COVER SHEET

C S 2 0 1 3 1 0 1 7 9

S.E.C. Registration Number

A L L H O M E   C O R P .

(Company's Full Name)

L	O	W	E	R		G	R	O	U	N	D		F	L	O	O	R	,						
B	U	I	L	D	I	N	G			B	,		E	V	I	A								
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I	I		L	A	S		P	I	Ñ	A	S		C	I	T	Y								

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

Frances Rosalie T. Coloma

Contact Person

8880-1199

Registrant Telephone Number

20-IS Definitive Information Statement

FORM TYPE

1 2 / 3 1

Month *Day*

Calendar Year

0 6 / 2 5

Month *Day*

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

CERTIFICATION

ALLHOME CORP. (the "Company") hereby certifies that except for Ms. Camille A. Villar, none of the directors and officers of the Company named in the Information Statement for the Annual Meeting of its shareholders for the year 2021 works in the government as of the date hereof.

Ms. Villar is currently a duly elected Congresswoman, representing Las Piñas City. She is not disqualified from being, and does not require any consent or approval to serve as, a director of the Company on account of her said position.

Issued this 19th day of May 2021.

ALLHOME CORP.

By:

JO MARIE LAZARO LIM
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **Jessie D. Cabaluna**, Filipino, of legal age and a resident of **No. 87 Molave Avenue, Merville, Parañaque City**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **AllHome Corp.** and have been its independent director since July 8, 2019.

2. I am affiliated with the following companies or organizations:

Company / Organization	Position / Relationship	Period of Service
SGV & Co.	Partner	1997-2018

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of **AllHome Corp.**, as provided for Sec 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.

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

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

6. I shall inform the corporate secretary of **AllHome Corp.** of any changes in the abovementioned information within five days from its occurrence.

Done, this MAY 19 2021 at MANDALUYONG CITY.

JESSIE D. CABALUNA
Affiant

SUBSCRIBED AND SWORN to before me this MAY 19 2021 at MANDALUYONG CITY, affiant personally appeared before me and exhibited to me her valid PRC ID No. 0036317, expiring on 23 February 2022.

Doc. No. 330
Page No. 47
Book No. X
Series of 2021.

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL JUNE 30, 2021
ROLL No. 53511
IBP Lifetime Member No. 018538
PTR No. 4574501 / 04 Jan. 2021 / Mandaluyong City
MCLE Compliance No. VI-0026080 issued dated 23 May 2019
Notarial Commission Appointment No. 0314-19
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **Laura Suarez Acuzar**, Filipino, of legal age and a resident of **No. 141 Washington St., Merville, Parañaque City**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **AllHome Corp.** and have been its independent director since July 8, 2019.

2. I am affiliated with the following companies or organizations:

Company / Organization	Position / Relationship	Period of Service
UST College of Accountancy Foundation, Inc.	Board Member	2005 up to the present
Community & Family Services International Inc.	Board Member & Audit Committee Member	2002 up to the present
SGV & Co.	Audit and Business Advisory Partner	1986 to 2001

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of **AllHome Corp.**, as provided for Sec 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.

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

5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.

6. I shall inform the corporate secretary of **AllHome Corp.** of any changes in the abovementioned information within five days from its occurrence.

Done, this May 19, 2021 at Parañaque City.

LAURA SUAREZ ACUZAR
Affiant

SUBSCRIBED AND SWORN to before me this MAY 19 2021 at MANDALUYONG CITY, affiant personally appeared before me and exhibited to me her valid Driver's License ID No. N15-81-039013, expiring on 19 October 2023.

Doc. No. 325
Page No. 66
Book No. X
Series of 2021.

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL JUNE 30, 2021
ROLL No. 53511
IBP Lifetime Member No. 018538
PTR No. 4574501 / 04 Jan. 2021 / Mandaluyong City
MCLE Compliance No. VI-0026080 issued dated 23 May 2019
Notarial Commission Appointment No. 0314-19
Vista Corporate Center, Upper Ground Floor,

AllHome
One-stop shop for *your* home

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Notice is hereby given that the annual meeting of stockholders of ALLHOME CORP. (the "**Company**" or "**HOME**") for the year 2021 will be held online on **June 25, 2021**, **Friday** at **10:00 a.m.** with the proceedings livestreamed and voting conducted in absentia through the Company's secure voting online facility which may be accessed through the Company's website for the 2021 AGM: **www.corporate.allhome.com.ph/asm2021**.

The order of business thereat as follows:

I. Call to order
II. Certification of service of notice and presence of quorum
III. Approval of the minutes of the last Annual Meeting of Stockholders held on July 22, 2020
IV. Presentation of the President's Report, Management Report and Audited Financial Statements for the year 2020
V. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting
VI. Election of the members of the Board of Directors, including the Independent Directors, for the year 2021
VII. Appointment of External Auditors
VIII. Other Matters
IX. Adjournment

The Board of Directors has fixed **18 May 2021** as the record date for the determination of stockholders entitled to notice of, and to vote at, said Annual Stockholders' Meeting.

In light of the current circumstances, and to ensure the safety and welfare of the Company's stockholders, the Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication and voting only in absentia or by appointing the Chairman of the meeting as their proxy.

Stockholders who intend to participate in the meeting via remote communication and to exercise their vote in absentia must notify the Corporate Secretary by registering *in absentia* on or before **June 17, 2021**. All information submitted will be subject to verification and validation by the Corporate Secretary.

Stockholders who intend to appoint a proxy should submit duly accomplished proxy forms on or before **June 17, 2021** at the Office of the Corporate Secretary at **Upper Ground Floor, Worldwide Corporate Center, Shaw Boulevard, Mandaluyong City** and/or by email to jomarie.lazaro@allhome.ph

The procedures for participating in the meeting through remote communication and for casting of votes in absentia are set forth in the Information Statement.

JO MARIE LAZARO LIM
Corporate Secretary

AGENDA DETAILS AND RATIONALE

1. Certification of Notice and Quorum

The Corporate Secretary, Atty. Jo Marie Lazaro Lim, will certify that copies of the Notice of Meeting were duly published in the business section of two (2) newspapers of general circulation, and will certify the number of shares represented in the meeting, for the purpose of determining the existence of quorum to validly transact business.

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, the Corporation has set up a designated web address which may be accessed by the stockholders to participate and vote in absentia on the agenda items presented for resolution at the meeting. A stockholder who votes in absentia as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum.

The following are the rules and procedures for the conduct of the meeting:

(i) Stockholders may attend the meeting remotely through **www.corporate.allhome.com.ph/asm2021** (the "Website"). Stockholders may send their questions or comments prior to the meeting by e-mail at **ir@allhome.ph.** The Website shall include a mechanism by which questions may be posted live during the meeting. The Company will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Company's Investor Relations Office within a reasonable period after the meeting.

(ii) Each of the Agenda items which will be presented for resolution will be shown on the screen during the live streaming as the same is taken up at the meeting.

(iii) Stockholders must notify the Company of their intention to participate in the meeting by remote communication to be included in determining quorum, together with the stockholders who voted in absentia and by proxy.

(iv) Voting shall only be allowed for stockholders registered in the Company's Electronic Voting in Absentia System provided in the Company's website for the 2021 Annual Meeting of Stockholders or through the Chairman of the meeting as proxy.

(v) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock represented at the meeting.

(vi) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.

(vii) The Company's stock transfer agent and Corporate Secretary will tabulate and validate all votes received.

2. Approval of the minutes of the last Annual Meeting of Stockholders held on July 22, 2020

The minutes of the last Annual Meeting of Stockholders held on July 22, 2020 will be presented for approval by the stockholders, in keeping with Section 49(a) of the Revised Corporation Code.

A copy of such minutes has been uploaded on the Company's website.

3. President's Report, Management Report and Audited Financial Statements as of and for the year ended December 31, 2020

The audited financial statements ("AFS") of the Company as of and for the year ended December 31, 2020 (as audited by Punongbayan & Araullo), a copy of which is incorporated in the Definitive Information Statement for this meeting, will be presented for approval by the stockholders. The President and CEO of the Company, Ms. Benjamarie Therese N. Serrano, will deliver a report to the stockholders on the Company's performance for the year 2020 (which will include highlights from the AFS) and the outlook for 2021.

The Board and Management of the Company believe it is in keeping with the Company's thrust to at all times observe best corporate governance practices, that the results of operations and financial condition of the Company be presented and explained to the shareholders. Any comment from the shareholders, and their approval or disapproval of these reports, will provide guidance to the Board and Management in their running of the business and affairs of the Company.

4. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting

Ratification by the stockholders will be sought for all the acts and resolutions of the Board of Directors and all the acts of Management taken or adopted from the date of the last annual stockholders' meeting until the date of this meeting. A brief summary of these resolutions and actions is set forth in the Definitive Information Statement for this meeting. Copies of the minutes of the meetings of the Board of Directors are available for inspection by any shareholder at the offices of the Company during business hours.

The Board and Management of the Company believe it is in keeping with the Company's thrust to at all times observe best corporate governance practices, that ratification of their acts and resolutions be requested from the shareholders in this annual meeting. Such ratification will be a confirmation that the shareholders approve the manner that the Board and Management run the business and affairs of the Company.

5. Election of the members of the Board of Directors, including the Independent Directors, for the year 2021

The Corporate Secretary will present the names of the persons who have been duly nominated for election as directors of the Company in accordance with the By-Laws and Revised Manual on Corporate Governance of the Company and applicable laws and regulations. The voting procedure is set forth in the Definitive Information Statement for this meeting.

6. Appointment of External Auditors

The Audit Committee is endorsing to the stockholders the re-appointment of Punongbayan & Araullo ("P&A") as external auditor of the Company for the fiscal year 2021.

PROXY

[NOTE: Stockholders who would like to be represented thereat by a proxy may choose to execute and send a proxy form to the Office of the Corporate Secretary, Atty. Jo Marie Lazaro-Lim at <u>Upper Ground Floor, Worldwide Corporate Center, Shaw Boulevard, Mandaluyong City</u> on or before 17 June 2021. A sample proxy form is provided below. Stockholders may likewise email a copy of the accomplished proxy form to jomarie.lazaro@allhome.ph]

The undersigned stockholder of ALLHOME CORP. (the "Company") hereby appoints ________________________________ or in his absence, the Chairman of the meeting, as attorney-in-fact or proxy, with power of substitution, to represent and vote _____________ shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Stockholders' Meeting of the Company on 25 June 2021 at 10:00 a.m. and at any adjournment thereof for the purpose of acting on the following matters:

1. Approval of the Minutes of the Annual Stockholders Meeting of the Company held on July 22, 2020

   ☐ Yes ☐ No ☐ Abstain

2. Approval of the Audited Financial Statements for the period ended 31 December 2020

   ☐ Yes ☐ No ☐ Abstain

3. Ratification of all acts and resolutions of the Board of Directors and Management for the year 2020 until date of the meeting

   ☐ Yes ☐ No ☐ Abstain

4. Election of the members of the Board of Directors, including the Independent Directors, for the year 2021

Name	**No. of votes**
Manuel B. Villar Jr.	__________
Camille A. Villar	__________
Manuel Paolo A. Villar	__________
Benjamarie Therese N. Serrano	__________
Frances Rosalie T. Coloma	__________
Laura Suarez Acuzar	__________
Jessie D. Cabaluna	__________

5. Appointment of Punongbayan & Araullo ("P&A") as external auditor

   ☐ Yes ☐ No ☐ Abstain

____
Printed name of Stockholder

____
Signature of Stockholder / Authorized representative

____
Date

This proxy should be received by the Corporate Secretary on or before June 17, 2021, the deadline for submission of proxies.

This proxy when properly executed will be voted in the manner as directed herein by the stockholder(s), If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

Notarization of this proxy is not required.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:

   [ ] Preliminary Information Statement
   [x] Definitive Information Statement

2. Name of Registrant as specified in its charter: **ALLHOME CORP.**

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

4. SEC Identification Number **CS201310179**

5. BIR Tax Identification Code **008-541-952-000**

6. **Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City** **1747**
   Address of principal office Postal Code

7. Registrant's telephone number, including area code **(632) 8571-5948**

8. Date, time and place of the meeting of security holders
   25 June 2021, 10:00 a.m. (via Remote Communication)

9. Approximate date on which the Information Statement is first to be sent or given to security holders
   3 June 2021

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 or Amount of Debt Outstanding
Common stock	**3,750,000,002 shares**

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

    Yes [**x**]   No [ ]

    Name of Stock Exchange: **Philippine Stock Exchange**
    Class of securities listed: **Common Stocks**

WE ARE NOT ASKING YOU FOR A PROXY
AND YOU ARE REQUESTED NOT TO SEND US A PROXY

PART I

INFORMATION STATEMENT

GENERAL INFORMATION

Date, time and place of meeting of security holders.

Date: June 25, 2021
Time: 10:00 a.m.
Place: Las Piñas City (via Remote Communication)

The corporate mailing address of the principal office of the Registrant is Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City, Philippines.

This Information Statement may be accessed by the Company's stockholders beginning June 3, 2021 at the Company's website, www.allhome.com.ph.

Dissenters' Right of Appraisal

Under Section 80, Title X, of the Revised Corporation Code of the Philippines ("Corporation Code").

Any stockholder of the Registrant shall have the right to dissent and demand payment of the fair value of his shares only in the following instances, as provided by the Revised Corporation Code:

(1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
(2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
(3) In case of merger or consolidation; and
(4) In case of investments in another corporation, business or purpose.

The appraisal right, when available, may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares; Provided, That failure to make the demand within such period shall be deemed a waiver of the appraisal right. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and Provided, Further, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

None of the matters that are proposed to be taken up during the meeting gives a dissenter a right of appraisal.

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

None of the officers or directors or any of their associates has any substantial interest, direct or indirect, in any of the matters to be acted upon in the stockholders' meeting.

No director has informed the Registrant in writing that he intends to oppose any action to be taken at the meeting.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

(a) Number of shares outstanding as of 31 March 2021

Common: 3,750,000,002

(b) Record Date: 18 May 2021

Each common share of stock of the Registrant is entitled to one (1) vote. Pursuant to Article V, Section 4 and Article VI Section 7 of the Registrant's By-Laws, all stockholders of the corporation shall have the right to participate and vote during meetings of the stockholders, including the Annual Stockholders' Meeting, either in person or by proxy executed in writing by the stockholder and filed with the corporate secretary within five business days before the scheduled meeting.

Stockholders entitled to vote are also entitled to cumulative voting in the election of directors. Section 23 of the Revised Corporation Code provides, in part, that: "….in stock corporations, stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the corporation at the time fixed in the bylaws or where the bylaws are silent, at the time of election. The said stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit…."

Equity Ownership of Foreign and Local Shareholders

Foreign and local security ownership as of March 31, 2021:

Class	Filipino		Foreign		Total Shares Outstanding
	Shares	Percent of Class	Shares	Percent of Class	
Common	3,177,525,602	84.73%	572,474,400	15.27%	3,750,000,002
Total	**3,177,625,602**		**572,374,400**		**3,750,000,002**

<u>Security Ownership of Certain Beneficial Owners and Management</u>

Security ownership of certain record and beneficial owners of more than 5.0% of the Registrant's voting securities as of March 31, 2021:

Title of Class of Securities	Name/Address of Record Owners and Relationship with Us	Name of Beneficial Owner /Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership [1]
Common Shares	AllValue Holdings Corp. LGF Bldg B, Evia Lifestyle Center, Vista City, Daang Hari, Almanza II, Las Piñas City Shareholder	Record Owner is also beneficial Owner	Filipino	1,083,858,500	28.90%
Common Shares	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6776 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	AllValue Holdings Corp./Record Owner is not the beneficial Owner	Filipino	1,456,249,500[1]	38.84%
Common Shares	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6776 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is not the beneficial Owner	Non-Filipino	2,093,501,4792	16.99%
Common Shares	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6776 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is not the beneficial Owner	Non-Filipino	572,374,400	15.26%

[1] *Shares lodged through PCD Nominee (Filipino)*

Security ownership of management as of March 31, 2021:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common Shares	Manuel B. Villar Jr. C. Masibay Street, BF Resort Village, Las Piñas City	2,540,108,000[1] – Indirect	Filipino	67.74%%
Common Shares	Manuel B. Villar Jr. C. Masibay Street, BF Resort Village, Las Piñas City	100 – Direct	Filipino	0.00%
Common Shares	Manuel Paolo A. Villar C. Masibay Street, BF Resort Village, Las Piñas City	100 – Direct	Filipino	0.00%
Common Shares	Camille A. Villar C. Masibay Street, BF Resort Village, Las Piñas City	100 – Direct	Filipino	0.00%
Common Shares	Benjamarie Therese N. Serrano 103 Parklane St., La Marea Subdivision, San Pedro Laguna	100 – Direct	Filipino	0.00%
Common Shares	Frances Rosalie T. Coloma 1-10 Granwood Villas, BF Homes Quezon City	100 – Direct	Filipino	0.00%
Common Shares	Laura Suarez A. Acuzar 141 Washington St., Merville Subdivision Paranaque City	1 – Direct	Filipino	0.00%
Common Shares	Jessie D. Cabaluna 87 Molave Ave., Molave Park Merville, Paranaque City	1 – Direct	Filipino	0.00%
TOTAL		**2,540,108,502**		**67.74%**

[1] Includes 1,083,858, 500 shares held through AllValue Holdings Corp. and 1,456,249,500 lodged through PCD Nominee (Filipino)

Except as indicated in the above table, none of the above-listed officers and management indirectly own shares of the Registrant. Except as aforementioned, no other officers of the Registrant hold, directly or indirectly, shares in the Registrant.

Based on the total issued and outstanding capital stocks as of March 31, 2021 of 3,750,000,002 common shares.
[1] Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders of AllValue Holdings Corp. The right to vote the shares held by AllValue Holdings Corp. in this annual meeting is expected to be, exercised by Mr. Villar.
[2] PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Depository & Trust Corporation, a private company organized to implement an automated book entry system of handling securities transactions in the Philippines (PCD). Under the PCD procedures, when an issuer of a PCD-eligible issue will hold a stockholders' meeting, the PCD shall execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients. Except as indicated above, as of Record Date, the Company is not aware of any investor beneficially owning shares lodged with the PCD which comprise more than five percent (5%) of the Company's total outstanding capital stock.

Voting Trust Holders of 5.0% or More

As of March 31, 2021, there were no persons holding more than 5.0% of a class of shares under a voting trust or similar agreement.

Changes in Control

The Registrant is not aware of any voting trust agreements or any other similar agreements which may result in a change in control of the Registrant. No change in control of the Registrant has occurred since the beginning of its last fiscal year.

Directors and Executive Officers of the Registrant

Term of Office

Each director holds office until the annual meeting of stockholders held next after his election and his successor shall have been elected and qualified, except in case of death, resignation, disqualification or removal from office. The term of office of the officers is coterminous with that of directors that elected or appointed them.

Background Information

The following are the names, ages and citizenship of the incumbent directors/independent directors and officers of the Registrant:

NAME	AGE	POSITION	CITIZENSHIP
Manuel B. Villar Jr.	71	Chairman	Filipino
Camille A. Villar	36	Vice Chairman	Filipino
Benjamarie Therese N. Serrano	58	Director, President & Chief Executive Officer	Filipino
Frances Rosalie T. Coloma	58	Director & Chief Financial Officer	Filipino
Manuel Paolo A. Villar	44	Director	Filipino

NAME	AGE	POSITION	CITIZENSHIP
Laura Suarez A. Acuzar	71	Independent Director	Filipino
Jessie D. Cabaluna	63	Independent Director	Filipino
Mary Lee S. Sadiasa	51	Chief Operating Officer	Filipino
Maria Cristina O. Barao	40	Compliance Officer & Controller	Filipino
Jo Marie Lazaro-Lim	42	Corporate Secretary	Filipino
Robirose M. Abbot	48	Investor Relations Head	Filipino

The following states the business experience of the incumbent directors and officers of the Registrant for the last five (5) years:

Manuel B. Villar, Jr. *Chairman of the Board.* Mr. Villar, 71, was Senator of the Philippines from 2001 to June 2013. He served as Senate President from 2006 to 2008. He also served as a Congressman from 1992 to 2001 and as Speaker of the House of Representatives from 1998 to 2000. A Certified Public Accountant, Mr. Villar graduated from the University of the Philippines in 1970 with the degree of Bachelor of Science in Business Administration and in 1973 with the degree of Masters in Business Administration. He founded Camella Homes in the early 1970s and successfully managed said company over the years, to become the largest homebuilder in the Philippines now known as the Vista Land Group. Mr. Villar is also Chairman of the Board of Vista Land and Lifescapes, Inc., Starmalls, Inc., and Golden Bria Holdings, Inc.

Benjamarie Therese N. Serrano. *President and Chief Executive Officer,* 58, graduated from the University of the Philippines with a degree in Economics and from the Asian Institute of Management, with a Master's degree in Business Management. She is also the President of the other subsidiaries of AllValue. Ms. Serrano was the President of Vistamalls, Inc. (formerly named as Starmalls, Inc.) from 2017 to 2019.

Frances Rosalie T. Coloma. *Director, Chief Financial Officer.* Ms. Coloma, 58, graduated cum laude from the University of the Philippines with a degree of Bachelor of Science in Business Administration and Accountancy. She is a Certified Public Accountant. She is a Director of Vista Land and Lifescapes, Inc., and Golden Bria Holdings, Inc., Ms. Coloma was the Chief Financial Officer and Chief Information Officer of Golden Bria Holdings, Inc. from 2016 to 2019. She was also the Chief Financial Officer of Vistamalls, Inc. (formerly named as Starmalls, Inc.) from 2012 to 2016.

Manuel Paolo A. Villar. *Director,* Mr. Villar, 44, graduated from the Wharton School of the University of Pennsylvania, Philadelphia, USA with a Bachelor of Science in Economics and Bachelor of Applied Science in 1999. He was a consultant for McKinsey & Co. in the United States from 1999 to 2001. He joined Crown Asia in 2001 as Head of Corporate Planning. He is the President and CEO of Vista Land & Lifescapes, Inc. since 2011 and President of Vistamalls, Inc. (formerly named as Starmalls, Inc.). He is also the CEO and Chairman of St. Augustine Gold and Copper Limited from October 2012 and Chairman of TVI Resources Development Philippines, Inc. Mr. Villar is the majority shareholder of Prime Asset Ventures, Inc.

Camille A. Villar. *Director,* Ms. Villar, 36, graduated from Ateneo de Manila University with a degree in Bachelor of Science in Management. She obtained a Master's Degree in Business Administration from the Instituto de Estudios Superiores de la Eprese (IESE) Business School, Barcelona, Spain. She is the President and CEO of AllValue. She is also a Director of Vista Land

& Lifescapes, Inc., Vistamalls, Inc. (formerly named as Starmalls, Inc.), and Golden Bria Holdings, Inc. She was President of AllHome until May 2019, Brittany Corporation from 2010 to 2013 and the Head of Corporate Communications for Vista Land from 2008 to 2010.

Laura Suarez Acuzar. *Independent Director.* Ms. Acuzar, 71, completed her Bachelor of Science in Commerce – Accountancy degree in the University of Santo Tomas, and Management Development Program in the Asian Institute of Management in 1981. In 1993, she finished the Advanced Management Program of Harvard Business School in Boston, USA. She was previously an Audit & Business Advisory Partner of SGV & Co., an Independent Director & Audit Committee Chairperson of Loyola Plans Consolidated Inc., and an Audit Committee Member of UST Hospital, Inc. Ms. Acuzar was also a Board and Audit Committee Member of Kerrisdale Community Center Society in Vancouver, BC, a Board Member and President of the UST Alumni Association, a Board Member of the Urban Inc. Productions Society, Vancouver BC, and a Charter Member and Incorporator of the Corporate Institute of the Philippines.

Jessie D. Cabaluna. *Independent Director.* Ms. Cabaluna, 63, graduated with a degree in Bachelor of Science in Commerce, major in Accounting from University of St. La Salle in 1977. She also completed the Management Development Program from the Asian Institute of Management in 1988, and Advance Management Program from the Harvard Business School in 2012. Ms. Cabaluna also completed Finance for Corporate Directors Program in 2017. She was previously a Partner at SGV & Co. from 1997 to 2017.

Mary Lee S. Sadiasa. *Chief Operating Officer.* Ms. Sadiasa, 51, graduated from the De La Salle University, Manila, with a Bachelor of Science in Applied Math with a minor in Operations Research. She was the Division Head of Brittany Corporation from 2005 to 2011, Managing Director of Crown Asia Properties Inc. from 2012 to 2014, and Managing Director of Camella Homes – North Luzon from 2015 to 2017.

Maria Cristina O. Barao. *Compliance Officer and Controller.* Ms. Barao, 40, graduated from the Pamantasan ng Lungsod ng Maynila in 2011 with a Bachelor of Science in Accountancy. She was previously the Senior Accountant and Chief Accountant of Camella Homes, Crown Asia Properties Inc., and Brittany Corporation from 2009 to 2018.

Jo Marie Lazaro-Lim. *Corporate Secretary*. Ms. Lazaro-Lim, 42, graduated from the University of Sto. Tomas with a degree in Bachelor of Arts in Legal Management and she earned her law degree from San Beda College of Law. She is the Compliance Officer and Assistant Corporate Secretary of Starmalls, Inc. and Assistant Corporate Secretary of Golden Bria Holdings, Inc. She is also the Corporate Secretary of Manuela Corporation and Masterpiece Asia Properties, Inc. as well as other affiliate companies of the group.

Robirose M. Abbot. *Investor Relations Head.* Ms. Abbot, 48, graduated from Silliman University in 1992 with a degree in Business Administration – Accounting, and completed her Masters in Business Administration from Ateneo de Manila University in 2003 earning a Gold Medal (*summa cum laude*). She is a Certified Public Accountant. She was previously the General Manager – Business Resource Unit of Earth + Style Corporation from 2010 to 2011. She was also the Chief Finance Officer of Philippine Realty & Holdings Corp. from 2011 to 2014, Ubix Corporation from 2014 to 2015, and in Raemulan Lands, Inc. from 2015 to 2019.

All the incumbent Directors above have one (1) year term of office and all have been nominated for re-election to the Board of Directors.

The By-Laws of the Registrant conforms with SRC Rule 38, as amended, with regard to the nomination of independent directors of the Registrant. Article I, Sections 2, 3 and 4 of the Registrant's By-Laws provide as follows:

> "Section 2. Independent Directors – The members of the Board of Directors must have at least one (1) share of the capital stock of the corporation. They shall serve for a

period of one (1) year and until their successors are elected and qualified. The Board should have at least two (2) independent directors, or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher.

Section 3. Election – The directors shall be elected from among the stockholders during the annual meeting of the stockholders at the principal office of the corporation.

Section 4. Disqualification – No stockholder convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Revised Corporation Code of the Philippines, committed within five (5) years prior to the date of election shall qualify as a director. A stockholder shall not be eligible to be elected as a director if he is engaged in any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:

(a) If he is an officer, manager, or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any corporation (other than one in which the Corporation owns at least 30% of the capital stock) engaged in a business which the Board of Directors, by at least three-fourths (3/4) vote, determines to be competitive or antagonistic to that of the Corporation; or

(b) If he is an officer, manager, or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business of the Corporation, when in the judgment of the Board of Directors, by at least three-fourths (3/4) vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or

(c) If the Board of Directors, in the exercise of its judgment in good faith, determines at least three-fourths (3/4) vote that he is the nominee of any person set forth in (a) or (b);

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board of Directors may take into account such factors as business and family relationship.

Notwithstanding the foregoing prohibition, a stockholder may still be qualified or eligible for nomination or election to the Board of Directors if:

(a) The perceived competing business controls the Corporation (i.e., competing business owns at least majority of the Corporation), is under common control with the Corporation (i.e., the same ultimate beneficial stockholder has control of both Corporations), or is controlled by the Corporation (i.e., at least majority of the competing business is owned by the Corporation); or

(b) The perceived competing business is a related party to the Corporation where the nominee in question is a person identified as a person with significant influence over the Corporation and the perceived competing business, or the nominee in question is a member of the key management personnel of the Corporation and the perceived competing business.

For the proper implementation of this provision, all nominations for the election of directors by the stockholders shall be submitted in writing to the Corporate Governance Committee on or before such date that the Board of Directors may fix."

On the other hand, SRC Rule 38, as amended, provide in part as follows:

"8. Nomination and Election of Independent Director/s

The following rules shall be applicable to all covered companies:

A. The Nomination Committee (the "Committee") shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the Registrant's information or proxy statement or such other reports required to be submitted to the Commission.

B. Nomination of independent director/s shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.

C. The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.

D. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Registrant is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.

E. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders'/memberships' meeting."

The Registrant has complied with the guidelines on the nomination and election of independent directors set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code. The nominated independent directors, namely, Ms. Laura Suarez Acuzar and Ms. Jessie D. Cabaluna were duly nominated by Mr. Romeo M. Sabater, a registered shareholder of the Registrant who is not a director, officer or substantial shareholder of the Registrant and who is not related to either of the said nominees. The Nominations Committee of the Company is composed of Mr. Manuel B. Villar, Jr., Chairman, Camille A. Villar, Member, and Laura Suarez Acuzar, Independent Director.

Under recommendation 5.3 of SEC Memorandum Circular No. 19, Series of 2016, the SEC allows independent directors the maximum tenure of nine (9) years to sit in the Board of a publicly listed company. The tenure of the independent directors are still within the permissible period under the said SEC recommendation as Ms. Laura Suarez Acuzar and Ms. Jessie D. Cabaluna were elected as independent directors in 2019.

Attendance in Board Meetings

Attendance of each director if the Corporation in Board meetings held during the year 2020 as follows:

Director's Name	**May 27**	**June 03**	**July 22**	**Aug 12**	**Nov 11**	**Nov 25**
Manuel B. Villar, Jr.	P	P	P	P	P	P
Camille A. Villar	P	P	P	P	P	P
Manuel Paolo A. Villar	P	P	P	P	P	P
Benjamarie Therese N. Serrano	P	P	P	P	P	P
Frances Rosalie T. Coloma	P	P	P	P	P	P
Laura Suarez Acuzar	P	P	P	P	P	P
Jessie D. Cabaluna	P	P	P	P	P	P

Legend: (A) Absent, (P) Present

Term of Office

Directors elected during the annual meeting of stockholders will hold office for one year until their successors are duly elected and qualified. A director who was elected to fill any vacancy holds office only for the unexpired term of his predecessor.

Resignations/Declined Nominations

To date, no Director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting due to disagreement with the Registrant on any matter relating to the Registrant's operations, policies or practices.

Significant Employees

The Registrant has no other significant employee other than its Executive Officers.

Family Relationships

Manuel B. Villar, Jr., is the father of Manuel Paolo A. Villar and Camille A. Villar. Except for said relationship, none of the aforementioned Directors or Executive Officers is related to the others by consanguinity or affinity within the fourth civil degree.

Certain Relationships and Related Transactions

As of March 31, 2021, the Villar Family Companies held 67.74% of the total issued and outstanding common share capital of the Company.

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with the Villar Family Companies and their respective subsidiaries. The Company's policy with respect to related-party transactions is to ensure that these transactions are entered into on terms at least comparable to those available from unrelated third parties.

Involvement in Certain Legal Proceedings

None of the aforementioned Directors or Executive Officers is, or has been, involved in any criminal or bankruptcy proceeding, or is, or has been, subject to any judgment of a competent court barring or otherwise limiting his involvement in any type of business, or has been found to have violated any securities laws during the past five (5) years and up to the latest date.

