COVER SHEET

C	S	2	0	1	3	1	0	1	7	9

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

(Company's Full Name)

LOWER GROUND FLOOR, BUILDING B, EVIA LIFESTYLE CENTER, VISTA CITY, DAANGHARI, ALMANZA II, LAS PIÑAS CITY

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

Robirose M. Abbot	09190815302
Contact Person	Company Telephone Number

1 2 / 3 1	17-A	
Month *Day*	FORM TYPE	*Month* *Day*
Calendar Year		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-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2021**

2. SEC Identification Number **CS201310179**

3. BIR Tax Identification No. **008-541-952-000**

4. Exact name of issuer as specified in its charter **ALLHOME CORP.**

5. **Philippines**
   Province, Country or other jurisdiction of incorporation

6. Industry Classification Code [ ] (SEC Use Only)

7. **Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City** — **1750**
   Address of principal office — Postal Code

8. **+639190815302**
   Issuer's telephone number, including area code

9. **N/A**
   Former name, former address, and former fiscal year, if changed since last report.

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

Title of Each Class	Number of Shares of Common Stock Outstanding
Common stock	**3,750,000,002 shares**

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

    Yes [**x**]   No [ ]

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

12. Check whether the issuer:

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

    Yes [**x**]   No [ ]

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

Yes [**x**]   No [ ]

13. Aggregate market value of voting stocks held by non-affiliates:

₱ 10.1 Billion as of December 31, 2021

APPLICABLE ONLY TO ISSUERS INVOLVED IN INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS DURING THE PRECEDING FIVE YEARS:

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [ ]   No [x]   **NOT APPLICABLE**

DOCUMENTS INCORPORATED BY REFERENCE

15. Briefly describe documents incorporated by reference and identify the part of SEC Form 17-A into which the document is incorporated:

Financial Statements as of and for the year ended December 31, 2021
(incorporated as reference for Items 7 and 12 of SEC Form 17-A)

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PART I – BUSINESS

Item 1. Business

Overview

AllHome Corp. (the "Company") is a pioneering "one-stop shop" home store in the Philippines. Since its incorporation in 2013, the Company has grown to 57 stores as of December 31, 2021, having an aggregate net selling space of approximately 297,469 sqm.

The Company was incorporated in the Republic of the Philippines on May 29, 2013 and started operations with four (4) stores. The Company opened its first store in the Visayas region, AllHome Talisay in Cebu, in June 2016 and first store in Mindanao, AllHome Cagayan de Oro, in July 2018.

The Company's product offering spans seven (7) key categories from over 1,000 local and international brands. These product categories are furniture, hardware, appliances, tiles and sanitary wares, homewares, linens and construction materials.

The Company believes that it offers customers a unique shopping experience for the home in a comfortable and convenient setting. The Company believes that its range of store formats appeal to homeowners, in-house design consultants and builders, architects, engineers, and contractors and help them to realize their vision of creating their and their clients' dream homes and living spaces. To complement its product offerings, the Company provides special services including free styling consultations with in-house design consultants, ready-for-occupancy home furnishing services and packages, delivery, customizable furniture, gift registry services and customer lounges where homeowners, in- house design consultants and builders, architects, engineers, and contractors can meet to discuss their plans.

Store Formats

The Company has three store formats in operation: (1) large mall-based store, ranging from 7,000 sqm to 8,000 sqm in net selling space; (2) large free-standing store with an average net selling space of 7,000 sqm; and (3) small specialty store, ranging from 250 sqm to 400 sqm in net selling space, all under the "AllHome" name.

Products

AllHome offers a complete line of products for home improvement and construction – including for maintenance, repairs and renovations and decorating. The following provides an overview of our key product categories, products, and brands.

Product Category	**Products Offered**
Furniture	Office, living, dining, bedroom, outdoor and children's furniture
Hardware	Electrical supplies and accessories, lighting, plumbing, paints and sundries, hardware, power and hand tools, automotive, lawn and garden products
Appliances	Air-conditioners, refrigerators and freezers, washing machines, TVs, sounds systems, kitchen appliances, small appliances, digital items (including mobile phones and gadgets)
Tiles and Sanitary Wares	Indoor and outdoor tiles, decorative tiles, mosaic tiles, engineered wood, laminated flooring, vinyl, pavers, decking,

	Water closets and lavatories, bathtubs, shower enclosures and partitions
Linens	Comforters, duvets, bedsheets, curtains, pillows
Construction materials	Building materials, wood and mouldings
Homewares	Tableware, kitchenware, storage and organizers, décor

Distribution Methods of Products

The Company as mentioned in the preceding paragraphs, has three (3) store formats. Most of the stores are located in Mega Manila. The Company's network expansion program aims to put up more AllHome stores in other regions and locations as well, although the pandemic situation has the Company reevaluated its strategies and decided to focus its immediate expansion pipeline on NCR+ and the Tier 1 cities nationwide.

