHER INCOME (CHARGES) | | | |
| Interest and other income | 350,851,441 | 39,456,118 | 269,182,058 |
| Finance costs | (523,494,595) | (469,455,919) | (512,183,440) |
| | (172,643,154) | (429,999,801) | (243,001,382) |
| INCOME BEFORE INCOME TAX | (1,232,714,359) | (345,012,123) | (545,518,629) |
| PROVISION FOR INCOME TAX | | | |
| Current | 289,525,704 | 34,531,735 | 143,886,188 |
| Deferred | (25,914,581) | (61,442,629) | (239,813,226) |
| | 315,440,285 | (26,910,894) | (95,927,038) |
| NET INCOME | 917,274,074 | (318,101,229) | (449,591,591) |
| OTHER COMPREHENSIVE (LOSS) INCOME | | | |
| <i>Not to be reclassified to profit or loss in subsequent periods</i> | | | |
| Remeasurement (losses) gains on defined benefit obligation | 99,994,745 | 80,512,638 | (63,250,628) |
| Income tax effect | (24,998,686) | (22,875,626) | 18,975,188 |
| | 74,996,059 | 57,637,012 | (44,275,440) |
| TOTAL COMPREHENSIVE INCOME | ₱992,270,133 | ₱(260,464,217) | ₱(493,867,031) |
| Basic/Diluted Earnings Per Share | ₱0.28 | ₱(0.09) | ₱(0.13) |

Statement of Financial Position

| | December 31 | |
|--------------------------------|------------------------|------------------------|
| | 2022 | 2021 |
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | ₱5,162,583,002 | ₱1,671,751,798 |
| Short-term investments | - | 1,091,644,133 |
| Receivables | 954,824,757 | 699,943,462 |
| Merchandise inventories | 5,495,333,780 | 4,163,043,783 |
| Other current assets | 630,372,608 | 702,255,561 |
| Total Current Assets | 12,243,113,147 | 8,298,638,737 |
| Noncurrent Assets | | |
| Property and equipment | 5,294,353,429 | 5,325,379,067 |
| Right-of-use assets | 4,307,663,208 | 4,700,055,422 |
| Deferred tax assets – net | 393,572,613 | 606,630,930 |
| Other noncurrent assets | 500,309,676 | 505,051,360 |
| Total Noncurrent Assets | 10,495,898,926 | 11,137,116,779 |
| TOTAL ASSETS | ₱22,739,012,073 | ₱19,435,755,516 |

Statement of Financial Position

| | December 31 | |
|---|------------------------|------------------------|
| | 2022 | 2021 |
| LIABILITIES AND EQUITY | | |
| Current Liabilities | | |
| Trade and other payables | ₱4,820,527,987 | ₱3,536,960,607 |
| Contract liabilities | 104,828,812 | 99,893,390 |
| Loans payable | 130,208,334 | 1,000,000,000 |
| Income tax payable | 23,734,498 | - |
| Lease liabilities – current portion | 156,724,371 | 212,043,486 |
| Total Current Liabilities | 5,236,024,002 | 4,848,897,483 |
| Noncurrent Liabilities | | |
| Lease liabilities – net of current portion | 5,106,227,807 | 5,362,911,707 |
| Retirement benefit obligation | 470,417,519 | 536,848,593 |
| Loans payable – net of current portion | 2,850,878,173 | 496,669,910 |
| Other noncurrent liabilities | 14,473,976 | 17,130,032 |
| Total Noncurrent Liabilities | 8,441,997,475 | 6,413,560,242 |
| Total Liabilities | 13,678,021,477 | 11,262,457,725 |
| Equity | | |
| Capital stock | 3,429,375,000 | 3,429,375,000 |
| Additional paid-in capital | 2,455,542,149 | 2,455,542,149 |
| Treasury stock | (207,150,258) | (102,572,930) |
| Retained earnings | 3,289,176,015 | 2,371,901,941 |
| Remeasurement gains on defined benefit obligation | 94,047,690 | 19,051,631 |
| Total Equity | 9,060,990,596 | 8,173,297,791 |
| TOTAL LIABILITIES AND EQUITY | ₱22,739,012,073 | ₱19,435,755,516 |