<u>Compensation of Directors and Executive Officers</u>

Executive Compensation

The executive officers of the Registrant are currently receiving and will continue to receive fixed salaries on a monthly basis from the respective subsidiaries or businesses of the Registrant that they manage. The compensation for its executive officers for the year 2019 and 2020 (actual) and 2021 (projected) are as shown below:

Names	**Position**	**Year**	**Salary and Bonus**
Aggregate executive compensation for the following key management officers:			
Benjamarie Therese N. Serrano	President		
Frances Rosalie T. Coloma	CFO		
Mary Lee S. Sadiasa	COO		
Robirose M. Abbot	Investor Relations Head	**Actual 2019**	**₱ 23.2 M**
		Actual 2020	**₱ 56.4 M**
Maria Cristina O.Barao	Compliance Officer/ Controller	**Projected 2021**	**₱ 56.4 M**
Aggregate executive compensation for all other officers and directors, unnamed		**Actual 2019**	**₱ 41.1 M**
		Actual 2020	**₱ 41.4 M**
		Projected 2021	**₱ 41.4 M**

The total annual compensation paid to the above-named officers and directors was paid in cash. The annual compensation includes the basic salary, the mid-year and 13th month bonus.

Standard arrangements

Other than payment of reasonable per diem of P100,000 per non-executive director for every meeting, there are no standard arrangements pursuant to which the Board of Directors are compensated, or are to be compensated, directly or indirectly, for any services provided as a director during 2020.

Director	Total Remuneration in 2020
Manuel B. Villar Jr.	P-
Camille A. Villar	-
Benjamarie Therese N. Serrano	-
Frances Rosalie T. Coloma	-
Manuel Paolo A. Villar	-
Laura Suarez A. Acuzar	600,000
Jessie D. Cabaluna	600,000
Total	**P1,200,000**

Other arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly by the Company, during 2020 for any service provided as a director.

Employment contract between the company and executive officers

There are no special employment contracts between the Company and the named executive officers.

Warrants and options held by the executive officers and directors

There are no outstanding warrants or options held by the Company's named executive officers, and all officers and directors as a group.

Significant employee

While the Company values the contribution of each of its executive and non-executive employees, the Company believes there is no non-executive employee that the resignation or loss of whom would have a material adverse impact on the business of the Company. Other than standard employment contracts, there are no special arrangements with non-executive employees of the Company.

<u>Independent Public Accountants</u>

The auditing firm of Punongbayan & Araullo ("P&A") is being recommended for election as external auditor for the current year. The Company is compliant with SRC Rule 68, (3), (b), (iv), requiring the rotation of external auditors or engagement partners for a period of five (5) consecutive years as P&A has been the external auditor of the Company since 2018.

Representatives of the said firm are expected to be present at the annual stockholders' meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions. In 2020, the Registrant's auditors did not perform any substantial non-audit services for the Registrant.

Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

The Company has not had any material disagreements on accounting and financial disclosures with its current external auditor for the same periods.

There are no disagreements with auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company and its subsidiaries.

Audit Committee's Approval Policies and Procedures

In relation to the audit of the Registrant's annual financial statements, the Registrant's Corporate Governance Manual provides that the audit committee shall, among other activities, (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Registrant; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Registrant with acceptable auditing and accounting standards and regulations.

The Audit Committee of the Registrant is composed of Ms. Laura Suarez Acuzar, Chairman, and Mr. Manuel Paolo A. Villar and Ms. Jessie D. Cabaluna, members.

Audit and Audit-Related Fees

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by P&A.

	2020	2019
	(In ₱ Thousands with VAT)	
Audit and Audit-Related Fees:		
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱ 1,500.0	₱ 1,500.0
All other fees	–	–
Total	**₱ 1,500.0**	**₱ 1,500.0**

P&A does not have any direct or indirect interest in the Company.

Tax Fees

Except as provided above, the Registrant did not pay any tax fees and other fees to its external auditors.

OTHER MATTERS

Action with Respect to Reports

The following reports will be submitted for approval and reference by the stockholders:

1. Minutes of the last Annual Meeting of Stockholders held on July 22, 2020, covering the following matters: (i) approval of the Minutes of Meeting of the Annual Stockholders' Meeting held on May 17, 2019; (ii) approval and the adoption of the Audited Financial Statements for the year ended 31 December 2019; (iii) ratification of all acts of the Board of Directors and Management since the annual stockholders' meeting held in July 22, 2020; (iv) election of the directors and independent directors of the Company for the ensuing fiscal year; and (v) appointment of the external auditor of the Company for the fiscal year 2020.

2. The President's Report; and

3. Audited Financial Statements for the year 2020.

The 2020 Annual Meeting of the Shareholders was held via remote communication and was attended by the shareholders, the Board of Directors, and various officers of the Corporation. The shareholders were allowed to vote on each agenda item presented to them for approval, with the number of votes approving each agenda item indicated in their respective sections in the Minutes. The shareholders were also given the opportunity through electronic mail to ask questions, express opinion, and make suggestions on various issues related to the Corporation. In compliance with Section 49 of the Revised Corporation Code, the Minutes of the Annual Meeting of the Shareholders held on July 22, 2020 and the 2020 Definitive Information Statement contain the following: (a) a description of the voting and tabulation procedures used in the meeting, (b) a description of the opportunity given shareholders to ask questions and a description of the nature of the questions, (c) matters discussed and resolutions reached and the record of the voting results for each agenda item and (d) a list of the directors and shareholders who attended the meeting.

Other Proposed Actions

1. Ratification of all acts and resolutions of the Board of Directors and Management for the year 2020 until the date of the meeting, as set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been duly filed with the SEC and the PSE. These minutes cover the approval of the quarterly and annual reports of the Registrant filed with the SEC and the PSE; resignation/election of members of the Board of Directors; appointment of authorized signatures for various transactions in the normal course of business of the Company as well as opening and closure of various investment and/or deposit accounts.

2. Election of External Auditors

Voting Procedures

Manner of voting

In all items for approval, except in the election of directors, each share of stock entitles its registered owner to one vote.

For the purpose of electing directors, a stockholder may vote such number of his shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them in the same principle among as many candidates as he shall see fit. Unless required by law, or demanded by a stockholder present or represented at the meeting and entitled to vote thereat, voting need not be by ballot and will be done by show of hands.

Voting requirements

(a) With respect to the election of directors, candidates who received the highest number of votes shall be declared elected.

(b) With respect to the adoption of the Audited Financial Statements for the year ended 31 December 2020, as well as the approval or ratification of the other actions set forth under the heading “Other Proposed Actions” above, the vote of majority of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

Method of counting votes

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at the Annual Meeting of the stockholders.

PART II

MANAGEMENT REPORT

I. FINANCIAL STATEMENTS

The Financial Statements of the Registrant as of and for the year ended December 31, 2020 are incorporated herein in the accompanying Index to Financial Statements and Supplementary Schedules.

II. INFORMATION ON INDEPENDENT ACCOUNTANT

Punongbayan & Araullo (P&A) independent certified public accountants, audited the Company's consolidated financial statements without qualification as of and for the years ended December 31, 2017, 2018, 2019 and 2020, included in this report. Nelson Dinio is the current audit partner for the Company.

The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period. P&A has neither shareholdings in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. P&A will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto). The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

The following table sets out the aggregate fees billed for each of the last two years for professional services rendered by P&A.

	2020	2019
	(In ₱ Thousands with VAT)	
Audit and Audit-Related Fees:		
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements	₱ 1,500.0	₱ 1,500.0
All other fees	–	–
Total	**₱ 1,500.0**	**₱ 1,500.0**

P&A does not have any direct or indirect interest in the Company.

III. AUDIT COMMITTEE'S APPROVAL AND PROCEDURES FOR THE SERVICES OF THE EXTERNAL AUDITOR

The scope, extent and nature of the services to be referred to, and/or rendered by the appointed external auditor of the Company has been unanimously approved by the audit committee in a meeting duly called for the purpose, including the fees to be paid for the services thus rendered and/or referred. In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

IV. MANAGEMENT'S DISCUSSION AND ANALYSIS

REVIEW OF YEAR END 2020 VS YEAR END 2019

RESULTS OF OPERATIONS
Year Ended December 31, 2020 compared to year ended December 31, 2019

Revenues

The company recorded revenues of ₱12,414 million for the year ended 31 December 2020, an increase of 2.93% from ₱12,060 million for the year ended 31 December 2019. This was mainly brought about by the same store sales growth of existing 45 stores as of 31 December 2019 as well as the revenues generated from 5 additional stores launched since then until 31 December 2020.

The following table shows the key operating performance indicators relevant to the revenues for the period ended 31 December 2019 and 2020:

	As of and for the period ended 31 December		Percentage Change
	2020	2019	
Number of stores	50	45	11.1%
Net Selling Area (in sqms)	331,590	296,772	11.7%
Net Sales (₱ millions)	12,414	12,060	2.9%
SSSG	3.5%	41.7%	-91.6%

Cost of Merchandise Sold

For the year ended 31 December 2020, cost of merchandise sold was at ₱8,486 million, an increase of 0.4% from the ₱8,452 million level for the same period in 2019 corresponding to the increase in sales in existing stores and the sales contributed by the 5 new stores added during the period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 23% to ₱2,540 million for the year ended 31 December 2020 from ₱2,070 million for the same period in 2019, primarily due to the following:

- Increase in depreciation and amortization from ₱708 million for the year ended 31 December 2019 to ₱905 million for the year ended 31 December 2020 due to the increase in the number of stores.

- Increase in rentals from ₱182 million for the year ended 31 December 2019 to ₱343 million for the year ended 31 December 2020 primarily due to new stores.

- Increase in salaries, wages and employee benefits from ₱273 million for the year ended 31 December 2019 to ₱328 million for the year ended 31 December 2020 due to the additional manpower for new stores.

- Increase in outside services from ₱252 million for the year ended 31 December 2019 to ₱288 million for the year ended December 2020 due to the additional manpower for new stores. This was partially offset by the reduction of manpower due to closure of stores during the ECQ in the second quarter of 2020.

- Increase in communication and utilities from ₱220 million for the year ended 31 December 2019 to ₱271 million for the year ended 31 December 2020 attributable to the increase in the number of stores.

- Increase in merchant fee from ₱117 million for the year ended 31 December 2019 to ₱128 million for the year ended 31 December 2020 primarily due to increase in revenues on account of higher store network.

- Increase in taxes and licenses from ₱77 million for the year ended 31 December 2019 to ₱102 million for the year ended 31 December 2020 due to increase in number of stores as well as the increase in revenues.

- Decrease in advertising and promotions from ₱67 million for the year ended 31 December 2019 to ₱35 million for the year ended 31 December 2020 on account of cost-cutting measures implemented and usage of online digital platforms for marketing purposes.

- Decrease in office and store supplies from ₱33 million for the year ended 31 December 2019 to ₱29 million for the year ended 31 December 2020 due to cost-cutting measures implemented.

- Decrease in repairs and maintenance from ₱27 million for the year ended 31 December 2019 to ₱25 million for the year ended 31 December 2020 due to cost-cutting measures implemented.

- Increase in dues and subscription from ₱18 million for the year ended 31 December 2019 to ₱21 million for the year ended 31 December 2020 due to increase in the number of stores.

- Decrease in transportation expense from ₱35 million for the year ended 31 December 2019 to ₱16 million for the year ended 31 December 2020 due to reclassification of transportation expenses related to deliveries under delivery expenses.

- Increase in insurance from ₱7 million for the year ended 31 December 2019 to ₱9 million for the year ended 31 December 2020 due to the increase in the number of stores.

- Decrease in commission expense from ₱6 million for the year ended 31 December 2019 to ₱3 million for the year ended 31 December 2020 as most corporate sales during the period were generated by in-house sales teams.

- Decrease in professional fees from ₱12 million for the year ended 31 December 2019 to ₱7 million for the year ended 31 December 2020 on account of one-time professional fees incurred in 2019 in relation to the company's initial public offering.

- Decrease in impairment loss from ₱11 million for the year ended 31 December 2019 to ₱6 million for the year ended 31 December 2020 as provision for impairment is enough.

- Decrease in representation and entertainment from ₱11 million for the year ended 31 December 2019 to ₱6 million for the year ended 31 December 2020 due to cost-cutting measures, and minimal physical meetings this year.

- Increase in loss on lease modification from nil for the year ended 31 December 2019 to ₱1 million for the year ended 31 December 2020 due to pre-termination of lease on certain warehouse facilities during the year.

Finance Cost

Finance Cost decreased from ₱412 million for the year ended 31 December 2019 to ₱378 million for the year ended 31 December 2020. The decrease was primarily attributable to the decrease in interest expense during the period from lower balance of interest-bearing loans compared to same period in 2019.

Support, Fees, Rentals and Other Revenues

Support, fees, rentals and other revenues increased by 13% from ₱352 million for the year ended 31 December 2019 to ₱398 million for the year ended 31 December 2020, primarily due to the increase in vendor's support by 25% from ₱244 million for the year ended 31 December 2019 to ₱306 million for the year ended 31 December 2020. This was brought about by higher volume-based incentives from suppliers based on our levels of sales, and opening support for newly opened stores.

Tax Expense

Tax expense decreased by 6% from ₱450 million for the year ended 31 December 2019 to ₱423 million for the year ended 31 December 2020 primarily due to a lower taxable base for the year.

Net Profit

As a result of the foregoing, our net income decreased by 6% from ₱1,050 million for the year ended 31 December 2019 to ₱988 million for the year ended 31 December 2020.

FINANCIAL CONDITION

As of 31 December 2020 vs. 31 December 2019

Total assets as of 31 December 2020 were ₱21,775 million compared to ₱19,685 million as of 31 December 2019, or about 11% increase due to the following:

- Cash decreased by 24% from ₱2,343 million as of 31 December 2019 to ₱1,786 million as of 31 December 2020 primarily due to payments made for the inventories and fit-out expenditures for new stores.

- Trade and other receivables increased by 87% from ₱277 million as of 31 December 2019 to ₱517 million as of 31 December 2020 due to increased revenues and timing of collection.

- Inventories increased by 21% from ₱5,209 million as of 31 December 2019 to ₱6,289 million as of 31 December 2020 due primarily to inventory of new stores, additional in-house brands and inventory buys for holidays sales.

- Property and equipment increased by 8% from ₱11,151 million as of 31 December 2019 to ₱11,988 million as of 31 December 2020 due primarily to acquisition of store equipment, furniture, fixture, office equipment and leasehold improvements for new stores.

- Other assets increased by 70% from ₱705 million as of 31 December 2019 to ₱1,196 million as of 31 December 2020 due primarily to down payment made to contractors for fit-out construction of planned 2021 stores.

Total liabilities as of 31 December 2020 were ₱8,404 million compared to ₱7,270 million as of 31 December 2019, or about 16% increase. This was due to the following:

- Trade and other payables decreased by 35% to ₱1,316 million as of 31 December 2020 from ₱2,024 million as of 31 December 2019 as the company settled its trade payables and contractor payables for new stores.

- Loans payable increased from nil as of 31 December 2019 to ₱2,043 million as of 31 December 2020 due to new loans taken during the period to augment working capital.

- Income tax payable increased by 58% from ₱71 million as of December 31, 2019 to ₱112 million as of 31 December 2020 due to tax payable for the period.

- Lease liability including non-current portion decreased from ₱4,942 million as of 31 December 2019 to ₱4,566 million as of 31 December 2020 due to amortization for the period.

- Deferred tax liabilities increased by 87% from ₱160 million as of December 31, 2019 to ₱300 million as of 31 December 2020 due to the adjustments to temporary tax differences for the period.

- Retirement benefit obligation decreased from ₱73 million as of 31 December 2019 to ₱68 million as of 31 December 2020 due to adjustment of provision for the retirement benefit.

Total stockholder's equity increased by 8% from ₱12,415 million as of 31 December 2019 to ₱13,371 million as of 31 December 2020 due to net income recorded for the period.

Considered as the top five key performance indicators of the Company as shown below:

Key Performance Indicators	**12/31/2020**	**12/31/2019**
Revenues (₱ millions)	₱12,414.1	₱12,060.3
Gross Profit (₱ millions)	3,928.1	3,608.1
Gross Profit Margin (%) [(a)]	31.6%	29.9%
Net Profit (₱ millions)	987.7	1,049.7
Net Profit Margin (%) [(b)]	8.0%	8.7%

Notes:

(a) Gross Profit Margin: This ratio is obtained by dividing the Gross Profit of the Company by its Revenues

(b) Net Profit Margin: This ratio is obtained by dividing the Net Profit of the Company by its Revenues

Because there are various calculation methods for the performance indicators above, the Company's presentation of such may not be comparable to similarly titled measures used by other companies.

Revenues increased slightly for the year ended 31 December 2020 compared to year ended 31 December 2019 due to additional revenues from new stores.

Gross Profit increased for the year ended 31 December 2020 compared to year ended 31 December 2019 due to the increase in the number of stores. Gross profit margin improved as a result of improved sourcing and better supply terms due to increased store network.

Net Profit and Net Profit Margin decreased for the year ended 31 December 2020 compared to period year ended 31 December 2019 due to fixed operating expenses that were incurred during closure of stores in second quarter.

Material Changes to the Company's Balance Sheet as of 31 December 2020 compared to 31 December 2019 (increase/decrease of 5% or more)

Cash decreased by 24% from ₱2,343 million as of 31 December 2019 to ₱1,786 million as of 31 December 2020 primarily due to payments made for the inventories and fit-out expenditures for new stores.

Trade and other receivables increased by 87% from ₱277 million as of 31 December 2019 to ₱517 million as of 31 December 2020 due mainly to increased revenues and timing of collections.

Inventories increased by 21% from ₱5,209 million as of 31 December 2019 to ₱6,289 million as of 31 December 2020 due primarily to inventory of new stores, additional in-house brands and inventory buys for holidays sales.

Property and equipment increased by 8% from ₱11,151 million as of 31 December 2019 to ₱11,988 million as of 31 December 2020 due primarily to acquisition of store equipment, furniture, fixture, office equipment and leasehold improvements for new stores.

Other assets increased by 70% from ₱705 million as of 31 December 2019 to ₱1,196 million as of 31 December 2020 due primarily to down payments made to contractors for fit-out construction of planned 2021 stores.

Trade and other payables decreased by 35% to ₱1,316 million as of 31 December 2020 from ₱2,024 million as of 31 December 2019 as the company settled its trade payables and contractor payables for new stores.

Loans payable increased from nil as of 31 December 2019 to ₱2,043 million as of 31 December 2020 due to new loans taken during the period to augment working capital.

Income tax payable increased by 58% from ₱71 million as of 31 December 2019 to ₱112 million as of 31 December 2020 due to tax payable for the period.

Lease liability including non-current portion decreased from ₱4,942 million as of 31 December 2019 to ₱4,566 million as of 31 December 2020 due to amortization for the period.

Deferred tax liabilities increased by 87% from ₱160 million as of December 31, 2019 to ₱300 million as of 31 December 2020 due to the adjustments to temporary tax differences for the period.

Retirement benefit obligation decreased by 7% from ₱73 million as of 31 December 2019 to ₱68 million as of 31 December 2020 due to adjustment of provision for the retirement benefit.

Material Changes to the Company's Statement of income for the 12-month of 2020 compared to the 12-month of 2019 (increase/decrease of 5% or more)

Selling, general, and administrative expenses increased by 23% to ₱2,540 million for the year ended 31 December 2020 from ₱2,070 million for the year ended 31 December 2019, primarily due to the increase in depreciation and amortization, salaries, wages and employee benefits, outside services, variable lease payments, communication and utilities, merchant fees, taxes and licenses, dues and subscription, and insurance.

Finance Cost decreased by 8% from ₱412 million for the year ended 31 December 2019 to ₱378 million for the year ended 31 December 2020 primarily due to the decrease in interest expense during the period from lower balance of interest-bearing loans.

Support, fees, rentals, and other revenues increased by 13% from ₱352 million for the year ended 31 December 2019 to ₱398 million for the year ended 31 December 2020 primarily due to the increase in vendor's support.

Income tax expense decreased by 6% from ₱450 million for the year ended 31 December 2019 to ₱423 million for the year ended 31 December 2020 primarily due to a lower taxable base for the year.

As a result of the foregoing, our net income decreased by 6% from ₱1,050 million for the year ended 31 December 2019 to ₱988 million for the year ended 31 December 2020.

There is no other material change in the Company's financial position (changes of 5% or more) and condition that will warrant a more detailed discussion.

COMMITMENTS AND CONTINGENCIES

There is no material commitment and contingency as of 31 December 2020 and as of 31 December 2019.

REVIEW OF YEAR END 2019 VS YEAR END 2018

RESULTS OF OPERATIONS
Year Ended December 31, 2019 compared to year ended December 31, 2018

Revenues

The company recorded revenues of ₱12,060.3 million for the year ended 31 December 2019, an increase of 67.7% from ₱7,192.2 million for the year ended 31 December 2018. This was mainly brought about by the same store sales growth of existing 23 stores as of 31 December 2018 as well as the revenues generated from 22 additional stores launched since then until 31 December 2019.

The following tables show the key operating performance indicators relevant to the revenues for the period ended 31 December 2018 and 2019:

	As of and for the period ended 31 December		Percentage Change
	2019	2018	
Number of stores	45	23	95.6%
Net Selling Area (in sqms)	296,772	167,578	77.1%
Net Sales (₱ millions)	12,060	7,192	67.7%
SSSG	41.7%	18.9%	120.6%

Costs of Goods Sold

For the year ended 31 December 2019, cost of goods sold was at ₱8,452.2 million, an increase of 67.0% from the ₱5,061.9 million level for the same period in 2018 corresponding to the increase in sales in existing stores and the sales contributed by the 22 new stores added during the period.

Operating Expenses

Operating expenses increased by 32.3% to ₱2,069.7 million for the year ended 31 December 2019 from ₱1,564.9 million for the same period in 2018, primarily due to the following:

- Increase in depreciation and amortization from ₱178.7 million for the year ended 31 December 2018 to ₱708.4 million for the year ended 31 December 2019 primarily as a result of the adoption of PFRS 16 and due to the increase in the number of stores.

- Increase in salaries and wages from ₱165.4 million for the year ended 31 December 2018 to ₱273.2 million for the year ended 31 December 2019 due to the additional manpower for new stores, and increased headcount for Finance, Merchandising and IT personnel. There were also contracted personnel previously recorded under Outside Services that were converted into organic employees.

- Increase in communication and utilities from ₱193.8 million for the year ended 31 December 2018 to ₱220.3 million for the year ended 31 December 2019 attributable to the increase in the number of stores.

- Decrease in rentals from ₱450.1 million for the year ended 31 December 2018 to ₱181.1 million for the year ended 31 December 2019 primarily due to adoption of PFRS 16, net of increase due to new stores.

- Increase in merchant fees from ₱72.0 million for the year ended 31 December 2018 to ₱116.6 million for the year ended 31 December 2019 due to increase in revenues.

- Increase in taxes and licenses from ₱50.6 million for the year ended 31 December 2018 to ₱76.6 million for the year ended 31 December 2019 due to increase in number of stores as well as the increase in revenues.

- Increase in commission expense from ₱4.6 million for the year ended 31 December 2018 to ₱5.9 million for the year ended 31 December 2019 due to increase in corporate sales.

- Increase in transportation expense from ₱25.3 million for the year ended 31 December 2018 to ₱35.4 million for the year ended 31 December 2019 due to increase in delivery expenses on account of new stores.

- Increase in advertising and promotions from ₱48.9 million for the year ended 31 December 2018 to ₱67.0 million for the year ended 31 December 2019 on account of marketing campaigns for the new stores.

- Increase in professional fees from ₱4.1 million for the year ended 31 December 2018 to ₱12.2 million for the year ended 31 December 2019 on account of audit and market research fees incurred in relation to the company's initial public offering.

- Increase in office and store supplies from ₱25.4 million for the year ended 31 December 2018 to ₱32.8 million for the year ended 31 December 2019 due to increase in number of stores and increased revenues.

- Decrease in dues and subscription from ₱33.5 million for the year ended 31 December 2018 to ₱17.5 million for the year ended 31 December 2019 due to one-time IT systems payment made in 2018.

- Increase in repairs and maintenance from ₱24.9 million for the year ended 31 December 2018 to ₱27.3 million for the year ended 31 December 2019 due to the increase in the number of stores.

- Increase in representation and entertainment from ₱7.9 million for the year ended 31 December 2018 to ₱10.9 million for the year ended 31 December 2019 partially due to one-time post-initial public offering activities, year-end suppliers and employee thanksgiving parties.

Finance Cost

Finance Cost increased from ₱46.4 million for the year ended 31 December 2018 to ₱412.1 million for the year ended 31 December 2019. The increase was primarily attributable to the adoption of PFRS 16, the availment of short-term and long-term interest-bearing debt of the Company for the year to finance store expansion, and recognition of retirement benefit obligation.

Other Income

Other income increased by 69.3% from ₱209.6 million for the year ended 31 December 2018 to ₱352.3 million for the year ended 31 December 2019, primarily due to the increase in vendor's support and marketing fees from ₱171.8 million for the year ended 31 December 2018 to ₱281.1 million for the year ended 31 December 2019. This was brought about by higher volume-based incentives from suppliers based on our levels of sales, and opening support for newly opened stores.

Provision for Income Tax

Provision for income tax increased by 105.3% from ₱218.9 million for the year ended 31 December 2018 to ₱449.5 million for the year ended 31 December 2019 primarily due to a higher taxable base for the year.

Net Profit

As a result of the foregoing, our net income increased by 105.3% from ₱511.4 million for the year ended 31 December 2018 to ₱1,049.8 million for the year ended 31 December 2019.

For the 12-month of 2019, there was no seasonal aspect that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

There are no significant elements of income or loss that did not arise from the Company's continuing operations.

FINANCIAL CONDITION

As of 31 December 2019 vs. 31 December 2018

Total assets as of 31 December 2019 were ₱19,685.1 million compared to ₱8,215.4 million as of 31 December 2018, or a 139.6% increase due to the following:

- Cash increased by 684.9% from ₱298.5 million as of 31 December 2018 to ₱2,343.0 million as of 31 December 2019 primarily due to proceeds from IPO intended earmarked for 2020 stores.

- Trade and other receivables decreased by 76.9% from ₱1,196.4 million as of 31 December 2018 to ₱276.7 million as of 31 December 2019 due mainly to collections made during the period.

- Inventories increased by 93.6% from ₱2,699.4 million as of 31 December 2018 to ₱5,208.9 million as of 31 December 2019 due primarily to the purchases for new stores.

- Due from related parties decreased from ₱133.9 million as of 31 December 2018 to nil as of 31 December 2019 due to settlement during the period.

- Property and equipment increased by 275.5% from ₱2,969.5 million as of 31 December 2018 to ₱11,151.0 million as of 31 December 2019 due primarily to acquisition of store equipment, furniture, fixture, office equipment and leasehold improvements for new stores as well as the recognition of the right of use asset in relation to the adoption of PFRS 16.

- Other assets decreased by 33.5% from ₱1,060.2 million as of 31 December 2018 to ₱705.5 million as of 31 December 2019 due primarily to the advances for purchases applied against deliveries.

Total liabilities as of 31 December 2019 were ₱7,270.2 million compared to ₱5,536.8 million as of 31 December 2018, or a 31.3% increase. This was due to the following:

- Trade and other payables increased by 432.7% to ₱2,023.7 million as of 31 December 2019 from ₱379.9 million as of 31 December 2018 due to increase in trade payables pertaining to purchases of inventories and new stores fit-out construction.

- Loans payable including non-current portion decreased by 100% from ₱4,315.4 million as of 31 December 2018 to nil as of 31 December 2019 due to loan settlements made from proceeds of initial public offering.

- Lease liability including non-current portion increased from nil as of 31 December 2018 to ₱4,942.2 million as of 31 December 2019 due to recognition of lease liability in relation to the adoption of PFRS 16.

- Due to related parties decreased to nil as of 31 December 2019 from ₱627.3 million as of 31 December 2018 due to conversion to equity in July 2019.

- Deferred tax liabilities increased by 9.8% from ₱146.0 million as of December 31, 2018 to ₱160.3 million as of 31 December 2019 due to the adjustments to temporary tax differences for the period.

- Retirement benefit obligation increased from nil as of 31 December 2018 to ₱73.3 million as of 31 December 2019 due to set-up of provision for the retirement benefit.

Total stockholder's equity increased by 363.5% from ₱2,678.6 million as of 31 December 2018 to ₱12,414.9 million as of 31 December 2019 due to the conversion of advances from parent, additional paid-in capital recognized from IPO, and net income recorded for the period.

Considered as the top five key performance indicators of the Company as shown below:

Key Performance Indicators	**12/31/2019**	**12/31/2018**
Revenues (₱ millions)	₱12,060.3	₱7,192.2
Gross Profit (₱ millions)	3,608.1	2,130.3
Gross Profit Margin (%) [(a)]	29.9%	29.6%
Net Profit (₱ millions)	1,049.7	511.4
Net Profit Margin (%) [(b)]	8.7%	7.1%

Notes:

(c) Gross Profit Margin: This ratio is obtained by dividing the Gross Profit of the Company by its Revenues

(d) Net Profit Margin: This ratio is obtained by dividing the Net Profit of the Company by its Revenues

Because there are various calculation methods for the performance indicators above, the Company's presentation of such may not be comparable to similarly titled measures used by other companies.

Revenues increased for the year ended 31 December 2019 compared to year ended 31 December 2018 due to same store sales growth of existing stores and the revenue contribution of the new stores.

Gross Profit and Gross Profit Margin increased for the year ended 31 December 2019 compared to year ended 31 December 2018 due to economies of scale achieved as a result of higher purchases made during the period.

Net Profit and Net Profit Margin increased for the year ended 31 December 2019 compared to period year ended 31 December 2018 due to improved revenues, gross profit, and other income.

Material Changes to the Company's Balance Sheet as of 31 December 2019 compared to 31 December 2018 (increase/decrease of 5% or more)

Cash increased by 684.9% from ₱298.5 million as of 31 December 2018 to ₱2,343.0 million as of 31 December 2019 primarily due to proceeds from IPO intended earmarked for 2020 stores.

Trade and other receivables decreased by 76.9% from ₱1,196.4 million as of 31 December 2018 to ₱276.7 million as of 31 December 2019 due mainly to collections made during the period.

Inventories increased by 93.6% from ₱2,699.4 million as of 31 December 2018 to ₱5,208.9 million as of 31 December 2019 due primarily to the purchases for new stores.

Due from related parties decreased from ₱133.9 million as of 31 December 2018 to nil as of 31 December 2019 due to settlement during the period.

Property and equipment increased by 275.5% from ₱2,969.5 million as of 31 December 2018 to ₱11,151.0 million as of 31 December 2019 due primarily to acquisition of store equipment, furniture, fixture, office equipment and leasehold improvements for new stores as well as the recognition of the right of use asset in relation to the adoption of PFRS 16.

Other assets decreased by 33.5% from ₱1,060.2 million as of 31 December 2018 to ₱705.5 million as of 31 December 2019 due primarily to the advances for purchases applied against deliveries.
Trade and other payables increased by 432.7% to ₱2,023.7 million as of 31 December 2019 from ₱379.9 million as of 31 December 2018 due to increase in trade payables pertaining to purchases of inventories and new stores fit-out construction.

Loans payable including non-current portion decreased by 100% from ₱4,315.4 million as of 31 December 2018 to nil as of 31 December 2019 due to loan settlements made from proceeds of initial public offering.

Lease liability including non-current portion increased from nil as of 31 December 2018 to ₱4,942.2 million as of 31 December 2019 due to recognition of lease liability in relation to the adoption of PFRS 16.

Due to related parties decreased to nil as of 31 December 2019 from ₱627.3 million as of 31 December 2018 due to conversion to equity in July 2019.

Deferred tax liabilities increased by 9.8% from ₱146.0 million as of December 31, 2018 to ₱160.3 million as of 31 December 2019 due to the adjustments to temporary tax differences for the period.

Retirement benefit obligation increased from nil as of 31 December 2018 to ₱73.3 million as of 31 December 2019 due to set-up of provision for the retirement benefit.

Material Changes to the Company's Statement of income for the 12-month of 2019 compared to the 12-month of 2018 (increase/decrease of 5% or more)

Revenues increased by 67.7% to ₱12,060.3 million for the year ended 31 December 2019 from ₱7,192.2 million for the year ended 31 December 2018. This was mainly brought about by the same store sales growth of existing 23 stores as of 31 December 2018 as well as the revenues generated from 22 additional stores launched since then until 31 December 2019

Cost of goods sold increased by 67.0% to ₱8,452.2 million for the year ended 31 December 2019 from the ₱5,061.9 million level for the same period in 2018, corresponding to the increase in sales in existing stores and the sales contributed by the new stores added during the period.