Below is the breakdown of the number of the Company's stores per location and format:

Store Format	Region	Number of stores
Large Mall Based	Mega Manila	17
	Luzon (outside Mega Manila)	3
	Visayas	2
Large Free Standing	Mega Manila	9
	Luzon (outside Mega Manila)	4
	Visayas	1
	Mindanao	4
Small Specialty	Mega Manila	17

Inventories are stored in four (4) distribution centers and forty-three (43) in-store warehouses located at the back of each store.Suppliers are responsible for packing and delivering the products to our distribution centers located in Parañaque, Laguna, and Muntinlupa (for onward delivery to our provincial stores outside of Mega Manila) or directly to the warehouses located at the back of each store in Mega Manila. Currently, the utilization rate ofthe distribution centers is approximately 95%. The Company believes that centralizing storage in our distribution centers allows them to make appropriate adjustments to our product portfolio based on customerpreferences in diverse store locations, adopt different marketing plans to accelerate sales of slow-moving stocks, and maintain healthy inventory and control over cash flow. The Company typically replenishes products three times per week, depending on store location and need.

The Company generally offers delivery services for its products, subject to minimum spend amounts. The Company believes that it has strong and stable relationships with reliable third party logistics service providers with sufficient logistics resources for the distribution and delivery of its products to our stores and have arrangements for certain delivery trucks to be designated for AllHome's exclusive use.

Competition

The Company's result of operations is affected by competition from other retailers in construction and home improvement supplies, appliances, and furniture, among others. This market is highly competitive and the Company faces competition from national and local retailers, including smaller-format hardware stores, mall-based stores, and the established retailers with depots.

Suppliers

The Company has steadily expanded its network of suppliers and concessionaires since commencing operations. The Company maintains a sourcing network comprising an aggregate of over 500 suppliers (including concessionaires). Products manufactured outside the Philippines are purchased from distributors located in the Philippines or through other third parties who import these products into the Philippines.

The Company selects its suppliers based on a number of criteria including their reputation in the industry, quality and standards, reliability of delivery, exclusivity and price.

Our three largest suppliers each accounting for at least 5% of our total purchases for the twelve months ended December 31, 2021 are Samsung Electronics Philippines Corporation, Concepcion Midea Inc., and Salem Oceanic Industries Corp.

None of these suppliers is a related party. The Company does not rely on any single supplier as it maintains a wide network of suppliers. As the home improvement industry is susceptible to changes in the market trends and customer preferences which is more pronounced during the pandemic, the Company strives to continuously source new products and normally sources from different suppliers from time to time.

Services

To complement its product offerings, The Company provides services to support the needs of our customers.These include interior design consultations and providing recommendations on AllHome products to suit a customer's specific needs, door-to-door delivery and installation services, customizable furniture (e.g., closets), free furniture assembly services and other services such as delivery and gift registry.

The Company's in-house design consultants are available to its customers for complimentary one-on-one consultations. The Company is also very familiar with Vista Land homes and developments within their area. The Company prides itself on its knowledgeable and accommodating staff who are trained to address both the in-store and online needs and questions that customers may have with regards to its diverse range of products and services.

In addition, each large-format store also maintains a customer lounge that provides a venue for in-store meetings between architects, builders, contractors, designers, engineers, and homeowners.

The pandemic has changed the way customers do their shopping, and as such the Company established its omnichannel presence by creating its online shopping platform allhome.com.ph to cater to the growing online customers. Its online shopping platform allhome.com.ph also provides a 360-degree virtual walkthrough of its typical store so that online customers can visualize the layout and the different category offerings in the physical store. To complement its online presence, the Company continues to enhance its services by creating a personal shopper service SHOP4U that serves the needs of its online customers who still want to discuss their home shopping needs to a live person in-store. The Company has also established its Click & Collect counter where online customers can opt to pick up their shopped merchandise instead of having them delivered.

AllHome has also recently launched its order tracker facility to let customers know the status of their orders.

Customers

The Company's customers comprise homeowners and renters, contractors, architects, builders, engineers, and interior designers belonging to the upper middle income to upper income market. The Company is not dependent on any single customer or a few customers and the loss of any of its customers would not have a material adverse effect on its operations.

Customer Loyalty Program- AllRewards and the Builders Loyalty Card

As a member of the network of AllValue Stores, customers earn points for purchases at AllHome under AllValue's AllRewards membership program. Once the minimum balance of points is reached, the points can be used as payment for purchases at any AllValue Store. As of December 31, 2021, we have 698,015 AllRewards cardholders.

The Company also launched in towards the end of 2020 the Builders Loyalty Card, which is specifically intended for customers of hard categories – construction materials, tiles and sanitary wares, and hardware. This loyalty card is aimed to tap and increase the Company's customer base from the network of architects, builders, contractors, designers and engineers. This is also in line with the Company's expansion of its in-house brands primarily in the hard categories. As of December 31, 2021, membership rose to 8,550 cardholders.

<u>Transactions with Related Parties</u>

Please refer to Item 12 of this report ("Certain Relationships and Related Transaction").

<u>Intellectual Property</u>

The Company has a number of registered trademarks registered with the Philippine Intellectual Property Office as well as applications for the registration of various trademarks for AllHome and its private labels. These trademarks are important because name recognition and exclusivity of use are contributing factors to our success.