Statement of Cash Flows

| | Years Ended December 31 | | |
|---|-------------------------|--------------------|--------------------|
| | 2022 | 2021 | 2020 |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Income before income tax | ₱1,232,714,359 | ₱(345,012,123) | ₱(545,518,629) |
| Adjustments for: | | | |
| Depreciation and amortization – PPE | 595,215,592 | 606,735,487 | 497,444,254 |
| Finance costs | 523,494,595 | 469,455,919 | 512,183,440 |
| Depreciation and amortization – ROU assets | 389,328,155 | 518,263,490 | 859,437,309 |
| Gain on lease modification | (106,318,492) | (4,830,438) | (84,463,838) |
| Retirement benefits costs | 67,799,324 | 68,241,526 | 88,378,081 |
| Interest income | (60,965,124) | (29,076,640) | (50,751,483) |
| Gain on insurance claims – net | (53,681,402) | - | (104,364,149) |
| Foreign currency exchange losses (gains) | (48,874,026) | (2,761,482) | 6,164,814 |
| Provision for impairment and write off of nonfinancial assets | (33,608,129) | 23,660,791 | 133,358,471 |
| Provision for impairment and write off of assets | 11,515,752 | 23,447,783 | 24,292,248 |
| Casualty loss from typhoon Odette | - | 34,387,035 | - |
| Provision for decline in inventories value | 35,167,252 | 20,076,626 | 45,465,268 |
| Loss on retirement of property and equipment | (14,675,584) | 4,649,628 | 4,532,824 |
| Loss on stores closure – net | - | - | 217,449,025 |
| Operating income before working capital changes | 2,537,112,272 | 1,387,237,602 | 1,603,607,635 |
| Decrease (increase) in: | | | |
| Merchandise inventories | (1,367,456,249) | 764,605,251 | (390,509,258) |
| Other current assets | 20,513,896 | (212,725,910) | (22,274,650) |
| Receivables | (236,200,479) | (25,440,019) | 339,300,631 |
| Increase (decrease) in: | | | |
| Trade and other payables | 1,285,202,619 | (1,112,623,056) | (834,521,785) |
| Contract liabilities | 4,935,422 | 17,759,650 | (21,392,097) |
| Other noncurrent liabilities | (2,656,056) | 11,505,169 | 290,785 |
| Cash flows generated from operations | 2,241,451,588 | 830,318,687 | 674,509,261 |
| Interest paid | (124,105,588) | (56,362,076) | (27,123,619) |
| Interest received | 54,449,958 | 33,253,093 | 57,013,949 |
| Income tax paid | (63,822,791) | (28,834,164) | (352,087,946) |
| Retirement benefits paid | (34,235,653) | (14,488,298) | (88,643,728) |
| Proceeds from insurance claims on merchandise inventory and business interruption | - | - | 208,728,297 |
| Net cash provided by operating activities | 2,073,737,351 | 763,887,242 | 472,388,214 |

Statement of Cash Flows

| | Years Ended December 31 | | |
|---|-------------------------|-----------------------|------------------------|
| | 2022 | 2021 | 2020 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of property and equipment | (544,727,723) | (790,785,583) | (737,201,461) |
| Proceeds from sale of property and equipment | 49,400,000 | - | - |
| Decrease (increase) in short-term investments | 1,091,644,133 | 179,000,301 | (641,069,460) |
| Increase in other noncurrent assets | (72,605,645) | 43,168,298 | (32,054,926) |
| Net cash used in investing activities | 523,710,765 | (568,616,984) | (1,410,325,847) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Proceeds from loan availment | 2,500,000,000 | 1,300,000,000 | 1,500,000,000 |
| Purchase of treasury stocks | (104,577,328) | (102,572,930) | - |
| Payments of: | | | |
| Loans payable | (1,000,000,000) | (1,300,000,000) | - |
| Lease liabilities | (532,163,610) | (677,225,703) | (1,001,989,894) |
| Debt issue cost | (18,750,000) | (3,750,000) | - |
| Cash dividends | - | - | (205,762,268) |
| Net cash used in financing activities | 844,509,062 | (783,548,633) | 292,247,838 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 3,441,957,178 | (588,278,375) | (645,689,795) |
| EFFECT OF CHANGES IN FOREIGN EXCHANGE RATE | 48,874,026 | 2,761,482 | (6,164,814) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR | 1,671,751,798 | 2,257,268,691 | 2,909,123,300 |
| CASH AND CASH EQUIVALENTS AT THE END OF YEAR | ₱5,162,583,002 | ₱1,671,751,798 | ₱2,257,268,691 |

Financial ratios

| | 2019 | 2020 | 2021 | 2022 |
|--------------------------|--------|--------|--------|--------|
| Current Ratio | 1.47 | 1.45 | 1.71 | 2.34 |
| Debt to Equity Ratio | - | 0.18 | 0.18 | 0.33 |
| Net Debt to Equity Ratio | (0.31) | (0.09) | (0.02) | (0.24) |
| Asset to Equity Ratio | 2.53 | 2.50 | 2.38 | 2.51 |
| Return on Total Asset | 4.17% | -2.01% | -1.56% | 4.35% |
| Return on Equity | 8.65% | -5.06% | -3.81% | 10.64% |

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