Finance Cost increased from ₱46.4 million for the year ended 31 December 2018 to ₱412.1 million for the year ended 31 December 2019. The increase was primarily attributable to the adoption of PFRS 16, the availment of short-term and long-term interest-bearing debt of the Company for the year to finance store expansion, and recognition of retirement benefit obligation.

Other income increased by 69.3% from ₱209.6 million for the year ended 31 December 2018 to ₱352.3 million for the year ended 31 December 2019. This was brought about by higher volume-based incentives from suppliers based on our levels of sales, and opening support for newly opened stores.

Provision for income tax increased by 105.3% from ₱218.9 million for the year ended 31 December 2018 to ₱449.5 million for the year ended 31 December 2019 primarily due to a higher taxable base for the year.

As a result of the foregoing, our net income increased by 105.3% from ₱511.4 million for the year ended 31 December 2018 to ₱1,049.8 million for the year ended 31 December 2019.

There is no other material change in the Company's financial position (changes of 5% or more) and condition that will warrant a more detailed discussion. Further, there is no material event and uncertainty known to management that would impact or change reported financial information and condition on the Company.

COMMITMENTS AND CONTINGENCIES

There is no material commitment and contingency as of 31 December 2019 and as of 31 December 2018.

REVIEW OF YEAR END 2018 VS YEAR END 2017

RESULTS OF OPERATIONS

Year Ended December 31, 2018 compared to year ended December 31, 2017

Revenues

The following table sets out certain key operating performance indicators relevant to revenues for the years ended December 31, 2017 and 2018 and the percentage change in these key operating performance indicators between the two periods.

	As of and for the years ended December 31		Percentage Change
	2018	2017	
No. of stores……………………………………	23	18	27.8%
Revenues (₱ millions)…………………………	7,192.2	4,896.3	46.9%

Our revenues increased by 46.9% from ₱4,896.3 million for the year ended December 31, 2017 to ₱7,192.2 million (U.S.$140.3 million) for the year ended December 31, 2018. This increase was primarily due to the opening of five new stores, and an increase in revenue of existing stores and in corporate sales.

Cost of Goods Sold

For the year ended December 31, 2018, our cost of goods sold was ₱5,061.9 million (U.S.$98.8 million), an increase of 41.7% compared to ₱3,571.8 million for the year ended December 31, 2017, largely driven by the increase in sales in existing stores and incremental sales from the five new stores added during the year. Cost of goods sold increased at a lower rate than the increase in revenues because we were able to leverage on bulk discounts from larger volumes of purchases from our suppliers.

Other Operating Expenses

Other operating expenses increased by 30.7% from ₱1,197.7 million for the year ended December 31, 2017 to P1,564.8 million (U.S.$30.2 million) for the year ended December 31, 2018 primarily due to the following:

- Increase in rent from P400.2 million for the year ended December 31, 2017 to ₱450.1 million (U.S.$8.8 million) for the year ended December 31, 2018 due to the increase in the number of stores, warehouse and higher rent for stores that are percentage-based rents.

- Increase in merchant fees from ₱24.7 million for the year ended December 31, 2017 to ₱72.0 million (U.S.$1.4 million) for the year ended December 31, 2018 due to the higher credit card sales.

- Increase in outside services from ₱202.1 million for the year ended December 31, 2017 to ₱239.4 million (U.S.$4.7 million) for the year ended December 31, 2018 due primarily to the increase in stores and warehouse.

Loss on Write-Off of Receivables

Loss on write-off of receivables increased by 24.5% from ₱15.6 million for the year ended December 31, 2017 to ₱19.4 million (U.S.$0.4 million) for the year ended December 31, 2018. In

2018, the Company assessed its receivables for Expected Credit Loss and were reviewed for indications of impairment in 2017. Although these were written off in the books, the Company is still trying to collect such receivables. Receivables written off only accounted for 2.6% and 1.8% of receivables for 2017 and 2018, respectively.

Finance Cost

Finance Cost increased by 61.5% from ₱28.7 million for the year ended December 31, 2017 to ₱46.4 million (U.S.$0.9 million) for the year ended December 31, 2018. The increase was primarily attributable to the increase in the interest bearing debt of the Company for the year to finance store expansion.

Finance Income

Finance income increased by 148.2% from ₱0.7 million for the year ended December 31, 2017 to ₱1.6 million (U.S.$0.03 million) for the year ended December 31, 2018. The increase was primarily attributable to the increase in interest income from bank deposits and short-term placements of the Company for the year and the interest from trade receivables.

Other Income

Other income increased by 237.7% from ₱62.1 million for the year ended December 31, 2017 to ₱209.6 million (U.S.$4.1 million) for the year ended December 31, 2018. The increase was primarily attributable to the following:

- 381.9% increase in vendor's support and marketing fees to ₱171.8 million (U.S.$3.4 million) for the year ended December 31, 2018 from ₱35.7 million for the year ended December 31, 2017. This is due to the higher volume-based incentives from suppliers and opening support and marketing for newly-opened stores; and

- the increase in delivery fees of 185.8% to ₱31.2 million (U.S.$0.6 million) for the year ended December 31, 2018 from ₱10.9 million for the year ended December 31, 2017, driven by the increase in the overall volume of deliveries for the year.

Provision for Income Tax

Provision for income tax increased by 354.6% from ₱48.2 million for the year ended December 31, 2017 to ₱218.9 million (U.S.$4.3 million) for the year ended December 31, 2018 primarily due to a higher taxable base for the year.

Net Profit

As a result of the foregoing, our net income increased by 354.2% to ₱511.4 million (U.S.$10.0 million) for the year ended December 31, 2018 from ₱112.6 million for the year ended December 31, 2017.

FINANCIAL CONDITION

As of December 31, 2018 vs. December 31, 2017

Total assets as of December 31, 2018 were ₱8,215.4 million compared to ₱5,180.3 million as of December 31, 2017, or a 58.6% increase. This was due to the following:

- Cash and cash equivalents decreased by 25.3% from ₱399.8 million as of December 31, 2017 to ₱298.5 million as of December 31, 2018 primarily due to the higher cash outflow for the year used for new stores and inventory buildup of existing stores.

- Trade and other receivables increased by 102.3% from ₱591.3 million as of December 31, 2017 to ₱1,196.4 million as of December 31, 2018 due mainly to the increase in receivables from various customers from the current year sale and increase in other non-trade receivables.

- Inventories increased by 80.1% from ₱1,494.3 million as of December 31, 2017 to ₱2,690.9 million as of December 31, 2018 due primarily to inventory purchases mostly for newly added stores as well as inventory buildup for the existing stores.

- Due from related parties increased by 6.4% from ₱125.9 million as of December 31, 2017 to ₱133.9 million as of December 31, 2018 due to the additional advances granted to the Company's affiliates during the year.

- Property and equipment increased by 54.5% from ₱1,921.8 million as of December 31, 2017 to ₱2,969.5 million as of December 31, 2018 due primarily to acquisitions of store equipment, furniture, fixture and office equipment as well as increase in leasehold improvements.

- Other assets including current portion thereof increased by 43.1% from ₱647.2 million as of December 31, 2017 to ₱926.3 million as of December 31, 2018 due primarily to the increase in advances for purchases. Advances for purchases pertains to mobilization of funds made to various third party suppliers including service providers for inventory purchases.

Total liabilities as of December 31, 2018 were ₱5,536.8 million compared to ₱3,673.1 million as of December 31, 2017, or a 50.7% increase. This was due to the following:

- Trade and other payables decreased by 21.2% to ₱379.9 million as of December 31, 2018 from ₱482.4 million as of December 31, 2017 due to payments during the year.

- Loans payable including non-current portion increased by 48.8% from ₱2,900.0 million as of December 31, 2017 to ₱4,315.4 million as of December 31, 2018 due to loan availments for the year to fund our expansion program.

- Due to related parties increased by 161.9% from ₱239.6 million as of December 31, 2017 to ₱627.4 million as of December 31, 2018 due to the Company's increased advances from its parent company for capital expenditure purposes.

- Income tax payable increased by 272.7% from ₱18.3 million as of December 31, 2017 to ₱68.2 million as of December 31, 2018 due primarily to a higher current taxable income for the year.

- Deferred tax liabilities increased by 345.1% from ₱32.8 million as of December 31, 2017 to ₱146.0 million as of December 31, 2018 due to the additional temporary tax differences recognized for the year that will result to future tax liabilities.

Total stockholder's equity increased by 77.7% from ₱1,507.2 million as of December 31, 2017 to ₱2,678.6 million as of December 31, 2018 due to the issuance of additional shares for the year and the net income recorded for the year ended December 31, 2018.

IV. NATURE AND SCOPE OF BUSINESS

AllHome Corp (the "Company") is a pioneering "one-stop shop" home improvement retailer in the Philippines. Since its incorporation on May 29, 2013, it has grown to 50 stores as of December 31, 2020, having an aggregate net selling space of approximately 331,590 sqm across 15 provinces and 32 cities and municipalities. The Company's product offering spans seven key categories from over 800 local and international brands, including 40 in-house brands. These product categories are furniture, hardware, appliances, tiles and sanitary wares, homewares, linens and construction materials.

The Company's principal office address is LGF Building B, Evia Lifestyle Center, Daanghari Road, Almanza Dos, Las Piñas City, Philippines, with telephone Number: (+632) 890-1102, and its corporate website is www.allhome.com.ph.

V. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

Market Information

The Company's common shares are being traded at the Philippine Stock Exchange. The high and low sales prices for each quarter within the last three fiscal years as traded on the Philippine Stock Exchange are as follows:

Quarter	**2021**			**2020**		
	High	Low	Close	High	Low	Close
1st	9.15	7.61	8.08	11.64	4.49	4.68
2nd				8.00	4.58	7.36
3rd				7.31	5.75	5.80
4th				9.15	5.73	9.15

The market capitalization of HOME as of December 31, 2020, based on the closing price of ₱9.15 per share, was approximately ₱34.31 billion.

As of March 31, 2021, HOME's market capitalization stood at ₱30.30 billion based on the ₱8.08 per share closing price.

Price Information as of the Latest Practicable Trading Date

Trading Date	High	Low	Close
25 May 2021	7.30	6.93	6.93

Stockholders

There are approximately 31 holders of common equity security of the Company as of March 31, 2021 (based on the number of accounts registered with the Stock Transfer Agent).

The following are the top 20 holders of the common securities of the Company:

	Stockholder's Name	Common Shares	Percentage
1	AllValue Holdings Corp.	2,540,108,000	67.74%
2	PCD FILIPINO	637,251,300	16.99%
3	PCD NON FILIPINO	572,374,400	15.26%
4	Jharna P. Chandnani	100,000	0.00%
5	Rolando A. Aralar or Myrna I. Aralar or Roland I. Aralar	45,000	0.00%
6	Myra P. Villanueva	25,000	0.00%
7	Jose Domingo Poblete Swann	20,000	0.00%
8	Mike Jerome Paulino Salazar	14,700	0.00%
9	Myrna P. Villanueva	10,000	0.00%
10	Milagros P. Villanueva	10,000	0.00%
11	Raul Galvante Coralde	10,000	0.00%
12	Arnold Santillan	5,000	0.00%
13	Joyce Anne malong Coralde	4,500	0.00%
14	Rachel P. Nacion	3,000	0.00%
15	Farida G. De Leon	3,000	0.00%
16	Mylene C. Arnigo	3,000	0.00%
17	Marietta V. Cabreza	2,500	0.00%
18	Juan Carlos V. Cabreza	2,500	0.00%
19	Irvin Dale Pabuaya Valencia	2,000	0.00%
20	Liberty A. Panis	1,600	0.00%
	TOTAL	3,749,996,500	
	Other Stockholders	3,502	0.00%
	Total issued and outstanding common shares as of March 31, 2021	**3,750,000,002**	**100.00%**

Dividends

On November 25, 2020, the Company declared regular cash dividend amounting to ₱52.50 million, payable to its shareholders of record at December 14, 2020, paid on December 28, 2020.

Dividend Policy

The Registrant's Board is authorized to declare dividends. A cash dividend declaration does not require any further approval from the Registrant's shareholders. A stock dividend declaration requires the further approval of shareholders representing not less than two-thirds of the Registrant's outstanding capit al stock. Dividends may be declared only from unrestricted retained earnings.

In relation to foreign shareholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the Banko Sentral ng Pilipinas.

The Registrant is allowed under Philippine laws to declare property and stock dividends, subject to certain requirements.

Record Date

Pursuant to existing Philippine SEC rules, cash dividends declared by a company must have a record date not less than 10 nor more than 30 days from the date the cash dividends are declared. With respect to stock dividends, the record date is to be not less than 10 or more than 30 days from the date of shareholder approval, provided however, that the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the Philippine SEC.

Recent Sale of Unregistered Securities

There have been no sales of unregistered securities in the past three years.

Stock Options

None.

VI. COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

The Company's Board has adopted a Revised Manual on Corporate Governance. The Company's Revised Manual on Corporate Governance describes the terms and conditions by which the Company intends to conduct sound corporate governance practices that are consistent with the relevant laws and regulations of the Republic of the Philippines, and which seek to enhance business transparency and build shareholder value.

Ultimate responsibility and oversight of the Company's adherence to superior corporate governance practices rests with the Board of Directors. As a policy matter, the Board will hold monthly meetings, at which any number of relevant corporate governance issues may be raised for discussion.

Practical oversight of the Company's corporate governance standards is exercised through the Board's Corporate Governance Committee.

The Company is committed to building a solid reputation for sound corporate governance practices, including a clear understanding by its Directors of the Company's strategic objectives, structures to ensure that such objectives are realized, systems to ensure the effective management of risks and the systems to ensure the Company's obligations are identified and discharged in all aspects of its business. Each January, the Company will issue a certification to the Philippines Securities and Exchange Commission and the Philippine Stock Exchange that it has fulfilled its corporate governance obligations.

As of the date of this report, there are no known material deviations from the Company's Manual of Corporate governance. The Company is taking further steps to enhance adherence to principles and practices of good corporate governance

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE REGISTRANT UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF SEC FORM 17-A FREE OF CHARGE, EXCEPT FOR EXHIBITS ATTACHED THERETO WHICH SHALL BE CHARGED AT COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED AS FOLLOWS:

AllHome Corp.
Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City

Attention: Frances Rosalie T. Coloma

PART III

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth on this Report is true, complete and correct. This Report is signed in Mandaluyong City on __________________________.

By:

FRANCES ROSALIE T. COLOMA
CFO and Treasurer

AllHome

One-stop shop for *your* home

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **AllHome Corp.** (the Company) is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2020 and 2019, in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

Punongbayan and Araullo, the independent auditor appointed by the stockholders, has audited the financial statements of the Company in accordance with Philippine Standards on Auditing, and in their report to the stockholders, have expressed their opinion on the fairness of presentation upon completion of such audit.

Manuel B. Villar, Jr.
Chairman of the Board

Benjamarie Therese N. Serrano
President/Chief Executive Officer

Frances Rosalie T. Coloma
Treasurer/Chief Financial Officer

MAR 2 2 2021

SUBSCRIBED AND SWORN, to before me, this ______________________________ at MANDALUYONG CITY, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date and Place of Issue
Manuel B. Villar	PP#P2529752B	07.12.2019- DFA Manila
Benjamarie Therese N. Serrano	PP#EC5357726	9.16.2015- DFA Manila
Frances Rosalie T. Coloma	PP#P2601723A	4.05.2017- DFA Manila

who has satisfactory proven to me their identities through their valid identification cards, and that they are the same persons who personally signed before me the foregoing and acknowledges that they executed the same.

ATTY. ARBIN OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL JUNE 30, 2021
ROLL No. 57146
IBP Lifetime Member No. 013537
PTR No. 4574302 / 04 Jan. 2021 / Mandaluyong City
MCLE Compliance No. VI-0025341 issued dated 11 April 2019
Notarial Commission Appointment No. 0388-19
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

Doc. No. 81;
Page No. 18;
Book No. XLII;
Series of 2021.

P&A Grant Thornton

An instinct for growth™

Punongbayan & Araullo
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Report of Independent Certified Public Accountants to Accompany Income Tax Return

The Board of Directors
AllHome Corp.
(A Subsidiary of AllValue Holdings Corp.)
Lower Ground Floor, Building B
EVIA Lifestyle Center, Vista City
Daang Hari, Almanza II
Las Piñas City

We have audited the financial statements of AllHome Corp. (the Company) for the year ended December 31, 2020, on which we have rendered the attached report dated March 22, 2021.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8533227, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

March 22, 2021

P&A Grant Thornton
An instinct for growth™

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

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Report of Independent Auditors

The Board of Directors
AllHome Corp.
(A Subsidiary of AllValue Holdings Corp.)
Lower Ground Floor, Building B
EVIA Lifestyle Center, Vista City
Daang Hari, Almanza II
Las Piñas City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AllHome Corp. (the Company), which comprise the statements of financial position as of December 31, 2020 and 2019, and statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2020 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

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

(a) Revenue Recognition

Description of the Matter

Revenue is one of the key performance measures used to assess the Company's business performance. Revenue is recognized when the control over the goods has been transferred at a point in time to the customer, i.e., generally when the customer has acknowledged delivery of goods. Revenue from sale of merchandise is generated through direct sales to customers. For the year ended December 31, 2020, total revenues amounted to P12,414.1 million.

In our view, revenue recognition is significant to our audit because of the inherent risk of material misstatement involved and the materiality of the amount of recorded revenues which impact the Company's profitability.

The Company's disclosures about its revenues and the related trade receivables, nontrade receivables and accrued interest receivables, and revenue recognition policy are included in Notes 2, 3, 4, 6 and 13.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to revenue recognition, which was considered to be a significant risk, included:

- obtaining an understanding of the Company's revenue transactions by reviewing revenue arrangements and revenue transaction processes;

- evaluating appropriateness of the Company's revenue recognition policy in accordance with PFRS 15, *Revenue from Contracts with Customers*;

- testing the information technology (IT) general controls and application controls over the automated system from origination to recording of sales;

- testing the design and operating effectiveness of internal controls related to the Company's sale and receipts processes, which include inquiry and observation, and test, on sampling basis, of revenue transactions during the year;

- performing sales cut-off test, including, among others, examining sales transactions near period end, and analysing and reviewing sales returns, credit memos and other receivable adjustments subsequent to period end to determine whether revenues are appropriately recognized in the proper period;

- confirming receivables, on sample basis, using positive confirmations, performing alternative procedures for non-responding customers, reporting unresolved difference to appropriate client personnel and projecting errors to the population, to ascertain the testing precision achieved, which further validates the accuracy of revenue recognized by the Company; and,

- performing detailed analysis of revenue segments and related key ratios such as, but not limited to, current year's components of revenues (e.g., by customer and by location) as a percentage of total revenues and analysis of current and prior year's monthly revenue trend.

(b) Existence and Valuation of Inventories

Description of the Matter

The Company's total inventories amounting to P6,288.8 million as of December 31, 2020 represents 29% of total assets of the Company. Inventories are valued at the lower of cost and net realizable value. Cost is determined using the moving average method. Management uses estimates in assessing whether inventories are valued at the lower of cost and net realizable value. Moreover, the Company's inventories are considered voluminous and majority of these are kept in the Company's stores and warehouses. Relative to these, we determined that existence and valuation of inventories are key audit matters.

The Company's disclosures about inventories and the related inventory valuation policies are included in Notes 2, 3 and 7.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to inventory existence and valuation, which was considered to be a significant risk included, among others, the following:

On inventory existence:

- testing the information technology (IT) general controls and application controls over the automated system related to inventory receipts, shipment and adjustments;

- testing the design and operating effectiveness of internal controls related to the Company's inventory count processes;

- conducting physical inventory count observation in selected stores and warehouses, including, among others, touring the facility before and after the inventory count observation, to gain an understanding of the location and condition of inventories prior to the count and after the count is concluded; determining that all sample inventory items were counted and no items were counted twice; obtaining relevant cut-off information and copy of count control documents; examining sample inventory items to test count against inventory records; clearing exceptions, if any, with appropriate personnel; and, projecting errors to the population; and,

- performing detailed analysis of inventory-related ratios such as, but not limited to, inventory turnover and current year's components of inventories as a percentage of total inventories.

On inventory valuation:

- determining the method of inventory costing and evaluating appropriateness and consistency of application of the valuation of inventories at lower of cost and net realizable value;

- testing the information technology (IT) general controls and application controls over the automated system related to updating and changing of prices;

- performing test of design and implementation of key controls on inventory costing;

- performing test on inventory costing of selected inventory items by recomputing unit cost and comparing to unit cost per books, examining supplier invoices and other documents supporting movements affecting the moving average unit cost, reporting unresolved difference, if any, to appropriate personnel and projecting errors to the population; and,

- determining whether inventory is stated at the lower of cost and net realizable value by verifying latest selling price, reviewing estimated cost to sell of sample inventory items and comparing the net selling price to the unit cost per books, reporting unresolved differences, if any, to appropriate personnel and projecting errors to the population.

(c) Performing Significant Portion of Audit Remotely

Description of the Matter

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020. As the Philippines was placed under varying levels of community quarantine to address the COVID-19 pandemic, significant portion of our audit procedures was done remotely.

The change in working conditions is relevant and significant to our audit since it creates an increased risk of misstatement due to less in-person access to the Company's management and personnel, and lack of access to the physical records and original documents. Given the changes in how the audit will be performed, the audit requires exercising enhanced professional skepticism.

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of performing the audit remotely included the following:

- considering the nature of the engagement and the engagement team's knowledge of the entity and its environment when determining whether it is possible to perform a significant portion, if not all of the engagement remotely;

- following the requirements of the PSA including providing proper supervision and review, even when working remotely;

- obtaining information through electronic means, which includes sending and receiving of confirmation electronically, obtaining calculations in electronic form to check the mathematical accuracy, scanning of hard-copy items for review and using real-time inspection technology such as video and screen-sharing;

- determining the reliability of audit evidence provided electronically using enhanced professional skepticism;

- performing inquiries through video call in order to judge body language and other cues and to have a more interactive audit engagement; and,

- examining critical hard copy documents (e.g., contracts, billing invoices, purchase invoices and official receipts) physically in response to the risk in revenues and costs, which is considered to be significant.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2020, but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2020 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2020 required by the Bureau of Internal Revenue as disclosed in Note 26 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audits resulting in this independent auditors' report is Nelson J. Dinio.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8533227, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

March 22, 2021

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2020	2019
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	5	**P 1,785,606,441**	P 2,342,992,013
Trade and other receivables - net	6	**517,019,213**	276,739,428
Merchandise inventories	7	**6,288,764,468**	5,208,925,853
Other current assets	8	**401,217,020**	295,791,775
Total Current Assets		**8,992,607,142**	8,124,449,069
NON-CURRENT ASSETS			
Property and equipment - net	9	**11,987,800,303**	11,150,980,396
Other non-current assets	8	**794,599,370**	409,701,058
Total Non-current Assets		**12,782,399,673**	11,560,681,454
TOTAL ASSETS		**P 21,775,006,815**	P 19,685,130,523
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	10	**P 1,315,790,296**	P 2,023,727,076
Loans payable	11	**2,042,913,149**	-
Lease liabilities - current portion	12	**384,798,495**	371,097,743
Income tax payable		**111,922,573**	70,658,752
Total Current Liabilities		**3,855,424,513**	2,465,483,571
NON-CURRENT LIABILITIES			
Lease liabilities - net of current portion	12	**4,180,721,841**	4,571,111,620
Deferred tax liabilities - net	17	**299,602,950**	160,288,464
Retirement benefit obligation	16	**68,318,864**	73,324,090
Total Non-current Liabilities		**4,548,643,655**	4,804,724,174
Total Liabilities		**8,404,068,168**	7,270,207,745
EQUITY	19		
Capital stock		**3,750,000,002**	3,750,000,002
Additional paid-in capital		**7,209,298,114**	7,209,298,114
Revaluation reserves		**(9,096,646)**	(29,896,666)
Retained earnings		**2,420,737,177**	1,485,521,328
Total Equity		**13,370,938,647**	12,414,922,778
TOTAL LIABILITIES AND EQUITY		**P 21,775,006,815**	P 19,685,130,523

See Notes to Financial Statements.

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2020	2019	2018
SALES	13	P 12,414,148,867	P 12,060,276,883	P 7,192,220,055
COST OF MERCHANDISE SOLD	14	8,486,055,960	8,452,189,178	5,061,884,474
GROSS PROFIT		3,928,092,907	3,608,087,705	2,130,335,581
SUPPORT, FEES, RENTALS AND OTHER REVENUES	13	397,761,576	352,331,702	209,612,057
GROSS PROFIT INCLUDING OTHER REVENUES		4,325,854,483	3,960,419,407	2,339,947,638
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	14	2,539,665,490	2,069,721,185	1,564,883,247
OPERATING PROFIT		1,786,188,993	1,890,698,222	775,064,391
FINANCE INCOME (COSTS)				
Finance costs	15	(377,796,900)	(412,060,322)	(46,364,729)
Finance income	5	2,324,230	20,641,481	1,646,539
		(375,472,670)	(391,418,841)	(44,718,190)
PROFIT BEFORE TAX		1,410,716,323	1,499,279,381	730,346,201
TAX EXPENSE	17			
Current		292,600,282	329,346,931	105,715,139
Deferred		130,400,192	120,183,392	113,224,068
		423,000,474	449,530,323	218,939,207
NET PROFIT		987,715,849	1,049,749,058	511,406,994
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of retirement benefit plan	16	29,714,314	(42,709,522)	-
Deferred income tax	17	(8,914,294)	12,812,856	-
		20,800,020	(29,896,666)	-
TOTAL COMPREHENSIVE INCOME		P 1,008,515,869	P 1,019,852,392	P 511,406,994
Basic and Diluted Earnings per Share	20	P 0.26	P 0.39	P 0.38

See Notes to Financial Statements.

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	Capital Stock	Additional Paid-in Capital	Retained Earnings	Revaluation Reserves	Total Equity
Balance at January 1, 2020		P 3,750,000,002	P 7,209,298,114	P 1,485,521,328	(P 29,896,666)	P 12,414,922,778
Dividend declared	19	-	-	(52,500,000)	-	(52,500,000)
Total comprehensive income for the year		-	-	987,715,849	20,800,020	1,008,515,869
Balance at December 31, 2020		**P 3,750,000,002**	**P 7,209,298,114**	**P 2,420,737,177**	**(P 9,096,646)**	**P 13,370,938,647**
Balance at January 1, 2019						
As previously reported		P 2,000,000,000	P -	P 678,603,864	P -	P 2,678,603,864
Effect of adoption of PFRS 16		-	-	(217,261,244)	-	(217,261,244)
As restated		2,000,000,000	-	461,342,620	-	2,461,342,620
Issuance of shares during the year	19	1,750,000,002	7,209,298,114	-	-	8,959,298,116
Dividend declared	19	-	-	(25,570,350)	-	(25,570,350)
Total comprehensive income (loss) for the year		-	-	1,049,749,058	(29,896,666)	1,019,852,392
Balance at December 31, 2019		P 3,750,000,002	P 7,209,298,114	P 1,485,521,328	(P 29,896,666)	P 12,414,922,778
Balance at January 1, 2018		P 1,340,000,000	P -	P 167,196,870	P -	P 1,507,196,870
Issuance during the year	19	660,000,000	-	-	-	660,000,000
Total comprehensive income for the year		-	-	511,406,994	-	511,406,994
Balance at December 31, 2018		P 2,000,000,000	P -	P 678,603,864	P -	P 2,678,603,864

See Notes to Financial Statements.

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

	Notes	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 1,410,716,323	P 1,499,279,381	P 730,346,201
Adjustments for:				
Depreciation and amortization	9	905,163,092	708,368,766	177,708,409
Interest expense	11, 12, 15, 16	377,784,694	411,809,031	46,364,729
Loss on lease modification	12	1,307,684	-	-
Impairment loss on trade receivables	6	5,578,418	10,961,202	19,388,772
Interest income	5	(2,324,230)	(20,641,481)	(1,646,539)
Operating profit before working capital changes		2,698,225,981	2,609,776,899	972,161,572
Decrease (increase) in trade and other receivables		(237,662,346)	908,685,767	(624,427,449)
Increase in merchandise inventories		(1,079,838,615)	(2,518,028,177)	(1,196,607,900)
Decrease (increase) in other current assets		(105,425,245)	323,826,604	(288,476,962)
Decrease (increase) in other non-current assets		(90,240,940)	(137,532,239)	9,351,445
Increase (decrease) in trade and other payables		(713,109,269)	1,666,527,820	(106,469,023)
Increase in retirement benefit obligation		12,850,645	28,566,605	-
Cash generated from (used in) operations		484,800,211	2,881,823,279	(1,234,468,317)
Cash paid for income taxes		(251,336,461)	(326,877,199)	(55,821,901)
Net Cash From (Used in) Operating Activities		233,463,750	2,554,946,080	(1,290,290,218)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	9	(2,052,003,510)	(3,731,532,578)	(1,051,698,182)
Interest received		2,324,230	20,641,481	1,646,539
Net Cash Used in Investing Activities		(2,049,679,280)	(3,710,891,097)	(1,050,051,643)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loans	11	2,042,913,149	2,401,300,000	1,700,000,000
Repayment of lease liabilities	12	(362,633,572)	(302,321,645)	-
Interest paid for lease liabilities	12	(325,233,511)	(267,139,815)	-
Dividends paid	19	(52,500,000)	(25,570,350)	-
Interest paid for loans payable	11	(43,716,108)	(354,997,750)	(216,085,685)
Proceeds from issuance of shares of stock	19	-	7,959,298,116	-
Repayment of loans	11	-	(6,716,684,615)	(284,615,385)
Advances obtained to related parties	18	-	709,829,951	1,197,750,000
Collections of advances to related parties	18	-	341,975,716	22,470,365
Advances granted to related parties	18	-	(336,670,000)	(30,470,365)
Repayment of advances from related parties	18	-	(208,574,959)	(150,000,000)
Net Cash From Financing Activities		1,258,829,958	3,200,444,649	2,239,048,930
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT		(557,385,572)	2,044,499,632	(101,292,931)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		2,342,992,013	298,492,381	399,785,312
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 1,785,606,441	P 2,342,992,013	P 298,492,381

Supplemental Information on Non-cash Investing and Financing Activities:

(1) In 2019 and 2018, the Company capitalized borrowing costs amounting to P220.3 million and P173.7 million based on capitalization rate ranging from 6.25% to 6.69% for specific borrowings in those periods (see Notes 9 and 11). There was no borrowing cost capitalized in 2020.

(2) In 2020 and 2018, the Company has unpaid interest arising from loans payable amounting to P5.17 million and P22.7 million, respectively, which is presented as part of Accrued expenses under Trade and Other Payables in the 2020 and 2018 statement of financial position (see Notes 8 and 10). There was no unpaid interest as of December 31, 2019.

(3) In 2019, the Company's receivables from related parties under common ownership amounting to P128.6 million were assigned by these related parties to the parent Subsequently, these receivables were set-off by the Company against its payables to the parent company (see Note 18).

(4) In 2019 and 2018, the Company issued additional shares of stock amounting to P1,000.0 million and P660.0 million, respectively, which was subscribed and fully paid through the conversion of certain advances from related parties to equity (see Note 18).

(5) On January 1, 2019, as a result of adoption of PFRS 16, *Leases*, the Company recognized right-of-use assets and lease liabilities amounting to P3,234.9 million and P3,510.7 million, respectively, and reversed certain prepaid rent amounting to P34.5 million. The Company recognized additional right-of-use asset amounting to P1,703.2 million and the corresponding lease liability of the same amount (see Notes 9 and 12). Also, in 2019, the Company accrued interest arising from rent-free periods amounting to P30.6 million which is presented as part of Lease Liability in the 2019 statement of financial position (see Note 12). The accrued interest was fully settled in 2020.

(6) In 2020 and 2019, the Company recognized a receivable for the transferred retirement benefit obligation amounting to P8.2 million and P16.7 million, respectively, and is presented as part of Others under Trade and Other Receivables in the statements of financial position (see Notes 6 and 18).

(7) In 2020, the Company reclassified certain Construction-in-progress which pertains to unused construction materials as of December 31, 2020 amounting to P294.7 million to Materials and supplies under the Other Noncurrent Assets in the 2020 statement of financial position (see Note 8).

See Notes to Financial Statements.

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2020, 2019 AND 2018
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

AllHome Corp. (the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on May 29, 2013. The Company is primarily engaged in buying, selling, distributing, marketing, at wholesale and retail, of all kinds of goods, commodities, wares and merchandise.

The Company's shares were listed in the Philippine Stock Exchange (PSE) on September 27, 2019 (see Note 19.1).

The Company is a subsidiary of AllValue Holdings Corp. (AllValue or the parent company), which is a subsidiary of Fine Properties Inc. (FPI or the ultimate parent company). AllValue and FPI are incorporated and domiciled in the Philippines. Both companies are presently engaged in the business of a holding company; to buy and hold shares of other companies either by subscribing unissued shares of the capital stock in public or private offerings.

The registered office and principal place of business of the Company is located at Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daang Hari, Almanza II, Las Piñas City. The registered offices and principal places of business of AllValue and FPI are located at 3rd Level Starmall Las Piñas, CV Starr Avenue, Philamlife Village, Pamplona, Las Piñas City.

1.2 Approval of Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2020 (including the comparative financial statements as of December 31, 2019 and for the years ended December 31, 2019 and 2018) were authorized for issue by the Company's Board of Directors (BOD) on March 22, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies that have been used in the preparation of these financial statements are summarized in the succeeding pages. The policies have been consistently applied to all the periods presented, unless otherwise stated.

2.1 *Basis of Preparation of Financial Statements*

(a) *Statement of Compliance with Philippine Financial Reporting Standards*

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). PFRS are adopted by the Financial Reporting Standards Council (FRSC) from the pronouncements issued by the International Accounting Standards Board (IASB), and approved by the Philippine Board of Accountancy.

The financial statements have been prepared using the measurement bases specified by PFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies that follow.

(b) *Presentation of Financial Statements*

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income and expense in a single statement of comprehensive income.

The Company presents a third statement of financial position as of the beginning of the preceding period when it applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification of items that has a material effect on the information in the statement of financial position at the beginning of the preceding period. The related notes to the third statement of financial position are not required to be disclosed.

(c) *Functional and Presentation Currency*

The financial statements are presented in Philippine pesos (P), the Company's functional and presentation currency, and all values represent absolute amounts except when otherwise indicated.

Items included in the financial statements of the Company are measured using its functional currency. Functional currency is the currency of the primary economic environment in which the Company operates.

2.2 Adoption of New and Amended PFRS

(a) Effective in 2020 that are Relevant to the Company

The Company adopted the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2020:

Conceptual Framework	:	Revised Conceptual Framework for Financial Reporting
PAS 1 and PAS 8 (Amendments)	:	Presentation of Financial Statements and Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material
PFRS 7 and PFRS 9 (Amendments)	:	Financial Instruments: Disclosures and Financial Instruments – Interest Rate Benchmark Reform

Discussed below are the relevant information about these pronouncements.

(i) *Revised Conceptual Framework for Financial Reporting.* The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include (a) increasing the prominence of stewardship in the objective of financial reporting, (b) reinstating prudence as a component of neutrality, (c) defining a reporting entity, which may be a legal entity, or a portion of an entity, (d) revising the definitions of an asset and a liability, (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and, (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements. The application of the revised conceptual framework had no significant impact on the Company's financial statements.

(ii) PAS 1 (Amendments), *Presentation of Financial Statements* and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors – Definition of Material.* The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other Standards that contain definition of material or refer to the term 'material' to ensure consistency. The application of these amendments had no significant impact on the Company's financial statements.

(iii) PFRS 7 (Amendments), *Financial Instruments: Disclosures*, and PFRS 9 (Amendments), *Financial Instruments – Interest Rate Benchmark Reform*. The amendments clarify that an entity would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The application of these amendments had no significant impact on the Company's financial statements.

(b) Effective in 2020 that is not Relevant to the Company

The amendments to PFRS 3, *Business Combinations – Definition of a Business*, which is mandatorily effective for annual periods beginning on or after January 1, 2020, is not relevant to the Company's financial statements.

(c) Effective Subsequent to 2020 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2020, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, unless otherwise stated, none of these are expected to have significant impact on the Company's financial statements:

(i) PFRS 16 (Amendments), *Leases – COVID-19-Related Rent Concessions* (effective June 30, 2020). The amendments permit lessees, as a practical expedient, not to assess whether particular rent concessions occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications.

(ii) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022). The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss.

(iii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective January 1, 2022). The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labor, materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

(iv) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Company:

- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities.* The improvements clarify the fees that a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

- Illustrative Examples Accompanying PFRS 16, Leases – Lease Incentives. The improvement merely removes potential for confusion regarding lease incentives.

- PAS 1(Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective January 1, 2023). The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current.

2.3 Financial Instruments

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument.

(a) Financial Assets

For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

(i) Classification and Measurement of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The classification and measurement of financial assets are at amortized cost, at fair value through other comprehensive income and at fair value through profit or loss.

The financial assets category that is currently relevant to the Company is financial assets at amortized cost.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL).

The Company's financial assets at amortized cost are presented in the statement of financial position as Cash and Cash Equivalents and Trade and Other Receivables (excluding advances to officers and employees subject to liquidation).

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as noncurrent assets.

For purpose of cash flows reporting and presentation, cash and cash equivalents include cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less, readily convertible to known amounts of cash and which are subject to insignificant risk of change in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of comprehensive income as Finance income under Finance Income (Costs).

(ii) Impairment of Financial Assets

At the end of the reporting period, the Company assesses its ECL on a forward-looking basis associated with its financial assets carried at amortized cost. Recognition of credit losses is no longer dependent on the Company's identification of a credit loss event. Instead, the Company considers a broader range of information in assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical experience, external indicators and forward-looking information to calculate the ECL using a provision matrix. The Company also assesses impairment of trade receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due [see Note 22.2(b)].

The key elements used in the calculation of ECL are as follows:

- Probability of default – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.

- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral or effect of any credit enhancement.

- *Exposure at default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

The amount of ECL required to be recognized during the year, if any, is presented as Impairment loss under Selling, General and Administrative Expenses in the statement of comprehensive income. Reversal of loss allowance, if applicable, is recognized in the statement of comprehensive income as part of Other income under Finance Income (Costs).

(iii) Derecognition of Financial Assets

The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

(b) *Financial Liabilities*

Financial liabilities, which include Trade and Other Payables (except tax-related liabilities) and Loans Payable, are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

All interest-related charges, except for capitalized borrowing costs, incurred on a financial liability are recognized as Finance costs under Finance Income (Costs) in the statement of comprehensive income.

Loans payable are raised for support of short-term and long-term funding of operations and are recognized initially at the transaction price. Loans payable are subsequently measured at amortized cost. Finance charges, including direct issue costs, are charged to profit or loss, except for capitalized borrowing costs, on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Dividend distributions to shareholders are recognized as financial liabilities upon declaration by the Company.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(c) *Offsetting of Financial Instruments*

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

2.4 Merchandise Inventories

Merchandise inventories are valued at the lower of cost and net realizable value. Cost is determined using the moving average method. The cost of merchandise inventories includes all costs directly attributable to acquisition such as the purchase price, including transport and handling costs, and other incidental expenses incurred in bringing the inventories to their present location and condition.

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

At the end of each reporting period, merchandise inventories are assessed for impairment, i.e., the carrying amount is fully recoverable due to damage, obsolescence or declining selling prices.

2.5 Other Assets

Other assets, which are non-financial assets, pertain to other resources controlled by the Company as a result of past events. They are recognized at cost in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably. These are subsequently charged to profit or loss as utilized or reclassified to another asset account if capitalizable.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

Advances for purchases that will be applied as payment for future purchase of merchandise inventories are classified and presented under the Other Current Assets account in the statement of financial position. On the other hand, advances to suppliers that will be applied as payment for future acquisition or construction of property and equipment are classified and presented under the Other Non-current Assets account in the statement of financial position. The classification and presentation is based on the eventual usage or realization of the asset to which it was advanced for.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.11).

2.6 Property and Equipment

Property and equipment are initially recognized at cost and subsequently carried at cost less accumulated depreciation, amortization and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

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

Store equipment	15 to 18 years
Right-of-use assets – store outlets	7 to 16 years
Right-of-use assets – warehouse	2 to 15 years
Furniture, fixtures and office equipment	5 to 15 years
Transportation equipment	8 to 10 years

Leasehold improvements are amortized over their estimated useful lives of 18 years or the lease term, whichever is shorter.

Right-of-use asset are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term (see Note 2.10).

Construction-in-progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs and other direct costs (see Note 2.13). The account is not depreciated until such time that the assets are completed and available-for-use.

Fully depreciated and fully amortized assets are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.11).

The residual values, estimated useful lives and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

If there is an indication that there has been a significant change in the useful life, residual value of an asset, or method of depreciation or amortization, the depreciation or amortization of that asset is revised prospectively to reflect the new expectations.

An item of property and equipment including the related accumulated depreciation and amortization, and impairment losses, if any, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognized.

2.7 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's BOD – its chief operating decision-maker. The Company's BOD is responsible for assessing performance of the operating segments.

In identifying its operating segments, management generally follows the Company's business line as disclosed in Note 4.

The measurement policies that the Company uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its financial statements.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

2.8 Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

2.9 Revenue and Expense Recognition

Revenue arises mainly from the sale of merchandise.

To determine whether to recognize revenue, the Company follows a five-step process:

(1) identifying the contract with a customer;
(2) identifying the performance obligation;
(3) determining the transaction price;
(4) allocating the transaction price to the performance obligations; and,
(5) recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
(ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The Company enters into transactions involving the sale and delivery of merchandise representing construction materials, home improvement, furnishings and décor products. In addition, the Company also recognizes vendors' support and marketing fees in relation to the vendors' participation in the marketing/promotional activities of the Company. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(c). The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods transfers to the customer. As a matter of accounting policy, when applicable, if the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

In addition, the following specific recognition criteria must also be met before revenue is recognized:

a) *Sale of merchandise* – Revenue is recognized when the control transfers at a point in time with the customer, i.e., generally when the customer purchased the merchandise. For individual customers, payment of the transaction price is due immediately at the point the customer purchases the merchandise. On the other hand, invoices for merchandise purchased by corporate customers are due based on agreed terms and are provided upon receipt of merchandise by the customer.

b) *Vendors' support and marketing fees* – Vendors' support and marketing fees arise from the vendors' participation in the marketing/promotional activities of the Company such as product exhibits, launch of new stores support and product features in various media platforms. The duration of contracts are generally short-term, and the related revenue are recognized over time as the performance of the contractually agreed tasks are rendered.

c) *Delivery fees* – Delivery fees are charged for the transportation of merchandise from the Company's stores to a certain destination as agreed with the customer. Delivery fees are recognized over time as the services are provided. Payment of delivery fees is due immediately, i.e., upon the customer's purchase of merchandise.

d) *Miscellaneous* – Miscellaneous income comprise of support received from supplier for store opening and clearance sales. Miscellaneous is recognized at a point in time when support are received from supplier.

As applicable, if the Company is required to refund the related purchase price for returned goods, it recognizes an outflow of cash or a reduction in trade receivables with a corresponding adjustment on the amount of revenues recognized during the reporting period. Also, the Company recognizes a right of return asset on the goods to be recovered from the customers with a corresponding adjustment to Cost of Merchandise Sold. However, there were no contracts containing significant right of return arrangements which remain outstanding during the reporting periods since the Company's policy with customers for most of its sale of merchandise pertain to outright return which are recognized immediately. Relative to this outright return arrangement, the amount of revenues are also immediately adjusted as of the end of the reporting periods.

The Company operates a customer loyalty incentive programme where individual customers accumulate points for purchases made which entitle them for award credits on future purchases. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(c).

In obtaining customer contracts, the Company incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Company uses the practical expedient in PFRS 15 and expenses such costs as incurred.

The Company also incurs costs in fulfilling contracts with customers. These costs are divided into: (i) costs that give rise to an asset; and, (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Company first considers any other applicable standards. If other standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15. If other standards are not applicable to contract fulfillment costs, the Company applies the following criteria, which, if met, result in capitalization:

(i) the costs directly relate to a contract or to a specifically identifiable anticipated contract;
(ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and,
(iii) the costs are expected to be recovered.

Costs and expenses are recognized in profit or loss upon utilization of the goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs, which are included as part of the cost of any related qualifying assets (see Note 2.13).

2.10 Leases

The Company accounts for its leases as follows:

(a) Company as Lessee

(i) Accounting for Leases in Accordance with PFRS 16 (2020 and 2019)

For any new contracts entered into on or after January 1, 2019, the Company considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;

- the Company has the right to obtain substantially all of the economic benefits from the use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,

- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability in the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term (see Note 2.6). The Company also assesses the Right-of-use asset for impairment when such indicators exist (see Note 2.11). On the other hand, the Company measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company's lease contracts for certain stores contain variable lease payment terms. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss when incurred.

On the statement of financial position, right-of-use assets is presented under Property and Equipment, while the Lease Liabilities have been presented separately in the statement of financial position.

(ii) Accounting for Leases in Accordance with PAS 17 (2018)

Leases which do not transfer to the Company substantially all the risks and benefits of ownership of the asset are classified as operating leases. Operating lease payments (net of any incentive received from the lessor) are recognized as expense in the profit or loss on a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

The Company determines whether an arrangement is, or contains, a lease based on the substance of the arrangement. It makes an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

(b) Company as Lessor

Leases wherein the Company substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Company's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Company's net investment outstanding in respect of the finance lease.

Leases which do not transfer to the lessee substantially all the risks and benefits of ownership of the asset are classified as operating leases. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

2.11 Impairment of Non-financial Assets

The Company's property and equipment, right-of use assets, and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

2.12 Employee Benefits

The Company's employee benefits are recognized and measured as discussed below.

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of zero coupon government bonds [using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL)], that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Net interest is calculated by applying the discount rate at the beginning of the period, unless there is a plan amendment, curtailment or settlement during the period. The calculation also takes into account of any changes in the defined benefit liability during the period as a result of benefit payments. Interest is reported as part of Finance costs under Finance Income (Costs) in profit or loss.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(b) Post-employment Defined Contribution Plan

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) Short-term Employee Benefits

Short-term employee benefits include wages, salaries, bonuses and non-monetary benefits provided to current employees, which are expected to be settled before 12 months after the end of the annual reporting period during which an employee services are rendered, but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Accrued expenses under Trade and Other Payables in the statement of financial position.

(d) Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37, *Provisions, Contingent Liabilities and Contingent Assets*, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(e) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in Trade and Other Payables in the statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

2.13 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred, and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income, if any, earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

2.14 Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any. Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or current tax liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carryforward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets or deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

2.15 Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Based on the requirements of SEC Memorandum Circular 2019-10, *Rules on Material Related Party Transactions for Publicly-Listed Entities*, transactions amounting to 10% or more of the total assets based on the latest audited financial statements that were entered into with the related parties are considered material.

All individual material related party transactions shall be approved by at least two-thirds vote of the BOD, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-third of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the Company's total assets based on the latest audited financial statements, the same BOD approval would be required for the transactions that meet and exceed the materiality threshold covering the same related party.

Directors with personal interest in the transaction should abstain from participating in the discussions and voting on the same. In case they refuse to abstain, their attendance shall not be counted for the purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

2.16 Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital.

Revaluation reserves account pertains to remeasurements of post-employment defined benefit plan (see Note 2.12).

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the statement of comprehensive income, reduced by the amounts of dividends declared, if any.

2.17 Basic and Diluted Earnings Per Share

Basic earnings per share (EPS) is determined by dividing net profit by the weighted average number of common shares issued, adjusted for any stock dividends or stock splits, less any shares held in treasury during the reporting period (see Note 20). Diluted EPS is also computed by dividing net profit by the weighted average number of common shares issued and outstanding during the reporting period. However, net profit attributable to common shares and the weighted average number of common shares outstanding are adjusted to reflect the effects of any potentially dilutive preferred shares, convertible loans and stock options.

Currently, the basic and diluted EPS are the same as there are no dilutive preferred shares, convertible loans and stock options (see Note 20).

2.18 Events After the End of the Reporting Period

Any post-year-end event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-year-end events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company's financial statements in accordance with PFRS requires management to make judgments and estimates that affect the amounts reported in the financial statements and related notes. Judgments and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Actual results may ultimately differ from these estimates.

3.1 Critical Management Judgments in Applying Accounting Policies

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimation, which have the most significant effect on the amounts recognized in the financial statements.

(a) Determination of Lease Term of Contracts with Renewal and Termination Options (2020 and 2019)

In determining the lease term, management considers all relevant factors and circumstances that create an economic incentive to exercise a renewal option or not exercise a termination option. Renewal options and/or periods after termination options are only included in the lease term if the lease is reasonably certain to be extended or not terminated and the renewal of the contract is not subject to mutual agreement of both parties.

The factors that are normally the most relevant are (a) if there are significant penalties should the Company pre-terminate the contract, and (b) if any leasehold improvements are expected to have a significant remaining value, the Company is reasonably certain to extend and not to terminate the lease contract. Otherwise, the Company considers other factors including historical lease durations and the costs and business disruption required to replace the leased asset.

The Company did not include the renewal period as part of the lease term for leases of some of its stores and warehouse due to the provision in its contracts that requires mutual agreement of both parties on the terms and agreements of the renewal and termination of the lease contract.

The lease term is reassessed if an option is actually exercised or not exercised or the Company becomes obliged to exercise or not exercise it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Company.

(b) Determination of Timing of Satisfaction of Performance Obligations

In determining the appropriate method to use in recognizing the Company's revenues from sale of merchandise, management determines that revenue is recognized at a point in time when the control of the goods have passed to the customer, i.e., generally when the customer acknowledges delivery of the goods.

Miscellaneous income comprise of support received from supplier for store opening and clearance sales. Miscellaneous is recognized at a point in time when support are received from supplier.

On the other hand, revenues from vendors' support, marketing fees and delivery fees are recognized over time when the Company transfers control of the services over time as the performance of contractually agreed tasks are rendered. The management considers the output method under PFRS 15 as the Company recognizes revenue on the basis of direct measurements of the value to the customer of the services transferred to date relative to the services promised under the contract.

(c) Determination of Transaction Price of Contract with Customer

The transaction price is considered receivable to the extent of products sold with a right to avail customer loyalty points, right of return, discounts and rebates. The transaction price of customer loyalty points is allocated amongst the material right and other performance obligations identified in the contract based on the stand-alone selling prices, which are all observable. The Company measures its revenue net of consideration allocated to the fair value of the point credits.

Management has assessed that the amount involved for the right of return is not material and in most cases, customers could exchange the returned items with another merchandise in the store within the prescribed period (i.e., within seven days from date of purchase). Discounts and rebates are identifiable to specific goods and are recognized as reduction against the revenue recognized from sale of merchandise.

(d) Determination of ECL on Trade and Other Receivables

The Company uses a provision matrix to calculate ECL for trade and other receivables from third parties. The provision rates are based on days past due for groupings of various customer segments to the extent applicable that have similar loss patterns (i.e., by geography, product type, or customer type and rating). The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Company's trade and other receivables, and due from related parties are disclosed in Note 22.2.

(e) Distinction Between Operating and Finance Leases (2018)

The Company has entered into various lease agreements as a lessee. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Management has assessed that the Company's lease arrangements are operating leases.

(f) Capitalization of Borrowing Costs

The Company determines whether the amount of borrowing costs qualify for capitalization as part of the cost of the qualifying asset, or should be expensed outright. The accounting treatment for the finance costs is determined by assessing whether the asset is a qualifying asset taking into consideration the period of time needed to bring the asset for its intended use. Failure to make the right judgment will result in the misstatement of assets and net profit.

(g) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Accounting policies on recognition and disclosure of provisions and contingencies are discussed in Notes 2.8 and 21.

3.2 Key Sources of Estimation Uncertainty

Presented below and in the succeeding pages are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period.

(a) *Determination of Appropriate Discount Rate in Measuring Lease Liabilities (2020 and 2019)*

The Company measures its lease liabilities at present value of the lease payments that are not paid at the commencement date of the lease contract. The lease payments were discounted using a reasonable rate deemed by management equal to the Company's incremental borrowing rate. In determining a reasonable discount rate, management considers the term of the leases, the underlying asset and the economic environment. Actual results, however, may vary due to changes in estimates brought about by changes in such factors.

(b) *Estimation of Allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 22.2.

(c) *Determination of Net Realizable Value of Merchandise Inventories*

In determining the net realizable value of merchandise inventories, management takes into account the most reliable evidence available at the time the estimates are made. The Company's products are subject to inventory obsolescence. Moreover, future realization of the carrying amounts of merchandise inventories as presented in Note 7 is affected by price changes of the products and the costs incurred necessary to make a sale. Both aspects are considered key sources of estimation uncertainty and may cause significant adjustments to the Company's merchandise inventories within the next financial reporting period.

(d) *Estimation of Useful Lives of Property and Equipment and Right-of-use Assets*

The Company estimates the useful lives of property and equipment and right-of-use assets based on the period over which the assets are expected to be available-for-use. The estimated useful lives of property and equipment and right-of-use assets are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence, and legal or other limits on the use of the assets.

The carrying amounts of property and equipment and right-of-use assets are analyzed in Note 9. Based on management's assessment as at December 31, 2020 and 2019, there is no change in estimated useful lives of property and equipment and right-of-use assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.11). Though management believes that the assumptions used in the estimation of fair values reflected in the financial statements are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Management has assessed that no impairment losses are required to be recognized on non-financial assets in 2020, 2019 and 2018.

(f) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2020 and 2019 will be fully utilized in the coming years. The carrying values of deferred tax assets netted against deferred tax liabilities as of those reporting periods are disclosed in Note 17.

(g) Valuation of Post-employment Defined Benefit Obligation

The determination of the Company's obligation and cost of post-employment defined benefit is dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions include, among others, discount rates and expected salary increase rates. A significant change in any of these actuarial assumptions may generally affect the recognized expense, other comprehensive income or losses, and the carrying amount of the post-employment benefit obligation in the next reporting period.

The amounts of post-employment benefit obligation and expense, and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 16.2.

4. SEGMENT REPORTING

The Company has only one reportable segment, which is the trading business.

Further, the Company has only one geographical segment as all of its operations are based in the Philippines.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	2020	2019
Cash in banks	**P 1,380,801,441**	P 1,565,696,247
Cash on hand	**4,805,000**	4,115,000
Short-term placements	**400,000,000**	773,180,766
	P 1,785,606,441	P 2,342,992,013

Cash in banks generally earn interest at rates based on daily bank deposit rates.

Short-term placements have maturity of 1 to 30 days and earn effective interest rates ranging from 0.41% to 1.50% in 2020 and 1.00% to 3.50% in 2019.

Interest income amounting to P2.3 million, P20.6 million and P1.6 million in 2020, 2019 and 2018, respectively, are presented as Finance Income under Finance Income (Costs) in the statements of comprehensive income.

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	2020	2019
Trade receivables	**P 217,624,997**	P 147,795,532
Non-trade receivables	**290,992,394**	115,708,840
Advances to officers and employees	**-**	7,480,010
Others	**24,941,442**	16,716,248
	533,558,833	287,700,630
Allowance for impairment losses	**(16,539,620)**	(10,961,202)
	P 517,019,213	P 276,739,428

Trade receivables are due from various customers and have credit terms ranging from 30 days to 60 days. The carrying amounts of the receivables are considered a reasonable approximation of fair values due to their short duration.

Advances to officers and employees pertain to personal cash advances. These are noninterest-bearing and are collected through salary deduction.

Non-trade receivables comprise of the Company's receivables from suppliers arising from vendors' support, marketing fees and miscellaneous income.

Others pertain to accrued interest receivable and receivable for the transferred retirement benefit obligation from a related party under common ownership (see Note 16.2).

All of the Company's trade and other receivables have been assessed for ECL both in 2020, 2019 and 2018. In 2020 and 2019, the Company recognized an impairment loss amounting to P5.6 million and P11.0 million, respectively. In 2018, the Company wrote-off certain receivables amounting to P19.4 million. The impairment loss recognized is presented as Impairment loss under Selling, General and Administrative Expenses in the statements of comprehensive income (see Note 14.2).

A reconciliation of the allowance for impairment of trade receivables at beginning and end of 2020 and 2019 is shown below.

	Note	**2020**	2019
Balance at beginning of year		**P 10,961,202**	P -
Impairment losses	14.2	**5,578,418**	10,961,202
Balance at end of year		**P 16,539,620**	P 10,961,202

7. MERCHANDISE INVENTORIES

Merchandise inventories pertain to goods owned by the Company, which include construction materials, home improvements, furnishings and décor products, among others, that are traded under the normal course of business, and amounted to P6.3 billion and P5.2 billion as of December 31, 2020 and 2019, respectively (see Note 14.1). The Company did not provide any allowance for inventory obsolescence as the merchandise inventories are deemed saleable. Merchandise inventories were all stated at cost, which is lower than net realizable value, as of December 31, 2020 and 2019.

Cost of merchandise inventories charged to operations are presented as Cost of Merchandise Sold in the statements of comprehensive income (see Note 14.1).

8. OTHER ASSETS

The composition of this account is shown below.

	Note		2020		2019
Current:					
Advances for purchases		**P**	**374,412,125**	P	244,150,817
Deferred input value-added taxes (VAT)			**10,000,442**		22,287,680
Prepaid dues and subscription			**1,972,217**		13,676,306
Prepaid rent			**1,082,869**		3,664,565
Others			**13,749,367**		12,012,407
			401,217,020		295,791,775
Non-current:					
Advances to suppliers			**499,941,998**		409,701,058
Materials and supplies	9		**294,657,372**		-
			794,599,370		409,701,058
		P	**1,195,816,390**	P	705,492,833

Advances for purchases pertaining to mobilization funds made to various third party suppliers, including service providers, which are primarily used in the purchase of merchandise inventories subsequent to December 31, 2020 and 2019 are presented as part of Other Current Assets in the statements of financial position.

Advances to suppliers pertaining to mobilization funds made to various contractors for the construction of several items under property and equipment are presented as Other Non-current Asset in the statements of financial position.

Materials and supplies pertain to construction materials intended for store fit-out.

Others consist of prepaid taxes and licenses, repairs, supplies, insurance and advertising.

9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2020 and 2019 are shown below.

	Store Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvements	Right-of-use Assets - Store Outlets	Right-of-use Assets - Warehouse	Construction in Progress	Total
December 31, 2020								
Cost	P 3,025,912,287	P 578,479,482	P 169,297,547	P 4,381,685,258	P 4,802,663,990	P 76,087,201	P 1,043,981,176	P 14,078,106,941
Accumulated depreciation and amortization	(534,823,954)	(159,929,862)	(70,055,894)	(420,239,634)	(871,697,520)	(33,559,774)	-	(2,090,306,638)
Net carrying amount	**P 2,491,088,333**	**P 418,549,620**	**P 99,241,653**	**P 3,961,445,624**	**P 3,930,966,470**	**P 42,527,427**	**P 1,043,981,176**	**P 11,987,800,303**
December 31, 2019								
Cost	P 2,600,878,300	P 360,291,093	P 138,900,408	P 2,806,079,593	P 4,802,663,990	P 135,424,751	P 1,535,860,218	P 12,380,098,353
Accumulated depreciation and amortization	(375,353,395)	(98,345,862)	(55,957,392)	(256,326,938)	(407,083,277)	(36,051,093)	-	(1,229,117,957)
Net carrying amount	P 2,225,524,905	P 261,945,231	P 82,943,016	P 2,549,752,655	P 4,395,580,713	P 99,373,658	P 1,535,860,218	P 11,150,980,396
January 1, 2019								
Cost	P 1,633,365,002	P 205,264,089	P 104,820,990	P 1,468,831,413	P 3,159,007,747	P 75,853,974	P 77,927,483	P 6,725,070,698
Accumulated depreciation and amortization	(242,992,549)	(58,026,971)	(45,454,749)	(174,274,922)	-	-	-	(520,749,191)
Net carrying amount	P 1,390,372,453	P 147,237,118	P 59,366,241	P 1,294,556,491	P 3,159,007,747	P 75,853,974	P 77,927,483	P 6,204,321,507

The reconciliation of the net carrying amount of property and equipment at the beginning and end of 2020 and 2019 is shown in the succeeding page.

	Store Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvements	Right-of-use Assets - Store Outlets	Right-of-use Assets - Warehouse	Construction in Progress	Total
Balance at January 1, 2020, net of accumulated depreciation and amortization	P 2,225,524,905	P 261,945,231	P 82,943,016	P 2,549,752,655	P 4,395,580,713	P 99,373,658	P 1,535,860,218	P 11,150,980,396
As previously reported								
Additions –								
Other property and equipment	12,599,103	128,188,389	9,180,667	74,487,245	-	-	1,827,548,106	2,052,003,510
Right-of-use assets (see Note 12)	-	-	-	-	-	5,575,953	-	5,575,953
Reclassifications	412,434,884	90,000,000	21,216,472	1,501,118,420	-	-	(2,319,427,148)	(294,657,372)
Lease modification	-	-	-	-	-	(20,939,092)	-	(20,939,092)
Depreciation and amortization charges for the year	(159,470,559)	(61,584,000)	(14,098,502)	(163,912,696)	(464,614,243)	(41,483,092)	-	(905,163,092)
Balance at December 31, 2020, net of accumulated depreciation and amortization	**P 2,491,088,333**	**P 418,549,620**	**P 99,241,653**	**P 3,961,445,624**	**P 3,930,966,470**	**P 42,527,427**	**P 1,043,981,176**	**P 11,987,800,303**
Balance at January 1, 2019, net of accumulated depreciation and amortization	P 1,390,372,453	P 147,237,118	P 59,366,241	P 1,294,556,491	P 3,159,007,747	P 75,853,974	P 77,927,483	P 6,204,321,507
Additions:								
Other property and equipment	290,629,316	93,813,192	34,079,418	715,050,784	-	-	2,818,227,925	3,951,800,635
Right-of-use assets (see Note 12)	-	-	-	-	1,643,656,243	59,570,777	-	1,703,227,020
Reclassifications	663,696,428	59,999,221	-	636,599,541	-	-	(1,360,295,190)	-
Depreciation and amortization charges for the year	(119,173,292)	(39,104,300)	(10,502,643)	(96,454,161)	(407,083,277)	(36,051,093)	-	(708,368,766)
Balance at December 31, 2019, net of accumulated depreciation and amortization	P 2,225,524,905	P 261,945,231	P 82,943,016	P 2,549,752,655	P 4,395,580,713	P 99,373,658	P 1,535,860,218	P 11,150,980,396

Construction-in-progress pertains to accumulated costs incurred on the construction of new stores. The ongoing projects as of December 31, 2019 were fully completed in 2020 while the remaining ongoing projects as of December 31, 2020 are expected to be completed by 2021. Other than the remaining capital expenditures, there are no other capital commitments relating to the ongoing projects.

In 2020, the Company reclassified certain Construction-in-progress which pertains to unused construction materials as of December 31, 2020 amounting to P294.7 million to Materials and supplies under the Other Noncurrent Assets in the 2020 statement of financial position (see Note 8). There was no reclassification in 2019.

The Company's right-of-use assets pertain to store and warehouse facilities with terms ranging from 2 to 16 years, inclusive of reasonably certain extension period [please refer also to Note 3.1(a)], and an average remaining lease term of eight years as of December 31, 2020 (see Note 12). In addition, there are leases with extension options and with variable consideration. Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. The Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. There are no leases with options to purchase or terminate. The Company has no low-value leases.

On January 1, 2019, the Company recognized right-of-use assets and lease liabilities amounting to P3,234.9 million and P3,510.7 million, respectively, and reversed certain prepaid rent amounting to P34.5 million. Also, in 2019, the Company recognized additional right-of-use asset amounting to P1,703.2 million and the corresponding lease liability of the same amount (see Note 12.1). In addition, the Company accrued interest arising from rent-free periods amounting to P30.6 million which is presented as part of Lease Liabilities in the 2019 statement of financial position (see Note 12.1). There was no rent-free periods and additional right-of-use asset recognized in 2020.

The amount of depreciation and amortization is presented as part of Selling, General and Administrative Expenses in the statements of comprehensive income (see Note 14.2).

In 2019 and 2018, borrowing costs amounting to P220.3 million and P173.7 million, respectively, based on capitalization rate ranging from 6.25% to 6.69% for specific borrowing in those years, were capitalized as part of construction-in-progress. There was no borrowing cost capitalized in 2020.

As of December 31, 2020 and 2019, the gross carrying amount of the Company's fully-depreciated property and equipment that are still used in operations is P46.1 million and P27.5 million, respectively.

There were no items of property and equipment that were used as collateral for any of the Company's loans.

10. TRADE AND OTHER PAYABLES

This account consists of:

	Note		2020		2019
Trade payables		**P**	**1,064,726,977**	P	1,290,797,720
Non-trade payables			**133,251,156**		583,462,688
Accrued expenses	11		**50,363,673**		74,399,661
VAT payable			**48,165,800**		55,023,731
Withholding taxes payable			**14,397,502**		12,914,896
Retention payable			**2,294,190**		4,869,944
Others			**2,590,998**		2,258,436
		P	**1,315,790,296**	P	2,023,727,076

Trade payables arise from the Company's purchases of merchandise inventories and other direct costs. These are noninterest-bearing and have credit terms ranging from 30 days to 60 days.

Non-trade payables arise from the Company's capital asset acquisitions and other operating expenditures not yet paid as of the end of the period.

Accrued expenses are liabilities arising from unpaid interest on loans, rent, utilities, salaries and others costs.

Retention payable pertains to the amount withheld from service contractors which shall be refunded at the end of the contract.

The Company operates a customer loyalty incentive programme where individual customers accumulate points for purchases made which entitle them for award credits on future purchases. In 2020, the Company recognized a deferred revenue for the unredeemed points amounting to P0.6 million. There are no deferred revenue in 2019 and 2018.

11. LOANS AND BORROWINGS

Loans and borrowings pertain to outstanding short-term loans amounting to P2,042.9 million which is presented in the statement of financial position as of December 31, 2020.

11.1 Short-term Loans

The Company obtained various short-term loans from various local banks for the Company's working capital requirements with fixed interest rates ranging from 6.5% to 8.25% in 2020 and 7.0% to 9.0% in 2019, and with terms of 180 days. These loans are rolled-over upon maturity and are secured by cross suretyship of the Company's ultimate parent company (see Note 18.3). There are no loan covenants on the Company's short-term loans. As of December 31, 2020, the Company's outstanding short-term loans amounted to P2.0 billion.

11.2 Long-term Loans

In 2018, the Company obtained five-year corporate loans, inclusive of two-year grace period, from various local banks, to finance the construction and expansion of the Company's stores, with fixed interest rates ranging from 6.25% to 6.69% in 2019. The loans are secured by cross suretyship of the Company's ultimate parent company (see Note 18.3). The Company fully settled the outstanding long-term loans in 2019.

The Company monitors capital on the debt-to-equity ratio on its covenants with certain financial institutions. The Company has properly complied with the loans' covenants as of December 31, 2019. There was no outstanding long-term loan as of December 31, 2020.

Interest expense incurred on these loans, which is presented as part of Finance costs under Finance Income (Costs) in the statements of comprehensive income, amounted to P48.9 million, P112.1 million and P46.4 million in 2020, 2019 and 2018, respectively (see Note 15). On the other hand, capitalized borrowing costs amounting to P220.3 million and P173.7 million in 2019 and 2018, respectively, based on capitalization rate ranging from 6.25% to 6.69% for specific borrowing in those periods, were included as part of construction-in-progress (see Note 9). There was no borrowing cost recognized in 2020.

Interest payable from these loans amounted to P5.17 million and P22.7 million as of December 31, 2020 and 2018, respectively, and is presented as part of Accrued expenses under Trade and Other Payables in the 2020 and 2018 statement of financial position (see Note 10). There was no outstanding interest payable as of December 31, 2019.

A reconciliation of the carrying amounts of short-term and long-term loans at the beginning and end of December 31, 2020, 2019 and 2018 is presented below.

	Short-term Loans	Long-term Loans	Total
Balance as of January 1, 2020	P -	P -	P -
Cash flows from financing activities –			
Additional borrowings	2,042,913,149	-	2,042,913,149
Balance as of December 31, 2020	**P 2,042,913,149**	**P -**	**P 2,042,913,149**
Balance as of January 1, 2019	P 1,200,000,000	P 3,115,384,615	P 4,315,384,615
Cash flows from financing activities:			
Additional borrowings	2,401,300,000	-	2,401,300,000
Repayment of borrowings	(3,601,300,000)	(3,115,384,615)	(6,716,684,615)
Balance as of December 31, 2019	P -	P -	P -
Balance as of January 1, 2018	P 1,100,000,000	P 1,800,000,000	P 2,900,000,000
Cash flows from financing activities:			
Additional borrowings	200,000,000	1,500,000,000	1,700,000,000
Repayment of borrowings	(100,000,000)	(184,615,385)	(284,615,385)
Balance as of December 31, 2018	P 1,200,000,000	P 3,115,384,615	P 4,315,384,615

12. LEASES

The Company has lease contracts for its store outlets and warehouse facilities (see Note 9). These lease contracts include extension and variable lease payments.

12.1 Lease Liability

Lease liability is presented in the statements of financial position as of December 31, 2020 and 2019 as follows:

		2020		2019
Current	**P**	**384,798,495**	P	371,097,743
Non-current		**4,180,721,841**		4,571,111,620
	P	**4,565,520,336**	P	4,942,209,363

The movements in the lease liability recognized in the statements of financial position are as follows:

		2020		2019
Balance as of December 31	**P**	**4,942,209,363**	P	3,510,740,394
Cash flows from financing activities – Repayment of lease liabilities	**(**	**362,633,572)**	(	302,321,645)
Non-cash financing activities:				
Lease modification	**(**	**19,631,408)**		-
Additional lease liabilities		**5,575,953**		1,703,227,020
Interest payable		**-**		30,563,594
Balance as of December 31, 2020	**P**	**4,565,520,336**	P	4,942,209,363

In 2019, the Company entered in several lease agreements with six-month rent-free period. The Company accrued interest for the six-month rent-free period which is presented as part of Lease Liabilities in the 2019 statement of financial position. There was no similar transaction in 2020.

The use of termination option to certain lease contracts gives the Company added flexibility in the event it has identified more suitable premises in terms of cost and/or location. The future cash outflows to which the Company is potentially exposed to that are not reflected in the measurement of lease liabilities represent the amount of remaining utility bills until clearance from the contract, other damages to the premises, if any, and the security deposits and advance rentals to be forfeited. An option is only exercised when consistent with the Company's business strategy and the economic benefits of exercising such option exceeds the expected overall cost. As of December 31, 2019, the Company has no historical experience of exercising termination option for its existing lease agreements.

In 2020, the Company derecognized right-of-use assets with a carrying amount of P20.9 million as a result of the pre-termination of leases on certain warehouse facilities (see Note 9). The corresponding lease liabilities were derecognized amounting to P19.6 million. Loss on lease modification of leases amounting to P1.3 million was recognized and is presented as part of Selling, General and Administrative Expenses in the 2020 statement of comprehensive income (see Note 14.2).

As of December 31, 2020, the Company has no commitments for leases entered into which had not commenced.

The undiscounted maturity analysis of lease liabilities at December 31 is as follows:

	2020		
	Lease Payments	**Finance Charges**	**Net Present Values**
Within 1 year	P 684,446,980	P 299,648,485	P 384,798,495
1 to 2 years	675,748,561	273,647,583	402,100,978
2 to 3 years	687,194,175	245,648,456	441,545,719
3 to 4 years	700,490,106	214,611,164	485,878,942
4 to 5 years	714,932,194	180,190,024	534,742,170
5 to 13 years	2,655,890,169	339,436,137	2,316,454,032
Total	**P 6,118,702,185**	**P 1,553,181,849**	**P 4,565,520,336**

	2019		
	Lease Payments	Finance Charges	Net Present Values
Within 1 year	P 696,417,086	P 325,319,343	P 371,097,743
1 to 2 years	688,491,370	299,999,742	388,491,628
2 to 3 years	677,698,146	273,699,016	403,999,130
3 to 4 years	687,194,175	245,648,456	441,545,719
4 to 5 years	700,490,106	214,611,164	485,878,942
5 to 13 years	3,370,822,363	519,626,162	2,851,196,201
Total	P 6,821,113,246	P 1,878,903,883	P 4,942,209,363

12.2 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P687.9 million and P569.5 million in 2020 and 2019, respectively.

The Company also entered into lease agreements that contain variable payment linked to sales generated from certain stores. The expenses relating to these leases are presented as Rentals under Selling, General and Administrative Expenses in the statements of comprehensive income (see Note 14.2).

The expenses recognized in the statements of comprehensive income are as follows:

	Notes	2020	2019
Depreciation expense of right-of-use assets	9	**P 506,097,335**	P 443,134,370
Variable lease payments		**343,367,773**	181,946,728
Interest expense on lease liabilities	15	**325,233,511**	297,703,409
		P 1,174,698,619	P 922,784,507

13. REVENUES

The Company's revenues arise from sale transactions with individual and corporate customers in the Philippines totaling to P12.4 billion, P12.1 billion and P7.2 billion in 2020, 2019 and 2018, respectively.

The 2020, 2019, and 2018 disaggregation on revenue recognition whether point in time or over time is shown below.

	Note	Point in time	Over time	Total
2020:				
Sales	18.4	P 12,414,148,867	P -	P 12,414,148,867
Vendors' support		-	305,798,124	305,798,124
Delivery fees		-	39,849,564	39,849,564
Marketing fees		-	36,858,074	36,858,074
Rentals		-	13,346,636	13,346,636
Miscellaneous		1,909,178	-	1,909,178
		P 12,416,058,045	**P 395,852,398**	**P 12,811,910,443**
2019:				
Sales	18.4	P 12,060,276,883	P -	P 12,060,276,883
Vendors' support		-	243,675,678	243,675,678
Delivery fees		-	39,951,115	39,951,115
Marketing fees		-	37,403,800	37,403,800
Rentals		-	24,666,262	24,666,262
Miscellaneous		6,634,847	-	6,634,847
		P 12,066,911,730	P 345,696,855	P 12,412,608,585
2018:				
Sales	18.4	P 7,192,220,055	P -	P 7,192,220,055
Vendors' support		-	152,041,998	152,041,998
Delivery fees		-	31,168,980	31,168,980
Marketing fees		-	19,795,509	19,795,509
Rentals		-	129,613	129,613
Miscellaneous		6,475,957	-	6,475,957
		P 7,198,696,012	P 203,136,100	P 7,401,832,112

Vendors' support, marketing fees, delivery fees, rentals and miscellaneous are presented as Support, Fees, Rental and Other Revenue in the statements of comprehensive income. Miscellaneous income comprise of support received from supplier for store opening and clearance sales.

14. COST AND EXPENSES

14.1 Cost of Merchandise Sold

The details of cost of merchandise sold are shown below.

	Note	2020	2019	2018
Merchandise inventories at beginning of year	7	**P 5,208,925,853**	P 2,690,897,676	P 1,494,289,776
Purchases during the year		**9,565,894,575**	10,970,217,355	6,258,492,374
Cost of goods available for sale		**14,774,820,428**	13,661,115,031	7,752,782,150
Merchandise inventories at end of year	7	**6,288,764,468**	5,208,925,853	2,690,897,676
		P 8,486,055,960	P 8,452,189,178	P 5,061,884,474

14.2 Selling, General and Administrative Expenses

The details of selling, general and administrative expenses by nature are shown below.

	Notes	2020	2019	2018
Depreciation and amortization	9	**P 905,163,092**	P 708,368,766	P 177,708,409
Rentals	12.2	**343,367,773**	181,946,728	450,132,564
Salaries, wages and employee benefits	16.1	**327,703,794**	273,159,416	165,407,958
Outside services		**288,314,976**	251,784,935	243,037,928
Communications and utilities		**271,037,432**	220,261,474	193,846,026
Merchant fee		**127,854,588**	116,572,848	71,954,724
Taxes and licenses		**102,253,048**	76,625,750	50,604,363
Advertising and promotions		**34,920,525**	67,020,862	48,973,174
Office and store supplies		**29,450,690**	32,800,768	25,385,190
Repairs and maintenance		**24,704,735**	27,254,417	24,938,461
Dues and subscription		**21,385,283**	17,549,713	33,514,485
Tranportation expense		**15,613,039**	35,416,367	25,349,084
Insurance expense		**8,917,756**	7,178,058	7,344,953
Professional fees		**7,422,415**	12,176,991	4,111,238
Impairment loss	6	**5,578,418**	10,961,202	19,388,772
Representation and entertainment		**5,512,471**	10,921,072	7,860,060
Commission expense		**2,556,971**	5,916,021	4,648,869
Loss on lease modification	12	**1,307,684**	-	-
Miscellaneous		**16,600,800**	13,805,797	10,676,989
		P 2,539,665,490	P 2,069,721,185	P 1,564,883,247

15. FINANCE COSTS

Finance costs include the following:

	Notes		2020		2019		2018
Interest expense from:							
Lease liabilities	12.2	**P**	**325,233,511**	P	297,703,409	P	-
Loans payable	11		**48,888,597**		112,057,659		46,364,729
Retirement benefit obligation	16.2		**3,662,586**		2,047,963		-
Others			**12,206**		251,291		-
		P	**377,796,900**	P	412,060,322	P	46,364,729

16. SALARIES, WAGES AND EMPLOYEE BENEFITS

16.1 Salaries, Wages and Employee Benefits

Expenses recognized for salaries, wages and employee benefits in 2020, 2019 and 2018 are presented below.

	Notes		2020		2019		2018
Salaries and wages		**P**	**282,250,805**	P	234,133,808	P	146,593,591
Post-employment benefit	16.2		**12,850,645**		11,850,357		-
Other employee benefits			**32,602,344**		27,175,251		18,814,367
	14.2	**P**	**327,703,794**	P	273,159,416	P	165,407,958

16.2 Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

The Company maintains an unfunded, noncontributory post-employment defined benefit plan covering all qualified employees.

The normal retirement age of the Company's employees is at 60 with a minimum of five years of credited service. The compulsory retirement age is at 65 with a minimum of five years of credited service. The normal retirement benefit is equal to 100% of the monthly salary multiplied by every year of credited service.

(b) Explanation of Amounts Presented in the Financial Statements

The most recent actuarial valuation in 2020 and 2019 dated March 9, 2021 and March 18, 2020, respectively, was performed by a professionally qualified external actuary.

The movements in the present value of the retirement benefit obligation recognized in the statements of financial position are as follows:

		2020		2019
Balance at beginning of year	P	**73,324,090**	P	-
Current service cost		**12,850,645**		11,850,357
Transferred liability		**8,195,857**		16,716,248
Interest expense		**3,662,586**		2,047,963
Actuarial losses (gains) arising from:				
Experience adjustments	(	**32,195,182)**		42,709,522
Changes in financial assumptions		**8,937,510**		-
Changes in demographic assumptions	(	**6,456,642)**		-
Balance at end of year	**P**	**68,318,864**	P	73,324,090

In 2020 and 2019, the Company recognized a receivable for the transferred retirement benefit obligation related to the transfer of employees to the Company from a related party under common ownership amounting to P8.2 million and P16.7 million which remained outstanding as of December 31, 2020 and 2019. The outstanding receivable is presented as part of Others under Trade and Other Receivables in the statements of financial position (see Notes 6 and 18).

The amounts of post-employment benefit recognized in profit or loss and in other comprehensive loss in respect of the defined benefit post-employment plan are as follows (see Note 16.1):

		2020		2019
Reported in profit or loss:				
Current service cost	**P**	**12,850,645**	P	11,850,357
Interest expense		**3,662,586**		2,047,963
	P	**16,513,231**	P	13,898,320
Reported in other comprehensive loss (income):				
Actuarial losses (gains) arising from:				
Experience adjustments	**(P**	**32,195,182)**	P	42,709,522
Changes in financial assumptions		**8,937,510**		-
Changes in demographic assumptions	(	**6,456,642)**		-
	(P	**29,714,314)**	P	42,709,522

The interest expense is included as part of Finance Costs under Finance Income (Costs) in the statements of comprehensive income (see Note 15).

Amounts recognized in other comprehensive income (loss) were included within items that will not be reclassified subsequently to profit or loss.

In determining the amount of the retirement benefit obligation, the following significant actuarial assumptions were used for the year ended December 31:

	2020	2019
Discount rates	**4.06%**	5.10%
Expected rate of salary increases	**7.75%**	7.75%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 28 years. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

The plan exposes the Company to actuarial risks such as interest rate risk, longevity risk and salary risk.

(i) Interest Rate Risk

The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation.

(ii) Longevity and Salary Risks

The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, and the timing and uncertainty of future cash flows related to the retirement plan as of December 31, 2020 are discussed in the succeeding pages.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation (asset) as of December 31, 2020 and 2019:

	Impact on Retirement Benefit Obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
2020:			
Discount rate	**+/- 1%**	**(P 8,659,130)**	**P 10,517,134**
Salary growth rate	**+/- 1%**	**10,370,692**	**(8,731,300)**
2019:			
Discount rate	+/- 1%	(P 9,436,979)	P 11,423,165
Salary growth rate	+/- 1%	11,389,662	(9,601,605)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the 2020 statement of financial position.

(ii) Funding Arrangements and Expected Contributions

The plan is currently unfunded by P128.9 million based on the latest actuarial valuation. While there are no minimum funding requirement in the country, the size of the underfunding may pose a cash flow risk that the Company may be exposed to if several employees retire within the same year.

The Company has yet to determine when to establish a retirement fund and how much to contribute.

The maturity profile of the undiscounted expected benefit payments as of December 31 from the plan follows:

	2020	2019
Within five years	**P 11,784,535**	P 11,712,388
More than five years to 10 years	**36,369,195**	45,213,346
More than 10 years	**586,919,188**	904,145,385
	P 635,072,918	P 961,071,119

Management expects that a substantial portion of the undiscounted expected benefit payments is probable after 10 years from the end of the reporting period. The weighted average duration of the defined benefit obligation at the end of the reporting period is 24 years.

17. INCOME TAXES

The components of tax expense as reported in profit or loss follow:

	2020	2019	2018
Reported in profit or loss:			
Current tax expense:			
Regular corporate income tax (RCIT) at 30%	**P 292,135,436**	P 325,218,635	P 105,385,831
Final tax at 20%	**464,846**	4,128,296	329,308
	292,600,282	329,346,931	105,715,139
Deferred tax expense relating to originating and reversal of other temporary differences	**130,400,192**	120,183,392	113,224,068
	P 423,000,474	P 449,530,323	P 218,939,207
Reported in other comprehensive loss:			
Deferred tax expense (income) relating to originating and reversal of other temporary differences	**(P 8,914,294)**	P 12,812,856	P -

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in profit or loss is as follows:

	2020	2019	2018
Tax on pretax profit at 30%	**P 423,214,897**	P 449,783,814	P 219,103,860
Adjustment for income subjected to lower tax rate	**(232,423)**	(2,064,148)	(164,653)
Tax effects of non-deductible expense	**18,000**	1,810,657	-
Tax expense	**P 423,000,474**	P 449,530,323	P 218,939,207

The Company is subject to the minimum corporate income tax (MCIT) computed at 2% of gross income as defined under the tax regulations, or RCIT, whichever is higher. The Company reported RCIT in 2020, 2019 and 2018 as RCIT was higher than MCIT in those years.

The net deferred tax liabilities as of December 31 relate to the following:

	Statements of Financial Position		Statements of Comprehensive Income – Profit or Loss			Statements of Comprehensive Income – Other Comprehensive Loss	
	2020	2019	**2020**	2019	2018	**2020**	2019
Deferred tax assets:							
Leases - PFRS 16	**P 187,563,987**	P 144,524,858	**(P 43,039,129)**	(P 51,412,896)	P -	**P -**	P -
Post-employment defined obligation	**13,022,030**	16,982,353	**(4,953,971)**	(4,169,496)	-	**(8,914,294)**	12,812,856
Impairment loss	**4,961,886**	3,288,361	**(1,673,525)**	(3,288,361)	-	**-**	-
Reward liability	**176,560**	-	**(176,560)**	-	-	**-**	-
	205,724,463	164,795,572	**(49,843,185)**	(58,870,753)	-	**(8,914,294)**	12,812,856
Deferred tax liabilities:							
Borrowing costs	**(134,883,818)**	(143,148,952)	**(8,265,134)**	60,466,819	49,876,310	**-**	-
Tax depreciation	**(255,157,672)**	(147,222,432)	**107,935,240**	83,874,674	63,347,758	**-**	-
Uncollected income	**(115,285,923)**	(34,712,652)	**80,573,271**	34,712,652	-	**-**	-
	(505,327,413)	(325,084,036)	**180,243,377**	179,054,145	113,224,068	**-**	-
Deferred tax liabilities - net	**(P 299,602,950)**	(P 160,288,464)					
Deferred tax expense (income)			**P 130,400,192**	P 120,183,392	P 113,224,068	**(P 8,914,294)**	P 12,812,856

The Company claimed itemized deductions for 2020, 2019 and 2018 in computing for its income tax due.

On February 1, 2021, the Bicameral Conference Committee of the Philippine House of Representatives and the Philippine Senate has approved the reconciled version of the Corporate Recovery and Tax Incentives (CREATE) bill which, among others, seeks to lower RCIT rates and rationalize certain fiscal incentives. As of the date of issuance of the Company's 2020 financial statements, the CREATE bill is yet to be enacted into a law pending approval by the President of the Philippines.
The effective date on the reconciled version of the CREATE bill for corporate income tax rate is July 1, 2020. When enacted, the corporate income tax rate for the Company from January 1, 2020 to June 30, 2020 and July 1, 2020 to December 31, 2020 will be 30% and 25%, respectively. Accordingly, the foregoing tax rates will be different from the rate used in the Company's 2020 financial statements of 30% for the whole taxable year. As a result, amounts of total income tax payable, net deferred tax liabilities and tax expense per financial statements will differ from the income tax return.

18. RELATED PARTY TRANSACTIONS

The Company's related parties include its ultimate parent company, parent company, related parties under common ownership, key management personnel and others. The summary of the Company's transactions with its related parties and the related outstanding balances as of December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 are discussed in the succeeding pages.

		Amount of Transactions			**Outstanding Balances Receivables (Payables)**	
	Notes	**2020**	2019	2018	**2020**	2019
Parent Company:						
Advances paid (obtained)	18.1	**P -**	P 498,745,008	(P 537,750,000)	**P -**	P -
Advances granted					**-**	-
(collected)	18.2	**-**	-	(21,400,000)	**-**	-
Assignment and offsetting of advances	18.2	**-**	126,607,284	-	**-**	-
Sale of merchandise	18.4	**-**	297,750	1,864	**-**	-
Related Parties Under Common Ownership:						
Lease liability (PFRS 16)	12	**-**	4,124,540,460	-	**3,818,778,732**	4,124,540,460
Right-of-use asset (PFRS 16)	9, 12	**-**	3,734,180,917	-	**3,332,771,608**	3,734,180,917
Depreciation (PFRS 16)	9, 12	**421,033,483**	348,843,184	-	**-**	-
Interest (PFRS 16)	12, 15	**274,986,387**	245,135,841	-	**-**	-
Sale of merchandise	18.4	**88,875,368**	223,866,256	82,670,577	**-**	-
Transferred retirement benefit obligation	6, 16.2	**8,195,857**	16,716,248	-	**24,912,105**	16,716,248
Advances paid (obtained)	18.1	**-**	-	150,000,000	**-**	-
Advances granted (collected)	18.2	**-**	128,607,284	29,400,000	**-**	-
Assignment of advances	18.2	**-**	(128,607,284)	-	**-**	-
Advances assigned	18.1	**-**	2,000,000	-	**-**	-
Rentals	12	**325,946,167**	166,629,474	394,465,381	**-**	(21,117,035)
Key Management Personnel -						
Compensation	18.5	**65,540,791**	23,200,000	-	**-**	-

Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties. Management assessed that the outstanding receivables from related parties as of December 31, 2020 and 2019 are recoverable since these related parties have the capacity to pay the advances upon demand. There were no impairment losses recognized for these receivables from related parties in 2020, 2019 and 2018.

18.1 Advances Obtained

The Company obtains unsecured, noninterest-bearing cash advances from its parent company and related parties under common ownership for its working capital requirements, which are payable in cash on demand.

In 2019, the Company's payable to a related party under common ownership was assigned to the parent company. Also in 2019, the Company has set-off certain advances payable to the parent company against its receivable from the same related party (see Note 18.2).

An analysis of the movements in the Due to Related Parties in 2019 is shown below.

Balance at beginning of year		P 627,352,292
Debt-to-equity conversion	19.1	(1,000,000,000)
Advances obtained during the year		709,829,951
Advances paid during the year		(208,574,959)
Offsetting of advances		(128,607,284)
Balance at end of year		P -

In 2019 and 2018, the Company issued additional shares of stock amounting to P1,000.0 million and P660.0 million, which was subscribed and fully paid through the conversion of certain advances from related parties to equity (see Note 19.1). There was no similar transaction in 2020.

18.2 Advances Granted

The Company provides unsecured, noninterest-bearing cash advances to its related parties under common ownership for their working capital requirements, which are collectible in cash on demand.

In 2019, the Company's receivables from related parties under common ownership amounting to P128.6 million were assigned by the related parties to the parent company. These receivables were subsequently set-off by the Company against its payables to the parent company (see Note 18.1). There was no similar transaction in 2020.

An analysis of the movements in the Due from Related Parties in 2019 is shown below.

Balance at beginning of year	P 133,913,000
Collections during the year	(341,975,716)
Advances granted during the year	336,670,000
Offsetting of advances	(128,607,284)
Balance at end of year	P -

18.3 Guarantees of Loans

The Company obtained short-term loans with interests ranging from 6.5% to 8.25% in 2020 and 7.0% and 9.0% in 2019 for additional working capital requirements, and store construction and expansion. The loans are secured by cross suretyship of its ultimate parent company (see Note 11).

18.4 Sale of Merchandise

The Company sells various merchandise items to its related parties with similar transaction price and terms under exact business circumstance with third parties. These transactions are presented as part of Revenues in the statements of comprehensive income (see Note 13).

18.5 Key Management Personnel Compensation

The total compensation of key management personnel, which include all managers and executives, is shown below.

		2020		2019
Short-term benefits	**P**	**56,436,000**	P	23,200,000
Post-employment defined benefits		**9,104,791**		-
	P	**65,540,791**	P	23,200,000

The Company has no expenses recognized for key management compensation in 2018 since its key management functions were handled by the parent company at no cost to the Company.

19. EQUITY

19.1 Capital Stock

Details of this account are shown below.

	Shares			Amount		
	2020	2019	2018	**2020**	2019	2018
Authorized - par value						
Common – P1.00 par value	**5,900,000,000**	5,900,000,000	2,000,000,000	**P 5,900,000,000**	P 5,900,000,000	P 2,000,000,000
Preferred – P0.10 par value	**1,000,000,000**	1,000,000,000	-	**100,000,000**	100,000,000	-
Issued and outstanding:						
Common shares:						
Balance at beginning of year	**3,750,000,002**	2,000,000,000	1,340,000,000	**P 3,750,000,002**	P 2,000,000,000	P 1,340,000,000
Issuance during the year	**-**	1,750,000,002	660,000,000	**-**	1,750,000,002	660,000,000
Balance at end of year	**3,750,000,002**	3,750,000,002	2,000,000,000	**P 3,750,000,002**	P 3,750,000,002	P 2,000,000,000

In 2018, the Company issued additional shares of stock for a total consideration of P660.0 million to existing stockholders. The shares of stock were subscribed and fully paid through the conversion of certain advances from related parties to equity (see Note 18.1). The debt-to-equity conversion was approved by the SEC on December 28, 2018.

On July 8, 2019, the SEC approved the Company's application for the increase of authorized capital stock from P2.0 billion to P6.0 billion divided into 5,900,000,000 common shares with par value of P1.00 per common share and 1,000,000,000 preferred shares with par value of P0.10 per preferred share. On the same date, the Company issued 1,000,000,000 common shares for the payment of certain advances from its parent company that were converted into equity and two common shares for a consideration of P2.00 to independent directors (see Note 18.1).

On October 10, 2019, the Company, by way of a primary offering (IPO), sold 750,000,000 shares of its common stock (Offer Share) at an offer price of P11.50 per Offer Share, and generated proceeds of P7,959.3 million from such IPO, net of IPO expenses amounting to P665.7 million.

As of December 31, 2020, the Company's number of shares registered totaled 3,750,000,002 with par value of P1.00 per share and closed at a price of P9.15. The total number of stockholders is 29 and 24 as of December 31, 2020 and 2020, with the shares held in the name of PCD Nominee Corporation belonging to 132 and 137 participants, respectively. The public float lodged with PCD Nominee Corporation is counted only as one stockholder.

19.2 Additional Paid-In Capital

Additional paid-in capital consists of P7,209.3 million from the initial public offering in 2019, net of P665.7 million stock issuance costs incurred such as underwriting fees and commissions, taxes and filing fees (see Note 19.1).

19.3 Dividends Declaration

In 2020 and 2019, the Company's BOD approved the declaration of cash dividends amounting to P52.5 million (P0.014 per share) and P25.6 million (P1.280 per share) on November 25, 2020 and May 28, 2019, respectively, and payable to stockholders of record on December 14, 2020 and June 14, 2019, respectively. The cash dividends were fully settled in December 28, 2020 and June 28, 2019, respectively. There was no dividend declaration in 2018.

19.4 Revaluation Reserves

The component and reconciliation of items under Revaluation Reserves account in the statements of financial position are shown below (see Note 16.2).

	2020	2019
Balance at beginning of year	**(P 29,896,666)**	P -
Remeasurement on post-employment defined benefit obligation	**29,714,314**	(42,709,522)
Tax expense (income)	**(8,914,294)**	12,812,856
Balance at end of year	**(P 9,096,646)**	(P 29,896,666)

20. EARNINGS PER SHARE

EPS were computed as follows:

	2020		2019		2018	
Net profit	**P**	**987,715,849**	P	1,049,749,058	P	511,406,994
Divided by weighted average number of outstanding common shares		**3,750,000,002**		2,687,500,001		1,340,000,000
Basic and diluted EPS	**P**	**0.26**	P	0.39	P	0.38

The Company has no potential dilutive common shares as of December 31, 2020, 2019 and 2018.

21. COMMITMENTS AND CONTINGENCIES

The significant commitments and contingencies involving the Company are presented below.

21.1 Legal Claims

The Company is a party to certain case from the normal course of business. The Company and its legal counsel believe that any eventual liabilities under this case will not have a material effect on the financial statements. Accordingly, no provision for probable losses arising from legal contingencies was recognized in the financial statements as of December 31, 2020 and 2019.

21.2 Others

There are other commitments, guarantees and contingent liabilities that may arise in the normal course of operations of the Company which are not reflected in the financial statements. As of December 31, 2020 and 2019, management is of the opinion that losses, if any, from these items will not have any material effect on the Company's financial statements, taken as a whole.

22. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of operational and financial risks in relation to financial instruments. The Company's risk management is coordinated with its parent company, in close cooperation with the Company's BOD.

The Company does not normally engage in the trading of financial assets for speculative purposes nor does it write options. The most significant operational and financial risks to which the Company is exposed to are described in the succeeding pages.

22.1 Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. In 2020, 2019 and 2018, the Company is exposed to changes in market interest rates through its cash in banks and short-term placements, which are subject to variable interest rates. However, due to its short-duration, management believes that the interest rate sensitivity and its effect on the net result for the year and equity are not significant (see Note 5).

On the other hand, the Company's long-term bank loans are subject to fixed rates ranging from 6.25% to 6.69% per annum in 2019 (see Note 11). Accordingly, management assessed that the Company is not significantly exposed to changes in market interest rates for its bank borrowings in 2019. There was no long-term bank loan in 2020.

22.2 Credit Risk

Credit risk is the risk that counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting receivables to customers and related parties, and placing deposits.

The Company continuously monitors defaults of other counterparties, identified individually, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the financial statements, as summarized below and in the succeeding page.

	Notes	**2020**	2019
Cash and cash equivalents	5	**P 1,785,606,441**	P 2,342,992,013
Trade and other receivables	6	**517,019,213**	269,259,418
		P 2,302,625,654	P 2,612,251,431

Except for cash in banks, none of the Company's financial assets are secured by collateral or other credit enhancements.

(a) Cash

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for trade and other receivables.

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Company also concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables as it shares the same credit risk characteristics.

The expected loss rates are based on the payment and aging profiles over a period of 5 years before December 31, 2020 and 2019, respectively, and the corresponding historical credit losses experienced within such period. 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 that the Philippine gross domestic product in 2020 and 2019 was the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The Company identifies a default when the receivables become credit-impaired or when the customer is not able to settle the receivables within the normal credit terms of 30 to 60 days, depending on the terms with customers; hence, these receivables were already considered as past due on its contractual payment. In addition, the Company considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty.

On that basis, the loss allowance as of December 31, 2020 was determined based on months past due, for trade receivables, excluding advances to officers and employees, as follows:

	Not yet due/ Within in 1 year	**1 to 2 years**	**2 to 3 years**	**More than 3 years**	**Total**
Expected loss rate	0.00%	21.11%	33.73%	52.93%	
Gross carrying amount	P 161,362,756	P 33,220,585	P 13,898,081	P 9,143,575	P 217,624,997
Loss allowance	**-**	**7,012,152**	**4,687,452**	**4,840,016**	**16,539,620**

This compares to the loss allowance of the Company's for trade receivables, excluding advances to officers and employees, as of December 31, 2019 as follows.

	Not yet due/ Within in 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Expected loss rate	0.00%	21.74%	32.06%	49.93%	
Gross carrying amount	P 111,066,269	P 23,810,304	P 3,731,892	P 9,187,067	P 147,795,532
Loss allowance	-	5,177,072	1,196,583	4,587,547	10,961,202

22.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 30-day periods. Excess cash are invested in short-term placements. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As of December 31, 2020 the Company's financial liabilities have contractual maturities which are summarized below.

		Current		**Non-current**	
	Notes	**Upon demand/ Within Six Months**	**Six to 12 Months**	**One to Three Years**	**Later than Three Years**
Trade and other payables	10	P 1,253,226,994	P -	P -	P -
Loans payable	11	1,632,936,747	467,932,669	-	-
Lease liabilities	12	343,130,431	341,316,550	2,047,389,718	4,071,312,468
		P 3,229,294,172	**809,249,219**	**P 2,047,389,718**	**P 4,071,312,468**

This compares to the contractual maturities of the Company's financial liabilities as of December 31, 2019 as follows:

		Current		Non-current	
	Notes	Upon demand/ Within Six Months	Six to 12 Months	One to Three Years	Later than Three Years
Trade and other payables	10	P 1,955,788,449	-	P -	P -
Lease liabilities	12	348,820,305	347,596,782	1,234,036,478	3,337,075,143
		P 2,304,608,754	P 347,596,782	P 1,234,036,478	P 3,337,075,143

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the financial liabilities at the end of the reporting periods.

23. CATEGORIES AND FAIR VALUE MEASUREMENTS

23.1 Carrying Amounts and Fair Values Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are as follows:

		December 31, 2020		December 31, 2019	
Financial assets:	Notes	**Carrying Amounts**	**Fair Values**	Carrying Amounts	Fair Values
At amortized cost:					
Cash and cash equivalents	5	**P 1,785,606,441**	**P 1,785,606,441**	P 2,342,992,013	P 2,342,992,013
Trade and other receivables	6	**517,019,213**	**517,019,213**	269,259,418	269,259,418
		P 2,302,625,654	**P 2,302,625,654**	P 2,612,251,431	P 2,612,251,431
Financial liabilities:					
Financial liabilities at amortized cost:					
Trade and other payables	10	**P 1,253,226,994**	**P 1,253,226,994**	P 1,955,788,449	P 1,955,788,449
Lease liabilities	12	**4,565,520,336**	**4,565,520,336**	4,942,209,363	4,942,209,363
Loans payable	11	**2,042,913,149**	**2,042,913,149**	-	-
		P 7,861,660,479	**P 7,861,660,479**	P 6,897,997,812	P 6,897,997,812

Management considers that the carrying values of the above financial assets and financial liabilities, measured at amortized costs, approximate their fair values either because these instruments are short-term in nature or the effect of discounting for those with maturities of more than one year is not material.

See Note 2.3 for a description of the accounting policies for each category of financial instrument. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 22.

23.2 Offsetting of Financial Assets and Financial Liabilities

The Company's financial assets and financial liabilities with net amounts presented in the statements of financial position as of December 31, 2019 are subject to offsetting are as follows:

	Gross Amount Recognized	Amount Set-off	Amount of Cash Received (Paid)	Net Amount Presented
Financial Asset –				
Due from related parties	P 470,583,000	(P 128,607,284)	(P 341,975,716)	P -
Financial Liability –				
Due to related parties	P 1,337,182,243	(P 128,607,284)	(P 1,208,574,959)	P -

There were no offsetting of financial assets and financial liabilities for the year ended December 31, 2020.

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements, each agreement between the Company and counterparties (i.e. related parties including parent company and companies under common ownership) allows for the net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

23.3 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

There are no financial assets and financial liabilities measured at fair value as of December 31, 2020 and 2019. Neither was there transfers among fair value levels in those years.

23.4 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed (see Note 23.1).

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Financial assets:				
Cash and cash equivalents	P 1,785,606,441	P -	P -	P 1,785,606,441
Trade and other receivables	-	-	517,019,213	517,019,213
	P 1,785,606,441	**P -**	**P 517,019,213**	**P 2,302,625,654**
Financial liabilities:				
Trade and other payables	P -	P -	P 1,253,226,994	P 1,253,226,994
Loans payable	-	-	2,042,913,149	2,042,913,149
Lease liabilities	-	-	4,565,520,336	4,565,520,336
	P -	**P -**	**P 7,861,660,479**	**P 7,861,660,479**
December 31, 2019				
Financial assets:				
Cash and cash equivalents	P 2,342,992,013	P -	P -	P 2,342,992,013
Trade and other receivables	-	-	269,259,418	269,259,418
	P 2,342,992,013	P -	P 269,259,418	P 2,612,251,431
Financial liabilities:				
Trade and other payables	P -	P -	P 1,955,788,449	P 1,955,788,449
Lease liabilities	-	-	4,942,209,363	4,942,209,363
	P -	P -	P 6,897,997,812	P 6,897,997,812

24. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

The Company's capital management objective is to ensure the Company's ability to continue as a going concern entity. Essentially, the Company, in coordination with its parent company, monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position.

The Company manages the capital structure and makes adjustments to consider changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2020	2019	2018
Total liabilities	**P 8,404,068,168**	P 7,270,207,745	P 5,536,827,107
Total equity	**13,370,938,647**	12,414,922,778	2,678,603,864
Debt-to-equity ratio	**0.63 : 1.00**	0.59 : 1.00	2.07 : 1.00

The Company monitors capital on the debt-to-equity ratio on its covenants with certain financial institutions. In 2018, the Company has to maintain a minimum current ratio of at least 1.00, maximum debt-to-equity ratio of 2.00:5.00, and a minimum debt-service coverage ratio of at least 1.00. The Company has properly complied with the loans' covenants as of December 31, 2018. The Company did not have any loan covenants to comply with as of December 31, 2020. There was no outstanding loan as of December 31, 2019.

25. IMPACT OF COVID-19

On March 11, 2020, the World Health Organization has declared the coronavirus outbreak disease 2019 (COVID-19) outbreak to be a global pandemic. COVID-19 started to become widespread in the Philippines in early March 2020 causing the government to declare the country in a state of public health emergency followed by implementation of public health standards and community quarantine in order to contain the spread of COVID-19.

The impact of COVID-19 to the Company's business operations relates to certain operational adjustments to ensure appropriate response to the effects of COVID-19. In response to this matter, the Company innovated operational strategy in order to adapt to the 'new normal mindset', minimized operating expenses, implemented cost saving measures and ensured compliance with health and safety guidelines to protect employees, contractors and customers. The Company assessed that COVID-19 impact did not result to material changes in the overall operations of the Company for the year ended December 31, 2020.

There were also no material changes in the Company's loss allowance on accounts receivables that have been recognized in the financial statements as of December 31, 2020.

The Company continues to monitor the risks and on-going COVID-19 impact to its business.

26. SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR

Presented below and in the succeeding pages is the supplementary information which is required by the BIR under Revenue Regulations (RR) No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

The information on taxes, duties and licenses fees paid or accrued during the taxable year required under RR No. 15-2010 are as follows:

(a) Output VAT

In 2020, the Company declared output VAT as follows:

	Tax Base	Output VAT
Sale of merchandise	P 12,414,737,400	P 1,489,768,488
Other income:		
Vendors' support	305,798,124	36,695,775
Marketing fees	39,849,564	4,781,948
Delivery fees	36,858,074	4,422,969
Rentals	13,346,636	1,601,596
Miscellaneous	1,909,178	229,101
	P 12,812,498,976	P 1,537,499,877

The tax bases are included as part of Revenues and Other Income in the 2020 statement of comprehensive income. The outstanding output VAT payable amounting to P48.2 million as of December 31, 2020 is presented as part of Trade and Other Payables in the 2020 statement of financial position.

(b) Input VAT

The movements in input VAT in 2020 are summarized below.

Balance at beginning of year	P -
Goods for resale/manufacture or further processing	955,669,856
Services lodged under other accounts	280,429,519
Capital goods subject to amortization	125,851,664
Capital goods not subject to amortization	1,203,991
Applied against output VAT	(1,363,155,030)
Balance at end of year	P -

(c) *Excise Tax*

The Company did not have any transaction in 2020 which is subject to excise tax.

(d) *Documentary Stamp Tax (DST)*

In 2020, the Company paid documentary stamp tax amounting to P1.4 million pertaining to the interest-bearing loan availed during the year.

(e) *Taxes and Licenses*

The details of taxes and licenses account in 2020 are shown below.

Municipal license and permits	P	100,821,403
DST		1,431,645
	P	102,253,048

The amount of taxes and licenses are presented as part of Selling, General and Administrative Expenses in the 2020 statement of comprehensive income.

(f) *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2020 are shown below.

Expanded	P	92,339,797
Compensation and benefits		17,564,166
Final		2,288,631
	P	112,192,594

(g) *Deficiency Tax Assessments*

As of December 31, 2020, the Company does not have any final deficiency tax assessment from the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 22 88

The Board of Directors
AllHome Corp.
(A Subsidiary of AllValue Holdings Corp.)
Lower Ground Floor, Building B
EVIA Lifestyle Center, Vista City
Daang Hari, Almanza II
Las Piñas City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of AllHome Corp. (the Company) for the year ended December 31, 2020, on which we have rendered our report dated March 22, 2021. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Company's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8533227, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

March 22, 2021

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
List of Supplementary Information
December 31, 2020

ALLHOME CORP.

(A Subsidiary of AllValue Holdings Corp.)

SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)

DECEMBER 31, 2020

(Amounts in Philippine Pesos)

Name and Designation of Debtor	Balance at Beginning of the Period	Additions	Deductions			Ending Balance		Balance at End of the Period
		Amounts Granted	Amounts Collected	Amounts Written-off	Amounts Assigned	Current	Not Current	
Advances to officers and employees	P 7,480,010	P -	(P 7,480,010)	P -	P -	P -	P -	P -

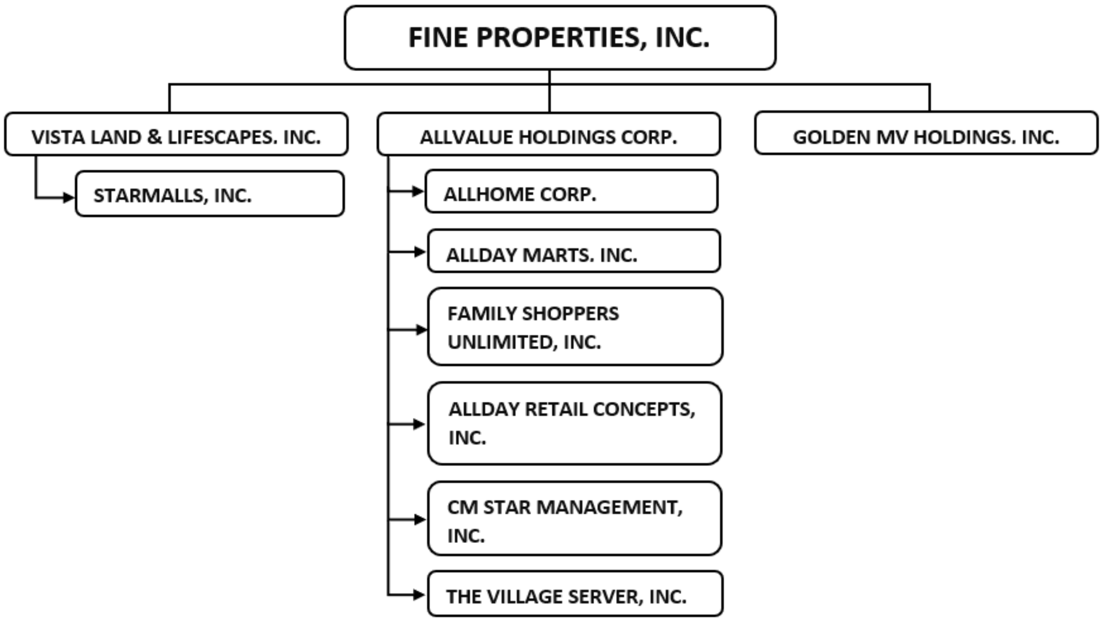
ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2020

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Related Parties	Directors, Officers and Employees	Others
Common Shares at P1.00 par value	**5,900,000,000**	**3,750,000,002**	**-**	**2,540,108,000**	**502**	**1,209,891,500**
Preferred Shares at P0.10 par value	**1,000,000,000**	**-**	**-**	**-**	**-**	**-**

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
Lower Ground Floor, Building B, Evia Lifestyle Centre
Almanza II, Las Piñas City
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2020

Unappropriated Retained Earnings Available at Beginning of the Period	P	1,485,521,328
Prior Year's Outstanding Reconciling Items, net of tax		
Deferred tax asset – gross		164,795,572
Net profit per audited financial statements		987,715,849
Less: Non-actual/unrealized income		
Deferred tax income related to deferred tax assets recognized in profit or loss during the period	(	58,108,319)
Dividend Declarations During the Period	(	52,500,000)
Unappropriated Retained Earnings Available for Dividend Declaration at End of the Period	**P**	**2,527,424,430**

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
SHOWING THE RELATIONSHIPS BETWEEN AND AMONG COMPANIES IN THE GROUP
ULTIMATE PARENT COMPANY AND PARENT COMPANY



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Report of Independent Auditors on Components of Financial Soundness Indicators

Punongbayan & Araullo
20th Floor, Tower 1
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6766 Ayala Avenue
1200 Makati City
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The Board of Directors
AllHome Corp.
(A Subsidiary of AllValue Holdings Corp.)
Lower Ground Floor, Building B
EVIA Lifestyle Center, Vista City
Daang Hari, Almanza II
Las Piñas City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of AllHome Corp. (the Company) for the years ended December 31, 2020 and 2019, on which we have rendered our report dated March 22, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as of December 31, 2020 and 2019 and for each of the two years in the period ended December 31, 2020 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8533227, January 4, 2021, Makati City
SEC Group A Accreditation
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Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Jul. 24, 2021)

March 22, 2021

ALLHOME CORP.
Supplemental Schedule of Financial Soundness Indicators
December 31, 2020 and 2019

Ratio	Formula	2020	Formula	2019
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets P 8,992,607,142 Divide by: Total Current Liabilities 3,855,424,513 Current ratio 2.33	2.33	Total Current Assets divided by Total Current Liabilities Total Current Assets P 8,124,449,069 Divide by: Total Current Liabilities 2,465,483,571 Current ratio 3.30	3.30
Acid test ratio	Quick assets (Total Current Assets less Merchandise Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 8,992,607,142 Less: Merchandise Inventories (6,288,764,468) Other Current Assets (401,217,020) Quick Assets 2,302,625,654 Divide by: Total Current Liabilities 3,855,424,513 Acid test ratio 0.60	0.60	Quick assets (Total Current Assets less Merchandise Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 8,124,449,069 Less: Merchandise Inventories (5,208,925,853) Other Current Assets (295,791,775) Quick Assets 2,619,731,441 Divide by: Total Current Liabilities 2,465,483,571 Acid test ratio 1.06	1.06
Solvency ratio	Total Liabilities divided by Total Assets Total Liabilities P 8,404,068,168 Divide by: Total Assets 21,775,006,815 Solvency ratio 0.39	0.39	Total Liabilities divided by Total Assets Total Liabilities P 7,270,207,745 Divide by: Total Assets 19,685,130,523 Solvency ratio 0.37	0.37
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities P 8,404,068,168 Divide by: Total Equity 13,370,938,647 Debt-to-equity ratio 0.63	0.63	Total Liabilities divided by Total Equity Total Liabilities P 7,270,207,745 Divide by: Total Equity 12,414,922,778 Debt-to-equity ratio 0.59	0.59
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets P 21,775,006,815 Divide by: Total Equity 13,370,938,647 Assets-to-equity ratio 1.63	1.63	Total Assets divided by Total Equity Total Assets P 19,685,130,523 Divide by: Total Equity 12,414,922,778 Assets-to-equity ratio 1.59	1.59
Interest rate coverage	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 1,786,176,787 Divide by: Interest expense 377,784,694 Interest rate coverage ratio 4.73	4.73	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 1,890,446,931 Divide by: Interest expense 411,809,031 Interest rate coverage ratio 4.59	4.59
Return on equity	Net Profit divided by Total Equity Net Profit P 987,715,849 Divide by: Total Equity 13,370,938,647 Return on equity 0.07	0.07	Net Profit divided by Total Equity Net Profit P 1,049,749,058 Divide by: Total Equity 12,414,922,778 Return on equity 0.08	0.08
Return on assets	Net Profit divided by Total Assets Net Profit P 987,715,849 Divide by: Total Assets 21,775,006,815 Return on assets 0.05	0.05	Net Profit divided by Total Assets Net Profit P 1,049,749,058 Divide by: Total Assets 19,685,130,523 Return on assets 0.05	0.05
Net profit margin	Net Profit divided by Total Revenue Net Profit P 987,715,849 Divide by: Total Revenue 12,414,148,867 Net profit margin 0.08	0.08	Net Profit divided by Total Revenue Net Profit P 1,049,749,058 Divide by: Total Revenue 12,060,276,883 Net profit margin 0.09	0.09

COVER SHEET

C	S	2	0	1	3	1	0	1	7	9

S.E.C. Registration Number

ALLHOME CORP.

(Company's Full Name)

LGF BLDG B, EVIA LIFESTYLE CENTER, DAANGHARI, ALMANZA DOS, LAS PIÑAS CITY

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

Contact Person

Company Telephone Number

1	2		3	1
Month			Day	

Calendar Year

17-Q

FORM TYPE

Month Day

Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

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 quarter ended **March 31, 2021**

2. SEC Identification Number **CS-201310179**

3. BIR Tax Identification No. **008-541-952**

4. **AllHome Corp**.
   Exact name of the registrant as specified in its charter

5. **Philippines**
   Province, country or other jurisdiction of incorporation

6. Industry Classification Code [ ] (SEC Use Only)

7. **LGF Bldg B, EVIA Lifestyle Center, Daanghari, Almanza Dos, Las Piñas City** **1747**
   Address of Principal Office Postal Code

8. **(632) 8880-1199**
   Registrant's telephone number, including area code

9. N/A
   Former name, former address and former fiscal year, if change since last report.

10. Securities registered pursuant to Sections 4 and 8 of the RSA

Title of each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
Common stock (as of 03/31/2021 net of nil treasury shares)	**3,750,000,002**

11. Are any of the registrant's securities listed on the Philippine Stock Exchange?

    Yes [x] No [ ]

12. Check 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 Section 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period of the registrant was required to file such reports.)

    Yes [x] No [ ]

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

    Yes [x] No [ ]

TABLE OF CONTENTS

AllHome Corp.
Statements of Financial Position
As of March 31, 2021 and December 31, 2020
(Amounts in Philippine Peso)

	Note	**Unaudited Mar 31, 2021**	Audited Dec 31, 2020
ASSETS			
Current Assets			
Cash and cash equivalents	5	**₱1,622,652,580**	₱1,785,606,441
Trade and other receivables - net	6	**689,546,877**	517,019,213
Inventories	7	**6,561,937,827**	6,288,764,468
Other current assets	8	**626,707,970**	401,217,020
Total Current Assets		**9,500,845,254**	8,992,607,142
Non-current Assets			
Property and equipment - net	9	**12,760,343,975**	11,987,800,303
Other non-current assets	8	**1,298,061,427**	794,599,370
Total Non-current Assets		**14,058,405,402**	12,782,399,673
TOTAL ASSETS		**23,559,250,656**	21,775,006,815
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	10	**1,209,791,351**	1,315,790,296
Loans payable	11	**3,566,913,149**	2,042,913,149
Lease liability	12	**388,100,468**	384,798,495
Income tax payable		**240,232,156**	111,922,573
Total Current Liabilities		**5,405,037,124**	3,855,424,513
Non-current Liabilities			
Lease liability	12	**4,083,884,924**	4,180,721,841
Deferred tax liabilities - net	17	**283,410,519**	299,602,950
Retirement benefit obligation	16	**71,770,630**	68,318,864
Total Non-current Liabilities		**4,439,066,073**	4,548,643,655
Total liabilities		**9,844,103,197**	8,404,068,168
Equity			
Capital stock	19	**3,750,000,002**	3,750,000,002
Additional paid-in capital		**7,209,298,114**	7,209,298,114
Revaluation reserves		**(9,096,646)**	(9,096,646)
Retained earnings		**2,764,945,989**	2,420,737,177
Total Equity		**13,715,147,459**	13,370,938,647
TOTAL LIABILITIES AND EQUITY		**₱23,559,250,656**	₱21,775,006,815

See accompanying Notes to Financial Statements.

AllHome Corp.
Statements of Comprehensive Income
For the three months ended March 31, 2021 and 2020
(*Amounts in Philippine Peso)*

	Note	**Unaudited Jan-Mar Q1-2021**	**Unaudited Jan-Mar 2021**	Unaudited Jan-Mar Q1-2020	Unaudited Jan-Mar 2020
SALES	13	**₱3,591,771,977**	**₱3,591,771,977**	₱3,365,904,859	₱3,365,904,859
COST OF MERCHANDISE SOLD	14	**2,447,494,156**	**2,447,494,156**	2,334,255,021	2,334,255,021
GROSS PROFIT		**1,144,277,821**	**1,144,277,821**	1,031,649,838	1,031,649,838
SUPPORT FEES, RENTALS AND OTHER REVENUES	13	**70,453,159**	**70,453,159**	106,029,513	106,029,513
GROSS PROFIT INCLUDING OTHER REVENUES		**1,214,730,980**	**1,214,730,980**	1,137,679,351	1,137,679,351
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	14	**673,725,418**	**673,725,418**	668,547,498	668,547,498
OPERATING PROFIT		**541,005,562**	**541,005,562**	469,131,853	469,131,853
FINANCE INCOME (COSTS)					
Finance costs	15	**(82,459,588)**	**(82,459,588)**	(84,113,224)	(84,113,224)
Finance income	5	**374,164**	**374,164**	880,752	880,752
		(82,085,424)	**(82,085,424)**	(83,232,472)	(83,232,472)
PROFIT BEFORE TAX		**458,920,138**	**458,920,138**	385,899,381	385,899,381
TAX EXPENSE (BENEFIT)	17				
Current		**130,903,757**	**130,903,757**	75,050,938	75,050,938
Deferred		**(16,192,431)**	**(16,192,431)**	40,630,801	40,630,801
		114,711,326	**114,711,326**	115,681,739	115,681,739
NET PROFIT		**344,208,812**	**344,208,812**	270,217,642	270,217,642
OTHER COMPREHENSIVE INCOME		**–**	**–**	–	–
TOTAL COMPREHENSIVE INCOME		**₱344,208,812**	**₱344,208,812**	₱270,217,642	₱270,217,642
Basic and Diluted earnings per share		**₱0.09**	**₱0.09**	₱0.07	₱0.07

See accompanying Notes to Financial Statements.

AllHome Corp.
Statements of Changes in Equity
For the three months ended March 31, 2021 and 2020
(*Amounts in Philippine Peso*)

	Note	**Mar 31, 2021**	Mar 31, 2020
CAPITAL STOCK	19	**₱3,750,000,002**	₱3,750,000,002
ADDITIONAL PAID-IN CAPITAL	19	**7,209,298,114**	7,209,298,114
RETAINED EARNINGS			
Balance at beginning of period		**2,420,737,177**	1,485,521,328
Net profit for the period		**344,208,812**	270,217,642
Other comprehensive loss	19	**(9,096,646)**	(29,896,666)
Dividends declared	19	**–**	–
Balance at end of period		**2,755,849,343**	1,725,842,304
TOTAL EQUITY		**₱13,715,147,459**	₱12,685,140,420

See accompanying Notes to Financial Statements.

AllHome Corp.
Statements of Cash Flows
For the three months ended March 31, 2021 and 2020
(*Amounts in Philippine Peso)*

	Notes	**Unaudited Jan-Mar Q1-2021**	**Unaudited Jan to Mar 2021**	Unaudited Jan-Mar Q1-2020	Unaudited Jan to Mar 2020
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		**₱458,920,138**	**₱458,920,138**	₱385,899,381	₱385,899,381
Adjustments for:					
Depreciation and amortization	9	**253,717,264**	**253,717,264**	223,489,512	223,489,512
Finance costs	12, 15	**82,459,588**	**82,459,588**	84,104,718	84,104,718
Finance income	5	**(374,164)**	**(374,164)**	(880,752)	(880,752)
Operating profit before working capital changes		**794,722,826**	**794,722,826**	692,612,859	692,612,859
Decrease/(Increase) in:					
Trade and other receivables		**(172,527,664)**	**(172,527,664)**	(182,406,639)	(182,406,639)
Inventories		**(273,173,359)**	**(273,173,359)**	(721,700,406)	(721,700,406)
Other current assets		**(225,490,950)**	**(225,490,950)**	(83,683,075)	(83,683,075)
Increase/(Decrease) in:					
Trade and other payables		**(107,526,133)**	**(107,526,133)**	(310,577,258)	(310,577,258)
Retirement benefit obligation		**2,769,466**	**2,769,466**	–	–
Cash generated from operations		**18,774,186**	**18,774,186**	(605,754,519)	(605,754,519)
Cash paid for income taxes		**(2,594,174)**	**(2,594,174)**	(4,862,511)	(4,862,511)
Net cash from (used in) Operating activities		**16,180,012**	**16,180,012**	(610,617,030)	(610,617,030)
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to property and equipment	9	**(1,147,342,058)**	**(1,147,342,058)**	(481,936,901)	(481,936,901)
Decrease/(Increase) in:					
Advances to suppliers		**(276,319,082)**	**(276,319,082)**	(44,147,765)	(44,147,765)
Security deposit		**(63,434,400)**	**(63,434,400)**	–	–
Other noncurrent assets		**(5,731,489)**	**(5,731,489)**	–	–
Interest received		**374,164**	**374,164**	880,752	880,752
Net cash used in Investing activities		**(1,492,452,865)**	**(1,492,452,865)**	(525,203,914)	(525,203,914)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from availment of loans	11	**1,524,000,000**	**1,524,000,000**	235,000,000	235,000,000
Payments of principal portion of lease liability	12	**(93,534,944)**	**(93,534,944)**	(91,750,522)	(91,750,522)
Interest paid for lease liabilities	12	**(77,315,934)**	**(77,315,934)**	(83,623,780)	(83,623,780)
Interest paid for loans payable	11	**(39,830,130)**	**(39,830,130)**	–	–
Net cash from financing activities		**1,313,318,992**	**1,313,318,992**	59,625,698	59,625,698
NET DECREASE IN CASH		**(162,953,861)**	**(162,953,861)**	(1,076,195,246)	(1,076,195,246)
CASH AT BEGINNING OF PERIOD		**1,785,606,441**	**1,785,606,441**	2,342,992,013	2,342,992,013
CASH AT END OF PERIOD		**₱1,622,652,580**	**₱1,622,652,580**	₱1,266,796,767	₱1,266,796,767

See accompanying Notes to Financial Statements.

ALLHOME CORP.
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

AllHome Corp. (the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on May 29, 2013. The Company is primarily engaged in buying, selling, distributing, marketing, at wholesale and retail, of all kinds of goods, commodities, wares and merchandise.

The Company's shares were listed in the Philippine Stock Exchange (PSE) on September 27, 2019 (see note 19.1).

The Company is a subsidiary of AllValue Holdings Corp. (AllValue or the parent company), which is a subsidiary of Fine Properties Inc. (FPI or the ultimate parent company). AllValue and FPI are incorporated and domiciled in the Philippines. Both companies are presently engaged in the business of a holding company; to buy and hold shares of other companies either by subscribing unissued shares of the capital stock in public or private offerings.

The registered office and principal place of business of the Company is located at LGF Bldg B, EVIA Lifestyle Center, Daang Hari, Almanza Dos, Las Piñas City. The registered offices and principal places of business of AllValue and FPI are located at 3rd Level Starmall Las Piñas, CV Starr Avenue, Philamlife Village, Pamplona, Las Piñas City.

2. Summary of Significant Accounting Policies

The significant accounting policies that have been used in the preparation of these financial statements are summarized below and in the succeeding pages. The policies have been consistently applied to all the periods presented, unless otherwise stated.

<u>Basis of Preparation of Financial Statements</u>
The interim condensed financial statements as at March 31, 2021 and for the three-months period ended March 31, 2021 and 2020 have been prepared on a historical basis, except for financial assets which have been measured at fair value.

The financial statements are presented in Philippine pesos (₱), the Company's functional and presentation currency, and all values represent absolute amounts, unless otherwise indicated.

<u>Statement of Compliance</u>
The interim condensed financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting. Accordingly, the 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 and for the year ended December 31, 2020 which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

<u>Changes in Accounting Policies and Disclosures</u>
The accounting policies adopted are consistent with those of previous financial year, except that the Company has adopted the following new pronouncements starting January 1, 2020. Adoption of these pronouncement did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

(i) PAS 1 (Amendments), Presentation *of Financial Statements* and PAS 8 (Amendments), *Accounting Policies, Changes in Accounting Estimates and Errors Definition of Material*
The amendments provide a clearer definition of 'material' in PAS 1 by including the concept of 'obscuring' material information with immaterial information as part of the new definition, and clarifying the assessment threshold (i.e., misstatement of information is material if it could reasonably be expected to influence decisions made by primary users, which consider the characteristic of those users as well as the entity's own circumstances). The definition of material in PAS 8 has been accordingly replaced by reference to the new definition in PAS 1. In addition, amendment has also been made in other Standards that contain definition of material or refer to the term 'material' to ensure consistency.

(ii) Revised Conceptual Framework for Financial Reporting
The revised conceptual framework will be used in standard-setting decisions with immediate effect. Key changes include: (a) increasing the prominence of stewardship in the objective of financial reporting; (b) reinstating prudence as a component of neutrality; (c) defining a reporting entity, which may be a legal entity, or a portion of an entity; (d) revising the definitions of an asset and a liability; (e) removing the probability threshold for recognition and adding guidance on derecognition, (f) adding guidance on different measurement basis, and; (g) stating that profit or loss is the primary performance indicator and that, in principle, income and expenses in other comprehensive income should be recycled where this enhances the relevance or faithful representation of the financial statements.

Financial Assets

Financial assets are recognized when the Company becomes a party to the contractual terms of the financial instrument. For purposes of classifying financial assets, an instrument is considered as an equity instrument if it is non-derivative and meets the definition of equity for the issuer in accordance with the criteria of PAS 32, *Financial Instruments: Presentation*. All other non-derivative financial instruments are treated as debt instruments.

Classification, Measurement and Reclassification of Financial Assets
The classification and measurement of financial assets are driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are at amortized cost, at FVOCI and at fair value through profit or loss (FVTPL).

The financial assets category that is currently relevant to the Company is financial assets at amortized cost.

Financial assets are measured at amortized cost if both of the following conditions are met:

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,

- the contractual terms of the instrument give rise, on specified dates, to cash flows that are SPPI on the principal amount outstanding.

Except for trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less any impairment in value.

The Company's financial assets at amortized cost are presented in the statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables, and Due from Related Parties.

For purposes of cash flows reporting and presentation, cash and cash equivalents includes cash on hand and demand deposits which are subject to insignificant risk of changes in value.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of the financial assets except for those that are subsequently identified as credit-impaired. For credit-impaired financial assets at amortized cost, the effective interest rate is applied to the net carrying amount of the financial assets (after deduction of the loss allowance). The interest earned is recognized in the statement of comprehensive income as finance income under Finance Income (Costs).

Impairment of Financial Assets
The Company assesses its expected credit loss (ECL) on a forward-looking basis associated with its financial assets carried at amortized cost. The Company considers a broader range of information in assessing credit risk and measuring ECL, including past events, current conditions, and reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade and other receivables. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial assets. To calculate the ECL, the Company uses its historical loss experience, external indicators and forward-looking information to calculate the ECL using a provision matrix.

The key elements used in the calculation of ECL are as follows:

- *Probability of default* - It is an estimate of likelihood of default over a given time horizon.
- *Loss given default* - It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral.
- *Exposure at default* - It represents the gross carrying amount of the financial instruments subject to the impairment calculation.

Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

Derecognition of Financial Assets
The financial assets (or where applicable, a part of a financial asset or part of a group of financial assets) are derecognized when the contractual rights to receive cash flows from the financial instruments expire, or when the financial assets and all substantial risks and rewards of ownership have been transferred to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

Inventories
Inventories are valued at the lower of cost and net realizable value. Cost is determined using the moving average method. The cost of inventories includes all costs directly attributable to acquisition such as the purchase price, including transport and handling costs, and other incidental expenses incurred in bringing the inventories to their present location and condition.

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

At the end of each reporting period, inventories are assessed for impairment, i.e., the carrying amount is fully recoverable due to damage, obsolescence or declining selling prices.

Other Assets

Other assets pertain to other resources controlled by the Company as a result of past events. They are recognized at cost in the financial statements when it is probable that the future economic benefits will flow to the Company and the asset has a cost or value that can be measured reliably. They are derecognized, charged to profit or loss, or reclassified to another asset account upon consumption or use.

Advances for purchases that will be applied as payment for future purchase of inventories are classified and presented under the Other Current Assets account in the statement of financial position. On the other hand, advances to suppliers that will be applied as payment for future acquisition or construction of property and equipment are classified and presented under the Other Non-Current Assets account in the statement of financial position. The classification and presentation is based on the eventual usage or realization of the asset to which it was advanced for.

Other recognized assets of similar nature, where future economic benefits are expected to flow to the Company beyond one year after the end of reporting period or in the normal operating cycle of the business, if longer, are classified as non-current assets.

Property and Equipment

All items of property and equipment are stated at cost less accumulated depreciation, accumulated amortization, and any impairment in value.

The cost of an asset comprises its purchase price and directly attributable costs of bringing the asset to working condition for its intended use. Expenditures for additions, major improvements and renewals are capitalized; expenditures for repairs and maintenance are charged to expense as incurred.

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

Store equipment	15 to 18 years
Furniture, fixtures and office equipment	5 to 15 years
Transportation equipment	8 to 10 years

Leasehold improvements are amortized over their estimated useful lives of 18 years or the lease term, whichever is shorter.

Construction-in-progress represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs and other direct costs (see Note 2). The account is not depreciated until such time that the assets are completed and available-for-use.

Fully depreciated and fully amortized assets are retained in the accounts until these are no longer in use and no further charge for depreciation and amortization is made in respect of those assets.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2).

The residual values, estimated useful lives and method of depreciation and amortization of property and equipment are reviewed, and adjusted if appropriate, at the end of each reporting period.

If there is an indication that there has been a significant change in the useful life, residual value of an asset, or method of depreciation or amortization, the depreciation or amortization of that asset is revised prospectively to reflect the new expectations.

An item of property and equipment including the related accumulated depreciation and amortization, and impairment losses, if any, is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is derecognized.

Financial Liabilities

Financial liabilities, which include Trade and Other Payables (except tax-related liabilities), Loans Payable, Lease Liability and Due to Related Parties, are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as Finance charges under Finance Income (Costs) in the statement of comprehensive income.

Loans payable are raised for support of short-term and long-term funding of operations and are recognized initially at the transaction price. Loans payable are subsequently measured at amortized cost. Finance charges, including direct issue costs, are charged to profit or loss, except for capitalized borrowing costs, on an accrual basis using the effective interest method and are added to the carrying amount of the instrument to the extent that these are not settled in the period in which they arise.

Trade and other payables, and due to related parties are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

Financial liabilities are classified as current liabilities if payment is due to be settled within one year or less after the end of the reporting period (or in the normal operating cycle of the business, if longer), or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. Otherwise, these are presented as non-current liabilities.

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the resulting net amount, considered as a single financial asset or financial liability, is reported in the statement of financial position when the Company currently has legally enforceable right to set-off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. The right of set-off must be available at the end of the reporting period, that is, it is not contingent on future event. It must also be enforceable in the normal course of business, in the event of default, and in the event of insolvency or bankruptcy; and, must be legally enforceable for both entity and all counterparties to the financial instruments.

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's BOD - its chief operating decision-maker. The Company's BOD is responsible for assessing performance of the operating segments. In identifying its operating segments, management generally follows the Company's business line as disclosed in Note 4.

The measurement policies that the Company uses for segment reporting under PFRS 8, *Operating Segments*, are the same as those used in its financial statements.

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment.

There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

Provisions and Contingencies

Provisions are recognized when present obligations will probably lead to an outflow of economic resources and they can be estimated reliably even if the timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive obligation that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the end of the reporting period, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. When time value of money is material, long-term provisions are discounted to their present values using a pretax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets; hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Revenue and Expense Recognition

Revenue arises mainly from the sale of merchandise.

To determine whether to recognize revenue, the Company follows a five-step process:

(1) identifying the contract with a customer;
(2) identifying the performance obligation;
(3) determining the transaction price;
(4) allocating the transaction price to the performance obligations; and,
(5) recognizing revenue when/as performance obligations are satisfied.

For Step 1 to be achieved, the following five gating criteria must be present:

(i) the parties to the contract have approved the contract either in writing, orally or in accordance with other customary business practices;
(ii) each party's rights regarding the goods or services to be transferred or performed can be identified;
(iii) the payment terms for the goods or services to be transferred or performed can be identified;
(iv) the contract has commercial substance (i.e., the risk, timing or amount of the future cash flows is expected to change as a result of the contract); and,
(v) collection of the consideration in exchange of the goods and services is probable.

Revenue is recognized only when (or as) the Company satisfies a performance obligation by transferring control of the promised goods or services to a customer. The transfer of control can occur over time or at a point in time.

A performance obligation is satisfied at a point in time unless it meets one of the following criteria, in which case it is satisfied over time:

(i) the customer simultaneously receives and consumes the benefits provided by the Company's performance as the Company performs;
(ii) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; and,
(iii) the Company's performance does not create an asset with an alternative use to the Company and the entity has an enforceable right to payment for performance completed to date.

The Company enters into transactions involving the sale and delivery of merchandise representing construction materials, home improvement, furnishings and décor products. In addition, the Company also recognizes vendors' support and marketing fees in relation to the vendors' participation in the marketing/promotional activities of the Company. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3. The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods transfers to the customer. As a matter of accounting policy, when applicable, if the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied (see Note 3).

In obtaining customer contracts, the Company incurs incremental costs. As the expected amortization period of these costs, if capitalized, would be less than one year, the Company uses the practical expedient in PFRS 15 and expenses such costs as incurred.

The Company also incurs costs in fulfilling contracts with customers. These costs are divided into: (i) costs that give rise to an asset; and, (ii) costs that are expensed as incurred. When determining the appropriate accounting treatment for such costs, the Company first considers any other applicable standards. If other standards preclude capitalization of a particular cost, then an asset is not recognized under PFRS 15. If other standards are not applicable to contract fulfilment costs, the Company applies the following criteria, which, if met, result in capitalization:

(i) the costs directly relate to a contract or to a specifically identifiable anticipated contract;
(ii) the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and,
(iii) the costs are expected to be recovered.

In addition, the following specific recognition criteria must also be met before revenue is recognized:

a) *Sale of merchandise* – Revenue is recognized when the control transfers at a point in time with the customer, i.e., generally when the customer purchased the merchandise. For individual customers, payment of the transaction price is due immediately at the point the customer purchases the merchandise. On the other hand, invoices for merchandise purchased by corporate customers are due based on agreed terms and are provided upon receipt of merchandise by the customer.

b) *Vendors' support and marketing fees* – Vendors' support and marketing fees arise from the vendors' participation in the marketing/promotional activities of the Company such as product exhibits, launch of new stores support and product features in various media platforms. The duration of contracts are generally short-term, and the related revenue are recognized over time as the performance of the contractually agreed tasks are rendered.

c) *Delivery fees* – Delivery fees are charged for the transportation of merchandise from the Company's stores to a certain destination as agreed with the customer. Delivery fees are recognized over time as the services are provided. Payment of delivery fees is due immediately, i.e., upon the customer's purchase of merchandise.

As applicable, if the Company is required to refund the related purchase price for returned goods, it recognizes an outflow of cash or a reduction in trade receivables with a corresponding adjustment on the amount of revenues recognized during the reporting period. Also, the Company recognizes a right of return asset on the goods to be recovered from the customers with a corresponding adjustment to Cost of Merchandise Sold. However, there were no contracts containing significant right of return arrangements which remain outstanding during the reporting periods since the Company's policy with customers for most of its sale of merchandise pertain to outright return which are recognized immediately. Relative to this outright return arrangement, the amount of revenues is also immediately adjusted as of the end of the reporting periods.

The Company operates a customer loyalty incentive programme where individual customers accumulate points for purchases made which entitle them for award credits on future purchases. The Company recognizes an expense and corresponding liability when points are earned. When the award credits are redeemed, the Company recognizes the consideration received allocated to award credits as reduction of rewards liability.

Costs and expenses are recognized in profit or loss upon utilization of the goods or services or at the date they are incurred. All finance charges are reported in profit or loss on an accrual basis, except capitalized borrowing costs, which are included as part of the cost of any related qualifying assets.

Leases

The Company accounts for its leases as follows:

(a) *Company as Lessee*

Accounting for Leases in Accordance with PFRS 16

For any new contracts entered into on or after January 1, 2019, the Company considers whether a contract is, or contains, a lease. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. To apply this definition, the Company assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- The Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- The Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date over the useful life of the leased asset or the term of the lease, whichever is shorter. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including those determined to be fixed in substance), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Company has elected to account for short-term leases (less than 12 months) and leases of low-value assets (value of assets is based on its cash price if bought) using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the lease payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets have been included as part of Property and Equipment, and Lease Liability is shown as a separate line item.

(b) Company as Lessor

Leases wherein the Company substantially transfers to the lessee all risks and benefits incidental to ownership of the leased item are classified as finance leases and are presented as receivable at an amount equal to the Company's net investment in the lease. Finance income is recognized based on the pattern reflecting a constant periodic rate of return on the Company's net investment outstanding in respect of the finance lease.

Impairment of Non-financial Assets

The Company's property and equipment, and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). As a result, some assets are tested for impairment either individually or at the cash-generating unit level.

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. Discount factors are determined individually for each cash-generating unit and reflect management's assessment of respective risk profiles, such as market and asset-specific risk factors.

All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Employee Benefits

The Company's employee benefits are recognized and measured as discussed below.

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired. Plan assets may include assets specifically designated to a long-term benefit fund, as well as qualifying insurance policies. The Company's defined benefit post-employment plan covers all regular full-time employees.

The liability recognized in the statement of financial position for a defined benefit plan is the present value of the defined benefit obligation at the end of the reporting period. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows for expected benefit payments using a discount rate derived from the interest rates of zero coupon government bonds [using the reference rates published by Bloomberg using its valuation technology, Bloomberg Valuation (BVAL), that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related post-employment liability. BVAL provides evaluated prices that are based on market observations from contributed sources.

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the defined benefit liability during the period as a result of benefit payments. Interest is reported as part of Finance charges under Other Income (Charges) in profit or loss.

Past service costs are recognized immediately in profit or loss in the period of a plan amendment or curtailment.

(b) Post-employment Defined Contribution Plan

A defined contribution plan is a post-employment plan under which the Company pays fixed contributions into an independent entity. The Company has no legal or constructive obligations to pay further contributions after payment of the fixed contribution. The contributions recognized in respect of defined contribution plans are expensed as they fall due. Liabilities or assets may be recognized if underpayment or prepayment has occurred and are included in current liabilities or current assets as they are normally of a short-term nature.

(c) Short-term Employee Benefits

Short-term employee benefits include wages, salaries, bonuses and non-monetary benefits provided to current employees, which are expected to be settled before 12 months after the end of the annual reporting period during which an employee services are rendered, but does not include termination benefits. The undiscounted amount of the benefits expected to be paid in respect of services rendered by employees in an accounting period is recognized in profit or loss during that period and any unsettled amount at the end of the reporting period is included as part of Accrued expenses under Trade and Other Payables in the statement of financial position.

(d) Termination Benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognizes termination benefits at the earlier of when it can no longer withdraw the offer of such benefits and when it recognizes costs for a restructuring that is within the scope of PAS 37, Provisions, Contingent Liabilities and Contingent Assets, and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(e) Compensated Absences

Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. They are included in Trade and Other Payables in the statement of financial position at the undiscounted amount that the Company expects to pay as a result of the unused entitlement.

<u>Borrowing Costs</u>

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset (i.e., an asset that takes a substantial period of time to get ready for its intended use or sale) are capitalized as part of cost of such asset. The capitalization of borrowing costs commences when expenditures for the asset and borrowing costs are being incurred, and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization ceases when substantially all such activities are complete.

Investment income, if any, earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or current tax liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes. Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled provided such tax rates have been enacted or substantively enacted at the end of the reporting period.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The measurement of deferred tax assets or deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Most changes in deferred tax assets or deferred tax liabilities are recognized as a component of tax expense in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

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

Related Party Transactions and Relationships

Related party transactions are transfers of resources, services or obligations between the Company and its related parties, regardless whether a price is charged.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. These parties include: (a) individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; and, (c) individuals owning, directly or indirectly, an interest in the voting power of the Company that gives them significant influence over the Company and close members of the family of any such individual.

In considering each possible related party relationship, attention is directed to the substance of the relationship and not merely on the legal form.

Equity

Capital stock represents the nominal value of shares that have been issued.

Additional paid-in capital includes any premium received on the issuance of capital stock. Any transaction costs associated with the issuance of shares are deducted from additional paid-in capital.

Revaluation reserves account pertains to remeasurements of post-employment defined benefit plan.

Retained earnings represent all current and prior period results of operations as reported in the profit or loss section of the statement of comprehensive income, reduced by the amounts of dividends declared, if any.

Basic and Diluted Earnings Per Share

Basic earnings per share (EPS) is determined by dividing net profit by the weighted average number of common shares issued, adjusted for any stock dividends or stock splits, less any shares held in treasury during the reporting period (see Note 19).

The diluted EPS is also computed by dividing net profit by the weighted average number of common shares issued and outstanding during the reporting period. However, net profit attributable to common shares and the weighted average number of common shares outstanding are adjusted to reflect the effects of any potentially dilutive preferred shares, convertible loans and stock options.

Currently, the basic and diluted EPS are the same as there are no dilutive preferred shares, convertible loans and stock options (see Note 20).

Events After the End of the Reporting Period

Any post-period event that provides additional information about the Company's financial position at the end of the reporting period (adjusting event) is reflected in the financial statements. Post-period events that are not adjusting events, if any, are disclosed when material to the financial statements.

3. Significant Accounting Judgments and Estimates

The significant accounting judgments, estimates and assumptions used in the preparation of the interim condensed financial statements are consistent with those used in the annual financial statements as at and for the year ended December 31, 2020.

4. Segment Reporting

The Company has only one reportable segment, i.e., its trading business, which caters to individual and corporate customers.

Further, the Company has only one geographical segment as all of its operations are based in the Philippines.

5. Cash and Cash Equivalents

Cash and cash equivalents includes the following components:

	Unaudited Mar 31, 2021	Audited Dec 31, 2020
Cash in banks	**₱1,617,597,580**	₱1,380,801,441
Cash on hand	**5,055,000**	4,805,000
Short-term placements	**–**	400,000,000
	₱1,622,652,580	₱1,785,606,441

Cash in banks generally earn interest at rates based on daily bank deposit rates.

Finance income on these bank deposits and short-term placements for the three months ended March 31, 2021 and 2020, amounted to ₱0.4 million and ₱0.9 million, respectively.

6. Trade and Other Receivables - net

This account is composed of the following:

	Note	**Unaudited Mar 31, 2021**	Audited Dec 31, 2020
Trade receivables- third parties		**₱339,214,240**	₱217,624,997
Non-trade receivables	18	**341,930,815**	290,992,394
Advances to officers and Employees		**24,941,442**	24,941,442
		706,086,497	533,558,833
Allowance for impairment losses		**(16,539,620)**	(16,539,620)
		₱689,546,877	₱517,019,213

Trade receivables are due from various customers and have credit terms ranging from 30 days to 60 days. The carrying amounts of the receivables are considered a reasonable approximation of fair values due to their short duration.

Advances to officers and employees pertain to cash advances. These are non-interest bearing and are collected through salary deduction.

Non-trade receivables comprise of the Company's receivables from suppliers arising from vendors' support, marketing fees, miscellaneous income and receivable for the transferred retirement benefit obligation from a related party under common ownership (see Note 18).

All of the Company's trade and other receivables have been assessed for ECL. The Company assessed that the existing allowance for impairment losses is sufficient as of March 31, 2021 (see Note 22.2 (b).

7. Inventories

Inventories pertain to goods owned by the Company, which include construction materials, home improvements, furnishings and décor products, among others, that are traded under the normal course of business, and amounted to ₱6.6 billion and ₱6.3 billion as of March 31, 2021 and December 31, 2020, respectively (see Note 14.1).

The Company did not provide any allowance for inventory obsolescence as the inventories are deemed saleable. Further, inventories were stated at cost, which is lower than net realizable value, at the end of March 31, 2021 and December 31, 2020. Cost of inventories charged to operations are presented as Cost of Merchandise Sold in the statements of comprehensive income (see Note 14.1)

8. Other Assets

The composition of this account is shown below:

	Unaudited Mar 31, 2021	Audited Dec 31, 2020
Current:		
Advances for purchases	**₱452,386,712**	₱374,412,125
Prepaid rent	**95,323,627**	1,082,869
Prepaid taxes	**54,295,422**	2,715,187
Deferred input value-added taxes (VAT)	**3,829,879**	10,000,442
Others	**20,872,330**	13,749,367
	626,707,970	401,217,020
Non-current:		
Advances to suppliers	**776,261,080**	499,941,998
Materials and supplies	**452,634,458**	294,657,372
Security deposit	**63,434,400**	–
Others	**5,731,489**	–
	1,298,061,427	794,599,370
	₱1,924,769,397	₱1,195,816,390

Advances for purchases pertaining to mobilization funds made to various third party suppliers, including service providers, which are primarily used in the purchase of inventories subsequent to March 31, 2021 and December 31, 2020 are presented as part of Other Current Assets in the statements of financial position.

Advances to suppliers pertaining to mobilization funds made to various contractors for the construction of several items under property and equipment are presented as Other Non-Current Asset in the statements of financial position.

Others consist of prepaid repairs, supplies, insurance and advertising.

9. Property and Equipment

The rollforward analyses of this account are as follows:

	Store Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvement	Right-of-use Assets	Construction-in-Progress	Total
Balance at December 31, 2020, net of accumulated depreciation and amortization	₱2,491,088,333	₱418,549,620	₱99,241,653	₱3,961,445,624	₱ 3,973,493,897	₱1,043,981,176	₱11,987,800,303
Additions - Other property and equipment	1,511,210	457,697,414	–	18,041,062	–	706,988,336	1,184,238,022
Reclassification						(157,977,086)	(157,977,086)
Depreciation and amortization changes for the period	(45,134,322)	(21,231,185)	(4,093,963)	(60,436,974)	(122,820,820)	–	(253,717,264)
Balance at March 31, 2021, net of accumulated depreciation	**₱2,447,465,221**	**₱855,015,849**	**₱95,147,690**	**₱3,919,049,712**	**₱3,850,673,077**	**₱1,592,992,426**	**₱12,760,343,975**

	Store Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvement	Right-of-use Assets	Construction-in-Progress	Total
Balance at January 1, 2020, net of accumulated depreciation and amortization	₱2,225,524,905	₱261,945,231	₱82,943,016	₱2,549,752,655	₱4,494,954,371	₱1,535,860,218	₱11,150,980,396
Additions							
Other property and equipment	12,599,103	128,188,389	9,180,667	74,487,245	–	1,827,548,106	2,052,003,510
Right-of-use asset	–	–	–	–	5,575,953	–	5,575,953
Reclassification	412,434,884	90,000,000	21,216,472	1,501,118,420		(2,319,427,148)	(294,657,372)
Lease modification	–	–	–	–	(20,939,092)	–	(20,939,092)
Depreciation and amortization changes for the year	(159,470,559)	(61,584,000)	(14,098,502)	(163,912,696)	(506,097,335)	–	(905,163,092)
Balance at December 31, 2020, net of accumulated depreciation	₱2,491,088,333	₱418,549,620	₱99,241,653	₱3,961,445,624	₱3,973,493,897	₱1,043,981,176	₱11,987,800,303

Construction-in-progress pertains to accumulated costs incurred on the construction of new stores

The Company's right-of use assets pertain to store and warehouse facilities with a term ranging from 10 to 16 years and an average remaining lease term of 10 years.

The amount of depreciation and amortization is presented as part of Selling, General and Administrative Expenses in the statements of comprehensive income (see Note 14.2).

As of March 31, 2021, borrowing costs amounted ₱36.9 million, based on capitalization rate ranging from 6.50% to 7.50%, were capitalized as part of construction-in-progress (see Note 11). There was no borrowing cost recognized as of December 31, 2020.

As of March 31, 2021 and December 31, 2020, the gross carrying amount of the Company's fully depreciated property and equipment that are still used in operations is ₱39.8 million and ₱27.5 million, respectively.

There were no items of property and equipment that were used as collateral for any of the Company's loans.

10. Trade and Other Payables

This account consists of:

	Unaudited Mar 31, 2021	Audited Dec 31, 2020
Trade payable	**₱1,092,837,805**	₱1,064,726,977
Non-trade payables	**68,770,765**	133,251,156
Accrued expenses	**17,198,578**	50,363,673
VAT payable	**14,803,959**	48,165,800
Withholding tax payable	**11,293,289**	14,397,502
Retention payable	**2,176,333**	2,294,190
Others	**2,710,622**	2,590,998
	₱1,209,791,351	₱1,315,790,296

Trade payables arise from the Company's purchases of inventories and other direct costs. These are noninterest-bearing and are payable on demand.

Non-trade payables arise from the Company's capital asset acquisitions and other operating expenditures not yet paid as of the end of the period.

Accrued expenses are liabilities arising from unpaid interest on loans, rent, utilities, salaries and others costs.

Retention payable pertains to the amount withheld from service contractors which shall be refunded at the end of the contract.

11. Loans and Borrowings

The account consists of:

	Unaudited Mar 31, 2021	Audited Dec 31, 2020
Short-term loans	**₱3,566,913,149**	₱2,042,913,149

The Company obtained various short-term loans from various local banks for the Company's working capital requirements with fixed interest rates ranging from 6.50% to 9.24% and with terms of 180 days.

There are no loan covenants on the Company's short-term loans.

12. Leases

12.1 Lease Liability

Lease liability is presented in the statement of financial position as of March 31, 2021 and December 31, 2020 as follows:

	Unaudited Mar 31, 2021	Audited Dec 31, 2020
Current	**₱388,100,468**	₱384,798,495
Non-current	**4,083,884,924**	4,180,721,841
	₱4,471,985,392	₱4,565,520,336

12.2 Additional Profit or Loss

Expenses recognized for the period are as follows:

	Note	Unaudited Mar 31, 2021	Audited Dec 31, 2020
Depreciation expense of right-of-use assets	9	**₱122,820,820**	₱506,097,335
Variable lease payments	14.2	**112,777,499**	343,367,773
Interest expense on lease liabilities	15	**77,315,934**	325,233,511
		₱312,914,253	₱1,174,698,619

13. Sales

The Company's revenues arise from sale transactions with individual and corporate customers in the Philippines totaling to ₱3.6 billion and ₱3.4 billion for the three-months period ended March 31, 2021 and 2020, respectively.

The disaggregation on revenue recognition whether point in time or over time for period ended March 30, 2021 is shown below:

	Point in time	Over time	Total
Sale of merchandise (Note 18.1)	₱3,591,771,977	₱–	₱3,591,771,977
Vendors' support	–	49,306,878	49,306,878
Delivery fees	–	9,132,058	9,132,058
Marketing fees	–	6,858,276	6,858,276
Rentals	–	3,184,261	3,184,261
Miscellaneous	1,971,686	–	1,971,686
	₱3,593,743,663	**₱68,481,473**	**₱3,662,225,136**

This compares to the disaggregation on revenue recognition whether point in time or over time for period ended March 30, 2020 as follows:

	Point in time	Over time	Total
Sale of merchandise (Note 18.4)	₱3,365,904,859	₱–	₱3,365,904,859
Vendors' support	–	86,654,888	86,654,888
Marketing fees	–	9,526,873	9,526,873
Delivery fees	–	8,751,129	8,751,129
Rentals	–	835,499	835,499
Miscellaneous	261,124	–	261,124
	₱3,366,165,983	₱105,768,389	₱3,471,934,372

Vendors' support, marketing fees, delivery fees, gondola rental and miscellaneous are presented as part of Support, fees, rentals and other revenues account in the statements of comprehensive income.

14. Cost of Merchandise Sold and Selling, General and Administrative Expenses

14.1 Cost of Merchandise Sold

The details of cost of merchandise sold are shown below:

	Note	**Unaudited Mar 31, 2021**	Unaudited Mar 31, 2020
Inventories at beginning of period	7	**₱6,288,764,468**	₱5,208,925,853
Purchases during the period		**2,720,667,515**	3,055,955,427
Cost of goods available for sale		**9,009,431,983**	8,264,881,280
Inventories at end of period	7	**6,561,937,827**	5,930,626,259
		₱2,447,494,156	₱2,334,255,021

14.2 Selling, General and Administrative Expenses

	Notes	**Unaudited Mar 31, 2021**	Unaudited Mar 31, 2020
Depreciation and amortization	9	**₱253,717,264**	₱223,489,513
Variable Lease Payments	12	**112,777,499**	51,083,102
Salaries, wages and employee benefits		**84,955,790**	84,164,100
Outside services		**74,847,650**	96,912,791
Communication and utilities		**70,214,346**	81,699,240
Merchant fees		**29,751,393**	37,483,090
Taxes and licenses		**25,976,399**	27,105,537
Office and store supplies		**4,461,878**	11,564,000
Repairs and maintenance		**4,397,122**	9,413,304
Dues and subscriptions		**2,604,047**	9,514,276
Advertising and promotions		**2,227,732**	8,014,728
Representation and entertainment		**1,712,002**	3,242,297
Insurance expense		**1,455,770**	1,720,803
Professional fees		**1,176,791**	1,485,966
Transportation expense		**1,129,249**	15,499,666
Commission expense		**434,488**	490,301
Miscellaneous		**1,885,998**	5,664,784
		₱673,725,418	₱668,547,498

15. Finance Costs

Finance costs include the following:

	Note	**Unaudited Mar 31, 2021**	Unaudited Mar 31, 2020
Interest expense from:			
Lease liability	12	**₱77,315,934**	₱83,623,780
Loans payable		**4,461,354**	480,938
Retirement benefit obligation	16	**682,300**	–
Bank service charge		**–**	8,506
		₱82,459,588	₱84,113,224

16. Post-Employment Defined Benefit Plan

The Company maintains an unfunded, noncontributory post-employment defined benefit plan covering all qualified employees.

The most recent actuarial valuation dated March 23, 2021 was performed by a professionally qualified external actuary.

The amounts of post-employment benefit recognized in profit or loss in respect of the defined benefit post-employment plan are as follows (see Note 15):

	Unaudited Mar 31, 2021	Unaudited Mar 31, 2020
Current service cost	**₱2,769,466**	₱–
Interest expense	**682,300**	–
	₱3,451,766	₱–

The interest expense is included as part of Finance Costs under Finance Income (Costs) in the statements of comprehensive income (see Note 15).

In determining the amount of the retirement benefit obligation, the following significant actuarial assumptions were used for the period ended March 31, 2021 and December 31, 2020:

Discount rate	4.06%
Expected rate of salary increases	7.75%

The plan exposes the Company to actuarial risks such as interest rate risk, longevity risk and salary risk.

Interest Rate Risk
The present value of the defined benefit obligation is calculated using a discount rate determined by reference to market yields of government bonds. Generally, a decrease in the interest rate of a reference government bonds will increase the plan obligation.

Longevity and Salary Risks
The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of the plan participants during their employment and to their future salaries. Consequently, increases in the life expectancy and salary of the plan participants will result in an increase in the plan obligation.

The information on the sensitivity analysis for certain significant actuarial assumptions and the timing and uncertainty of future cash flows related to the retirement plan as of March 31, 2021 and December 31, 2020 are discussed below risk.

	Impact on Retirement Benefit Obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/-1%	(8,659,130)	10,517,134
Salary growth rate	+/-1%	10,370,692	(8,731,300)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the statements of financial position.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

The plan is currently unfunded by P128.9 million based on the latest actuarial valuation. While there are no minimum funding requirement in the country, the size of the underfunding may pose a cash flow risk that the Company may be exposed to if several employees retire within the same year. The Company has yet to determine when to establish a retirement fund and how much to contribute.

The maturity profile of the undiscounted expected benefit payments as of March 31, 2021 and December 31, 2020 from the plan follows:

Within five years	₱11,784,535
More than five years to 10 years	36,369,195
More than 10 years	586,919,188
	₱635,072,918

Management expects that a substantial portion of the undiscounted expected benefit payments is probable after 10 years from the end of the reporting period. The weighted average duration of the defined benefit obligation at the end of the reporting period is 24 years.

17. Income Taxes

The components of tax expense as reported in profit or loss are:

	Unaudited Mar 31, 2021	Unaudited Mar 31, 2020
Current tax expense:		
Regular corporate income tax (RCIT)	**₱130,828,924**	₱74,874,788
Final tax at 20%	**74,833**	176,150
	130,903,757	75,050,938
Deferred tax expense relating to originating and reversal of other temporary differences	**(16,192,431)**	40,630,801
	₱114,711,326	₱115,681,739

A reconciliation of tax on pretax profit computed at the applicable statutory rates to tax expense reported in profit or loss is as follows:

	Unaudited Mar 31, 2021	Unaudited Mar 31, 2020
Tax on pretax profit	**₱114,730,034**	₱115,769,815
Adjustment for income subjected to lower tax rate	**(18,708)**	(88,076)
Tax expense	**₱114,711,326**	₱115,681,739

The Company is subject to the Minimum Corporate Income Tax (MCIT) as defined under the tax regulations, or RCIT, whichever is higher. The Company reported RCIT for the period ended March 31, 2021 and 2020.

The deferred tax liabilities as of March 31, 2021 and December 31, 2020 relate to the following:

	Statements of Financial Position		Statements of Comprehensive Income	
	Unaudited Mar 31, 2021	**Audited Dec 31, 2020**	**Unaudited Mar 31, 2021**	**Unaudited Mar 31, 2020**
Deferred tax assets:				
Leases - PFRS 16	**₱ 194,885,456**	₱ 187,563,987	**(₱7,321,469)**	(₱11,164,255)
Retirement obligation	**13,884,969**	13,022,030	**(862,941)**	–
Impairment loss	**5,138,446**	4,961,886	**–**	–
Reward liability	**–**	176,560	**–**	–
	213,908,871	205,724,463	**(8,184,410)**	(11,164,255)
Deferred tax liabilities:				
Borrowing costs	**(142,385,905)**	(134,883,818)	**7,502,088**	(2,504,740)
Depreciation	**(282,162,022)**	(255,157,672)	**27,004,351**	26,158,741
Uncollected income	**(72,771,463)**	(115,285,923)	**(42,514,460)**	28,141,055
	(497,319,390)	(505,327,413)	**(8,008,021)**	51,795,056
Deferred tax liabilities – net	**(₱283,410,519)**	(₱299,602,950)		
Deferred tax (benefit) expense			**(₱16,192,431)**	₱40,630,801

The Company claimed itemized deductions for 2021 and 2020 in computing for its income tax due.

Corporate Recovery and Tax Incentives for Enterprises Act" or "CREATE"

On March 26, 2021, President Rodrigo Duterte signed into law the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act to attract more investments and maintain fiscal prudence and stability in the Philippines. Republic Act (RA) 11534 or the CREATE Act introduces reforms to the corporate income tax and incentives systems. It takes effect 15 days after its complete publication in the Official Gazette or in a newspaper of general circulation or April 11, 2021.

The following are the key changes to the Philippine tax law pursuant to the CREATE Act which have an impact on the Company:

Effective July 1, 2020, RCIT rate is reduced from 30% to 25% for domestic and resident foreign corporations.

MCIT rate reduced from 2% to 1% of gross income effective July 1, 2020 to June 30, 2023.

18. Related Party Transactions

The Company's related parties include its ultimate parent company, parent company, related parties under common ownership, key management personnel and others. The summary of the Company's transactions with its related parties for the three months ended March 31, 2021 and 2020, and the related outstanding balances as of March 31, 2021 and December 31, 2020 are discussed in the succeeding pages.

	Amount of Transactions		**Outstanding Balance**	
	For the three months period		**Unaudited**	Audited
Related Party Category	**Mar 31, 2021**	Mar 31, 2020	**Mar 31, 2021**	Dec 31, 2020
Common Ownership:				
Depreciation (PFRS 16)	**103,024,270**	103,024,270	**–**	**–**
Interest (PFRS 16)	**65,265,483**	70,341,292	**–**	**–**
Sale of merchandise	**35,737,672**	55,618,067	**–**	–
Rentals	**72,868,771**	44,267,889	**–**	–
Common Ownership:				
Lease liability	**–**	–	**3,737,966,363**	3,818,778,732
Right-of-use Asset (PFRS 16)	**–**	–	**3,225,779,498**	3,332,771,608
Transferred retirement obligation	**–**	–	**24,912,105**	24,912,105
Key Management Personnel –				
Compensation	**42,327,000**	14,109,000	–	–

All outstanding balances from related parties are noninterest-bearing, unsecured and payable/collectible in cash on demand, unless otherwise stated.

18.1 Sale of Merchandise

The Company sells various merchandise items to its related parties with similar transaction price and terms under exact business circumstance with third parties. These transactions are presented as part of Sales in the statements of comprehensive income (see Note 13).

18.2 Key Management Personnel Compensation

For the period ended March 31, 2021, the total key management personnel compensation which includes short-term and post-employment benefits amounted to ₱42.3 million.

19. Equity

19.1 Capital Stock

The details of the Company's capital stocks as of March 31, 2021 and December 31, 2020 are as follows:

	Unaudited Mar 31, 2021		Audited Dec 31, 2020	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**
Authorized shares:				
Common	5,900,000,000	5,900,000,000	5,900,000,000	5,900,000,000
Preferred	1,000,000,000	100,000,000	1,000,000,000	100,000,000
Issued and outstanding shares:				
Common - Par value of P1 per share	3,750,000,002	3,750,000,002	3,750,000,002	3,750,000,002
Balance at the end of the period	3,750,000,002	3,750,000,002	3,750,000,002	3,750,000,002

On July 8, 2019, the SEC approved the Company's application for the increase of authorized capital stock from ₱2.0 billion to ₱6.0 billion divided into 5,900,000,000 common shares with par value of P1.00 per common share and 1,000,000,000 preferred shares with par value of ₱0.10 per preferred share. On the same date, the Company issued 1,000,000,000 common shares for the payment of certain advances from related parties that were converted into equity and two common shares for a consideration of ₱2.00 to independent directors.

On October 10, 2019, the Company, by way of a primary offering (IPO), sold 750,000,000 shares of its common stock (Offer Share) at an offer price of ₱11.50 per Offer Share, and generated gross proceeds of ₱8.625 billion from such IPO.

19.2 Additional Paid-In Capital

Additional paid-in capital consists of ₱7,206.6 million from the initial public offering in 2019, net of ₱668.4 million stock issuance costs incurred such as underwriting fees and commissions, taxes and filing fees (see Note 19.1).

19.3 Dividend Declaration

The Company's BOD approved the declaration of cash dividends amounting to ₱52.5 million on (₱0.014 per share) on November 25, 2020, payable to stockholders of record on December 14, 2020. The cash dividends were paid on December 28, 2020.

19.4 Revaluation Reserves

In 2019, the Company recognized actuarial losses arising from remeasurement on post-employment defined benefit obligation amounting to ₱29.9 million which is presented in statement of changes in equity under Revaluation Reserves account. The balance of Revaluation Reserves account amounted to ₱9.10 million as at March 31, 2021 and December 31, 2020.

20. Earnings Per Share

Earnings per share were computed as follows:

	Unaudited Mar 31, 2021	Unaudited Mar 31, 2020
Net profit	**₱344,208,812**	₱270,217,642
Divided by weighted average number of outstanding common shares	**3,750,000,002**	3,750,000,002
Basic and diluted EPS	**₱0.09**	₱0.07

The Company has no potential dilutive common shares as of March 31, 2021 and 2020.

21. Commitments and Contingencies

The significant commitments and contingencies involving the Company are presented below:

21.1 Lease Commitments – Company as Lessee

The total rental expense recognized from variable leases payments amounted to ₱112.7 million and ₱51.1 million for the three-month period March 31, 2021 and 2020, respectively, and are presented as Variable lease payment under Selling, General and Administrative Expenses in the statements of comprehensive income (see Note 14.2).

21.2 Others

There are other commitments, guarantees and contingent liabilities that may arise in the normal course of operations of the Company which are not reflected in the financial statements. As of March 31, 2021 and December 31, 2020, management is of the opinion that losses, if any, from these items will not have any material effect on the Company's financial statements, taken as a whole.

22. Risk Management Objectives and Policies

The Company is exposed to a variety of operational and financial risks in relation to financial instruments. The Company's risk management is coordinated with its parent company, in close cooperation with the Company's BOD.

The Company does not normally engage in the trading of financial assets for speculative purposes nor does it write options. The most significant operational and financial risks to which the Company is exposed to are described below.

22.1 Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on short-term financing. The Company is exposed to changes in market interest rates through its cash in banks, which are subject to variable interest rates. However, due to its short-duration, management believes that the interest rate sensitivity and its effect on the net result for the period and equity are not significant (see Note 5).

22.2 Credit Risk

Credit risk is the risk that counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting receivables to customers and related parties, and placing deposits.

The Company continuously monitors defaults of other counterparties, identified individually, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

Except for cash in banks, none of the Company's financial assets are secured by collateral or other credit enhancements.

(a) Cash

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables.

The expected loss rates on trade receivables are based on the payment profiles of sales over a period of 36 months before March 31, 2021 and 2020, and the corresponding historical actual default losses experienced within such period.

The Company identifies a default when the receivables become credit-impaired or when the customer is not able to settle the receivables within the normal credit terms of 30 to 60 days, depending on the terms with customers; hence, these receivables were already considered as past due on its contractual payment. In addition, the Company considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty.

On that basis, the loss allowance as at March 31, 2021 and December 31, 2020 was determined based on months past due, for trade receivables, excluding advances to officers and employees, as follows:

Unaudited Mar 31, 2021	**Not yet due/Within 1 year**	**Within 1 year**	**1 to 2 years**	**2 to 3 years**	**Total**
Expected loss rate	–	21.11%	33.73%	52.93%	
Gross carrying amount	284,764,518	26,728,451	19,664,712	8,056,559	339,214,240
Loss allowance	–	5,642,376	6,632,907	4,264,337	16,539,620

Audited Dec 31, 2020	**Within 1 year**	**1 to 2 years**	**2 to 3 years**	**More than 3 years**	**Total**
Expected loss rate	0%	21.11%	33.73%	52.93%	
Gross carrying amount	161,362,756	33,220,585	13,898,081	9,143,575	217,624,997
Loss allowance	–	7,012,152	4,687,452	4,840,016	16,539,620

(c) Due from Related Parties

ECL for advances to related parties are measured and recognized using the liquidity approach. Management determines possible impairment based on the related party's ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties. Management assessed that the outstanding receivables from related parties as of March 31, 2021 and December 31, 2020 are recoverable since these related parties have the capacity to pay the advances upon demand. Accordingly, no impairment losses were recognized as of the end of the reporting periods.

22.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 30-day periods. Excess cash are invested in short-term placements. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

22.3 Impact of COVID-19

On March 11, 2020, the World Health Organization has declared the coronavirus outbreak disease 2019 (COVID-19) to be a global pandemic. COVID-19 started to become widespread in the Philippines in early March 2020 causing the government to declare the country in a state of public health emergency followed by implementation of public health standards and community quarantine in order to contain the spread of COVID-19.

The impact of COVID-19 to the Company's business operations relates to certain operational adjustments to ensure appropriate response to the effects of COVID-19. In response to this matter, the Company innovated operational strategy in order to adapt to the 'new normal mindset', minimized operating expenses, implemented cost saving measures and ensured compliance with health and safety guidelines to protect employees, contractors and customers. The Company assessed that COVID-19 impact did not result to material changes in the overall operations of the Company for period ended March 31, 2021.

There were also no material changes in the Company's loss allowance on accounts receivables that have been recognized in the financial statements as of March 31, 2021.

The Company continues to monitor the risks and on-going COVID-19 impact to its business.

23. **Categories and Fair Value Measurements**

Management considers that the carrying values of the Company's financial assets and financial liabilities, measured at amortized costs, approximate their fair values either because these instruments are short-term in nature or the effect of discounting for those with maturities of more than one year is not material.

See Notes 2 for a description of the accounting policies for each category of financial instrument. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 22.

23.2 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

There are no financial assets and financial liabilities measured at fair value as of March 31, 2021 and December 31, 2020. Neither was there transfers among fair value levels in those years.

24. Capital Management Objectives, Policies and Procedures

The Company's capital management objective is to ensure the Company's ability to continue as a going concern entity. Essentially, the Company, in coordination with its parent company, monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position.

The Company manages the capital structure and makes adjustments to consider changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the ratios on its covenants with certain financial institutions. Capital for the reporting periods is summarized as follows:

	Unaudited Mar 31, 2021	Audited Dec 31, 2020
Total liabilities	**₱9,844,103,197**	₱8,404,068,168
Total equity	**13,715,147,459**	13,370,938,647
Debt-to-equity ratio	**0.72 : 1.00**	0.63 : 1:00

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Supplemental Schedule of Financial Soundness Indicators

March 31, 2021 and March 31, 2020

Ratio	Formula	2021	Formula	2020
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets ₱9,500,845,254 Divide by: Total Current Liabilities 5,405,037,124 Current Ratio 1.76	1.76	Total Current Assets divided by Total Current Liabilities Total Current Assets ₱8,036,043,943 Divide by: Total Current Liabilities 2,463,835,786 Current Ratio 3.26	3.26
Acid test ratio	Quick Assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets ₱9,500,845,254 Less: Inventories (6,561,937,827) Other Current Assets (626,707,970) Quick Assets 2,312,199,457 Divide by: Total Current Liabilities 5,405,037,124 Acid Test Ratio 0.43	0.43	Quick Assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets ₱8,036,043,943 Less: Inventories (5,930.626,259) Other Current Assets (379,474,850) Quick Assets 1,725,942,834 Divide by: Total Current Liabilities 2,463,835,787 Acid Test Ratio 0.70	0.70
Solvency ratio	Total Liabilities divided by Total Assets Total Liabilities ₱9,844,103,197 Divide by: Total Assets 23,559,250,656 Solvency Ratio 0.42	0.42	Total Liabilities divided by Total Assets Total Liabilities ₱7,214,180,131 Divide by: Total Assets 19,899,320,551 Solvency Ratio 0.36	0.36
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities ₱9,844,103,197 Divide by: Total Equity 13,715,147,459 Debt-to-Equity Ratio 0.72	0.72	Total Liabilities divided by Total Equity Total Liabilities ₱7,214,180,131 Divide by: Total Equity 12,685,140,420 Debt-to-Equity Ratio 0.57	0.57
Asset-to-equity ratio	Total Assets divided by Total Equity Total Assets ₱23,559,250,656 Divide by: Total Equity 13,715,147,459 Asset-to-equity ratio 1.72	1.72	Total Assets divided by Total Equity Total Assets ₱19,899,320,551 Divide by: Total Equity 12,685,140,420 Asset-to-equity ratio 1.57	1.57
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest Expense EBIT ₱541,005,562 Divide by: Interest Expense 82,459,588 Interest Coverage Ratio 6.56	6.56	Earnings before interest and taxes (EBIT) divided by Interest Expense EBIT ₱469,123,347 Divide by: Interest Expense 84,104,718 Interest Coverage Ratio 5.58	5.58
Return on equity	Net Profit divided by Total Equity Net Profit ₱344,208,812 Divide by: Total Equity 13,715,147,459 Return on equity 0.03	0.03	Net Profit divided by Total Equity Net Profit 270,217,642 Divide by: Total Equity 12,685,140,420 Return on equity 0.02	0.02
Return on assets	Net Profit divided by Total Assets Net Profit ₱344,208,812 Divide by: Total Assets 23,559,250,656 Return on assets 0.01	0.01	Net Profit divided by Total Assets Net Profit ₱270,217,642 Divide by: Total Assets 19,899,320,550 Return on assets 0.01	0.01
Net profit margin	Net profit divided by Total Revenue Net Profit ₱344,208,812 Divide by: Total Revenue 3,591,771,977 Net Profit Margin 0.10	0.10	Net profit divided by Total Revenue Net Profit ₱270,217,642 Divide by: Total Revenue 3,365,904,859 Net Profit Margin 0.08	0.08

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

REVIEW OF FIRST QUARTER END 2021 VS FIRST QUARTER END 2020

RESULTS OF OPERATIONS

On March 22, 2021, the Philippine government has placed NCR plus on enhanced community quarantine (ECQ) due to rising COVID-19 cases. However, unlike the ECQ implemented last year on March 17 to May 15, 2020, this year's ECQ regulations allowed the Company's stores to operate albeit at shortened operating hours due to curfew restrictions. There was no store closed; hence, the ECQ did not result to material changes in the overall operating results of the Company for the quarter ended March 31, 2021. Last year, the Company had to close its stores in Luzon on March 17 to May 15, 2020, which accounted about 84.3% of revenues pre-ECQ. To counter the effects of the pandemic, the Company innovated its operational strategies to navigate the new normal, re-assessed its expansion plan, introduced new concept, and implemented operating and cost-saving measures.

Quarter Ended March 31, 2021 compared to quarter ended March 31, 2020

Sales

The company recorded sales of ₱3,591.8 million for the quarter ended 31 March 2021, an increase of 7% from ₱3,365.9 million for the quarter ended 31 March 2020. This was mainly brought about by the same store sales growth of existing 45 stores as of 31 March 2020 as well as the revenues generated from 7 additional stores launched since then until 31 March 2021. The following table shows the key operating performance indicators relevant to the revenues for the period ended 31 March 2021 and 2020. The company has opened its 52nd store on February 12, 2021 in Cauayan, Isabela, bringing its total net selling space to 344,907 sqms.

	As of and for the period ended 31 March		Percentage Change
	2021	2020	
Number of stores	52	45	15.6%
Net Selling Area (in sqms)	344,907	296,772	16.2%
Net Sales (₱ millions)	3,591.8	3,365.9	41.4%
SSSG	2.8%	23.4%	33.7%

Cost of Merchandise Sold

For the quarter ended 31 March 2021, cost of merchandise sold was at ₱2,447.5 million, an increase of 5% from the ₱2,334.3 million level for the same period in 2020 corresponding to the increase in sales in existing stores and the sales contributed by the 7 new stores added during the period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 1% to ₱673.7 million for the quarter ended 31 March 2021 from ₱668.5 million for the same period in 2020, primarily due to the following:

- Increase in depreciation and amortization from ₱223.5 million for the quarter ended 31 March 2020 to ₱253.7 million for the quarter ended 31 March 2021 primarily as a result of increase in the number of stores.

- Increase in rentals from ₱51.1 million for the quarter ended 31 March 2020 to ₱112.8 million for the quarter ended 31 March 2021 primarily due to new stores.

- Increase in salaries and wages from ₱84.2 million for the quarter ended 31 March 2020 to ₱85.0 million for the quarter ended 31 March 2021 due to the additional manpower for new stores.

- Decrease in outside services from ₱96.9 million for the quarter ended 31 March 2020 to ₱74.8 million for the quarter ended 31 March 2021 due to the reduction of manpower as a result of operating and cost-saving measures implemented during the pandemic.

- Decrease in communication and utilities from ₱81.7 million for the quarter ended 31 March 2020 to ₱70.2 million for the quarter ended 31 March 2021 due to a combination of cost-saving measures and shortened operating hours during the quarantine.

- Decrease in merchant fee from ₱37.5 million for the quarter ended 31 March 2020 to ₱29.8 million for the quarter ended 31 March 2021 primarily due to negotiated lower merchant discount rates on sales through credit cards and other customer payment gateways.

- Decrease in taxes and licenses from ₱27.1 million for the quarter ended 31 March 2020 to ₱26.0 million for the quarter ended 31 March 2021.

- Decrease in office and store supplies from ₱11.6 million for the quarter ended 31 March 2020 to ₱4.5 million for the quarter ended 31 March 2021 due to cost-saving measures implemented.

- Decrease in repairs and maintenance from ₱9.4 million for the quarter ended 31 March 2020 to ₱4.4 million for the quarter ended 31 March 2021 due to cost-saving measures implemented.

- Decrease in dues and subscription from ₱9.5 million for the quarter ended 31 March 2020 to ₱2.6 million for the quarter ended 31 March 2021 due to cost-saving measures implemented.

- Decrease in advertising and promotions from ₱8.0 million for the quarter ended 31 March 2020 to ₱2.2 million for the quarter ended 31 March 2021 on account of cost-saving measures implemented and usage of online digital platforms for marketing purposes.

- Decrease in representation and entertainment from ₱3.2 million for the quarter ended 31 March 2020 to ₱1.7 million for the quarter ended 31 March 2021 due to the cost-saving measures implemented, and minimal physical meetings.

- Decrease in insurance expense from ₱1.7 million for the quarter ended 31 March 2020 to ₱1.5 million for the quarter ended 31 March 2021.

- Decrease in professional fees from ₱1.5 million for the quarter ended 31 March 2020 to ₱1.2 million for the quarter ended 31 March 2021 on account of the cost-saving measures implemented.

- Decrease in transportation expense from ₱15.5 million for the quarter ended 31 March 2020 to ₱1.1 million for the quarter ended 31 March 2021 due to limited headcount to travel during pandemic.

- Decrease in commission expense from ₱490.3 thousand from quarter ended 31 March 2020 to ₱434.5 thousand for the quarter ended 31 March 2021 as most corporate sales during the period were generated by in-house sales teams.

- Decrease in miscellaneous from ₱6.5 million for the quarter ended 31 March 2020 to ₱1.9 million for the quarter ended 31 March 2021 due to the cost-saving measures implemented.

Finance Cost

Finance cost decreased from ₱84.1 million for the quarter ended 31 March 2020 to ₱82.5 million for the quarter ended 31 March 2021. The net decrease was primarily attributable to the decrease of ₱6.3 million in interest expense from lease liability due to its lower balance and slightly offset by increase of ₱4.6 million in loans payable and retirement benefit obligation.

Support, Fees, Rentals and Other Revenues

Support, fees, rentals and other revenues decreased by 34% from ₱106.0 million for the quarter ended 31 March 2020 to ₱70.5 million for the quarter ended 31 March 2021, primarily due to the decrease in vendor's support by 43% from ₱87 million to ₱49 million for the quarter ended 31 March 2021.

Tax Expense

Tax expense decreased by 1% from ₱115.7 million for the quarter ended 31 March 2020 to ₱114.7 million for the quarter ended 31 March 2021 partially due to the new lower corporate tax rate offset by a higher taxable base for the quarter

Net Profit

As a result of the foregoing, our net income increased by 27% from ₱270.2 million for the quarter ended 31 March 2020 to ₱344.2 million for the quarter ended 31 March 2021

FINANCIAL CONDITION

As of 31 March 2021 vs. 31 December 2020

Total assets as of 31 March 2021 were ₱23,559.3 million compared to ₱21,775.0 million as of 31 December 2020, or an 8% increase due to the following:

- Cash decreased by 9% from ₱1,785.6 million as of 31 December 2020 to ₱1,622.7 million as of 31 March 2021 primarily due to payments made for the inventories and fit-out expenditures for new stores.

- Trade and other receivables increased by 33% from ₱517.0 million as of 31 December 2020 to ₱689.5 million as of 31 March 2021 due mainly to increase in accredited corporate accounts during the period.

- Inventories increased by 4% from ₱6,288.8 million as of 31 December 2020 to ₱6,561.9 million as of 31 March 2021 due primarily to the purchases for new stores.

- Property and equipment increased by 6% from ₱11,987.8 million as of 31 December 2020 to ₱12,760.3 million as of 31 March 2021 due primarily to leasehold improvements and acquisition of store equipment, furniture, fixture, and office equipment for new stores.

- Other assets increased by 61% from ₱1,195.8 million as of 31 December 2020 to ₱1,924.8 million as of 31 March 2021 due primarily to increase in advances to suppliers for new inventory orders.

Total liabilities as of 31 December 2020 were ₱8,404.1 million compared to ₱9,844.1 million as of 31 March 2021, or a 17% increase. This was due to the following:

- Trade and other payables decreased by 8% from ₱1,315.8 million as of 31 December 2020 to ₱1,209.8 million as of 31 March 2021 due to payment of payables for the purchases of inventories and new stores fit-out construction.

- Loans payable including non-current portion increased from ₱2,042.9 million as of 31 December 2020 to ₱3,566.9 million as of 31 March 2021 due to new loan availments made during the period.

- Lease liability including non-current portion decreased from ₱4,565.5 million as of 31 December 2020 to ₱4,472.0 million as of 31 March 2021 due to lease payments made.

- Income tax payable increased by 115% from ₱111.9 million as of December 31, 2020 to ₱240.2 million as of 31 March 2021 due to tax payable for the period.

- Deferred tax liabilities decreased by 5% from ₱299.6 million as of December 31, 2020 to ₱283.4 million as of 31 March 2020 due to the adjustments to temporary tax differences for the period.

- Retirement benefit obligation increased from ₱68.3 million as of 31 December 2020 to ₱71.8 million as of 31 March 2021 due to adjustment of provision for the retirement benefit.

Total stockholder's equity increased by 3% from ₱13,370.9 million as of 31 December 2020 to ₱13,715.1 million as of 31 March 2021 due to net income recorded for the period.

Considered as the top five key performance indicators of the Company as shown below:

Key Performance Indicators	**3/31/2021**	**3/31/2020**
Revenues (₱ millions)	₱3,591.8	₱3,365.9
Gross Profit (₱ millions)	1,144.3	1,031.6
Gross Profit Margin (%) (a)	31.9%	30.6%
Net Profit (₱ millions)	344.2	270.2
Net Profit Margin (%) (b)	9.6%	8.0%

Notes:

(a) Gross Profit Margin: This ratio is obtained by dividing the Gross Profit of the Company by its Revenues

(b) Net Profit Margin: This ratio is obtained by dividing the Net Profit of the Company by its Revenues

Because there are various calculation methods for the performance indicators above, the Company's presentation of such may not be comparable to similarly titled measures used by other companies.

Revenues increased for the quarter ended 31 March 2021 compared to quarter ended 31 March 2020 due to same store sales growth of existing stores and the revenue contribution of the new stores.

Gross Profit and Gross Profit Margin increased for the quarter ended 31 March 2021 compared to quarter ended 31 March 2020 due to economies of scale achieved resulting from higher purchases made during the period and increased revenue contribution of in-house brands. Net Profit and Net Profit Margin increased for the quarter ended 31 March 2021 compared to quarter ended 31 March 2020 due to improved revenues, gross profit, and other income as well as the reduced corporate income tax rate.

Material Changes to the Company's Balance Sheet as of 31 March 2021 compared to 31 December 2020 (increase/decrease of 5% or more)

Cash decreased by 9% from ₱1,785.6 million as of 31 December 2020 to ₱1,622.7 million as of 31 March 2021 primarily due to payments made for the inventories and fit-out expenditures for new stores.

Trade and other receivables increased by 33% from ₱517.0 million as of 31 December 2020 to ₱689.5 million as of 31 March 2021 due mainly to increased corporate sales during the period.

Property and equipment increased by 6% from ₱11,987.8 million as of 31 December 2020 to ₱12,760.3 million as of 31 March 2021 due primarily to acquisition of store equipment, furniture, fixture, office equipment and leasehold improvements for new stores.

Other assets increased by 61% from ₱1,195.8 million as of 31 December 2020 to ₱1,924.8 million as of 31 March 2021 due primarily to increase in advances to suppliers for new inventory orders.

Trade and other payables decreased by 8% from ₱1,315.8 million as of 31 December 2020to ₱1,209.8 million as of 31 March 2021 due to payment of trade payables for the purchases of inventories and new stores fit-out construction.

Loans payable including non-current portion increased by 75% from ₱2,042.9 million as of 31 December 2020 to ₱3,566.9 million as of 31 March 2021 due to new loan availments made during the period.

Income tax payable increased by 115% from ₱111.9 million as of 31 December 2020 to ₱240.2 million as of 31 March 2021 due to tax payable for the period.

Deferred tax liabilities decreased by 5% from ₱299.6 million as of December 31, 2020 to ₱283.4 million as of 31 March 2021 due to the adjustments to temporary tax differences for the period.

Retirement benefit obligation increased by 5% from ₱68.3 million as of 31 December 2020 to ₱71.8 million as of 31 March 2021 due to adjustment of provision for the retirement benefit.

Material Changes to the Company's Statement of income for the 3-month of 2021 compared to the 3-month of 2020 (increase/decrease of 5% or more)

Sales increased by 7% to ₱3,591.8 million for the quarter ended 31 March 2021 from ₱3,365.9 million for the quarter ended 31 March 2020. This was mainly brought about by the same store sales growth of existing 45 stores as of 31 March 2020 as well as the revenues generated from 7 additional stores launched since then until 31 March 2021.

Cost of merchandise sold increased by 5% to ₱2,447.5 million for the quarter ended 31 March 2021 from the ₱2,334.3 million level for the same period in 2020, corresponding to the increase in sales in existing stores and the sales contributed by the 7 new stores added during the period.

Support, fees, rentals and other revenues decreased by 34% from ₱106.0 million for the quarter ended 31 March 2020 to ₱70.5 million for the quarter ended 31 March 2021. The decrease was primarily attributable to the decrease in vendor's support.

As a result of the foregoing, our net income increased by 27% from ₱270.2 million for the quarter ended 31 March 2020 to ₱344.2 million for the quarter ended 31 March 2021.

There is no other material change in the Company's financial position (changes of 5% or more) and condition that will warrant a more detailed discussion.

COMMITMENTS AND CONTINGENCIES

There is no material commitment and contingency as of 31 March 2021 and as of 31 March 2020.

PART II - OTHER INFORMATION

Item 3. 3-month of 2021 Developments

A. New Projects or Investments in another line of business or corporation.

None

B. Composition of Board of Directors

Manuel B. Villar, Jr.	Chairman of the Board
Camille A. Villar	Vice Chairman of the Board
Benjamarie Therese N. Serrano	Director and President
Frances Rosalie T. Coloma	Director and Treasurer
Manuel Paolo A. Villar	Director
Laura Suarez Acuzar	Independent Director
Jessie D. Cabaluna	Independent Director

C. Performance of the corporation or result/progress of operations.

Please see unaudited Financial Statements and Management's Discussion and Analysis.

D. Declaration of Dividends.

P0.014 per share Regular Cash Dividend
Declaration date: November 25, 2020
Record date: December 14, 2020
Payment date: December 28, 2020

P1.2785 per share Regular Cash Dividend
Declaration Date: May 28, 2019
Record date: June 14, 2019
Payment date: June 28, 2019

E. Contracts of merger, consolidation or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements.

None.

F. Offering of rights, granting of Stock Options and corresponding plans thereof.

None.

G. Acquisition of additional mining claims or other capital assets or patents, formula, real estate.

Not Applicable.

H. Other information, material events or happenings that may have affected or may affect market price of security.

None.

Transferring of assets, except in normal course of business.

None.

<u>Item 4. Other Notes as of 3-month of 2020 Operations and Financials.</u>

I. Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size, or incidents.

None.

J. Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.

There were no changes in estimates of amounts reported in prior interim period or prior financial years that have a material effect in the current interim period.

K. New financing through loans/ issuances, repurchases and repayments of debt and equity securities.

See Notes to Financial Statements and Management Discussion and Analysis.

L. Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

See Notes to Financial Statements and Management Discussion and Analysis.

M. The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discontinuing operations.

None.

N. Changes in contingent liabilities or contingent assets since the last annual statement of financial position date.

None.

O. Existence of material contingencies and other material events or transactions during the interim period

None.

P. Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

None.

Q. Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

None.

R. Material commitments for capital expenditures, general purpose and expected sources of funds.

Material commitments for capital expenditures contracted were attributed to the store fixtures and equipment being put up for the upcoming new stores.

S. Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/income from continuing operations.

As of March 31, 2021 no known trends, events or uncertainties that are reasonably expected to have impact on sales/revenues/income from continuing operations except for those being disclosed in the 3-month of 2021 financial statements.

T. Significant elements of income or loss that did not arise from continuing operations.

None.

U. Causes for any material change/s from period to period in one or more line items of the financial statements.

None.

V. Seasonal aspects that had material effect on the financial condition or results of operations.

None.

W. Disclosures not made under SEC Form 17-C.

None.

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized.

AllHome Corp.
Issuer

By:

FRANCES ROSALIE T. COLOMA
CFO

Date: 17 May 2021