Set out below is a list of our marks registered or pending registration with the Philippine Intellectual Property Office:

Trademark	Date of Registration/Filing	Expiration
AllHome One-stop shop for your home	March 17, 2019	March 17, 2029
LiveArt Space	June 28, 2020	June 28, 2030
FLUX	June 28, 2020	June 28, 2030
PIXIE DREAMS	June 28, 2020	June 28, 2030
POLYSHADE by AllHome	June 28, 2020	June 28, 2030
Artigiano	June 28, 2020	June 28, 2030
FINE HOLZ	June 28, 2020	June 28, 2030

Primo CERAMICHE by AllHome	**June 28, 2020**	**June 28, 2030**
PRIMA LINENS	**June 28, 2020**	**June 28, 2030**
leuchte	**September 20, 2020**	**September 20, 2030**
TEUER	**September 20, 2020**	**September 20, 2030**
URBAN RELUXUR	**March 21, 2021**	**March 21, 2031**
AllBuilders	**March 21, 2021**	**March 21, 2031**
MARKEL	**November 7, 2021**	**November 7, 2031**
wudland	**December 6, 2021**	**December 6, 2031**
TERRAWOOD	**December 6, 2021**	**December 6, 2031**
LAMIBUILD by AllHome	**December 6, 2021**	**December 6, 2031**
EMBOSS by AllHome	**September 17, 2021**	**September 17, 2031**

TOUGH NOTCH QUALITY TOOLS	**October 22, 2021**	**October 22, 2031**
ABODE PIECES	**September 17, 2021**	**September 17, 2031**
Blossoms	**October 15, 2021**	**October 15, 2031**
ELEMENTS	**December 11, 2021**	**December 11, 2031**
CURATED PIECES AllHome	**December 11, 2021**	**December 11, 2031**
SOUND PRO	**August 3, 2021**	**Pending**
AllHome BUILDER'S CENTRE	**September 8, 2021**	**Pending**
BERWICK CAR ACCESSORIES	**September 9, 2021**	**Pending**
STAHL by AllHome	**November 23, 2021**	**Pending**
EISEI BY BRÄUHN	**September 9, 2021**	**Pending**
AllREWARDS	**July 7, 2021**	**Pending**

AllDIGITAL	**July 7, 2021**	**Pending**
PetBuddy	**July 7, 2021**	**Pending**
Finestra UPVC Windows	**September 3, 2021**	**Pending**
quick fix	**October 20, 2016**	**Pending**

The Company has 20 applications pending with the Intellectual Property Office and 4 applications are being prepared for filing.

Government Approval and Regulations

The Company has all the material permits and licenses necessary for its business as currently conducted, which are valid and subsisting. The Company believes that it has all the applicable and material permits and licenses necessary to operate business as currently conducted and such permits and licenses are valid, subsisting, or pending renewal.

Effect of Existing or Probable Governmental Regulations

By the nature of its business, the Company is subject to governmental regulations on its land development and marketing activities, which includes, among others, zoning and environmental laws, development permit and license to sell regulations.

As of December 31, 2021, the Company is not aware of any existing or probable governmental regulations that will have an effect on the Company's business operations.

Employees

As of December 31, 2021, we had 639 employees broken down as follows:

Function	Number of Employees
Large Mall Based	254
Large Free Standing	171
Small Specialty	8
Head Office	185
Warehouse	21
TOTAL	**639**

In addition to regular employees, the Company engages third-party manpower service providers (security and manpower agencies) to support the personnel requirements of our business. The Company recognizes the need to hire additional personnel to handle its expansion plans and expects to hire new employees in the next 12 months, subject to the changing needs of its business and prevailing market conditions.

The Company has no collective bargaining agreement with any employee and none of its employees belongs to a union. The Company believes that we have a good relationship with our employees and no key employee has left the Company during the past three years.

The Company provides employees with training and other development programs to enable them to effectively carry out their jobs and prepare them for career advancement in the Company. In particular, the Company has a training academy to improve its operational efficiency and help build relationships with its customers by providing employees with the necessary information and understanding of our products and services to enhance the customer experience. The Company takes measures to control its labor costs with improved productivity through cross-training personnel to enable them to handle multiple areas of operation. The Company does not have an employee stock option plan.

Risks

Risks related to the Company's Business

The Company may not be successful in implementing its growth strategy, including plans to expand its store network and product offerings, and we may not be able to manage future growth efficiently.

The Company intends to increase its revenues through, among others, expanding its store network, introducing new products and broadening its product offering. Its expansion activities may be financed by a combination of equity and additional borrowings.

Its plans and strategy are subject to various factors affecting its ability to implement its growth strategy, including, among others:

- market conditions, the general state of the Philippine economy, global economic conditions, health and regulatory environment;
- its ability to identify suitable sites for store locations;
- its ability to lease appropriate real estate for store locations;
- its ability to obtain required permits and licenses and meet regulatory requirements to establish, fit-out and open new stores;
- its ability to bear the increase in logistics costs when regional expansion occurs;
- its ability to open new stores in a timely manner;
- its ability to introduce new in-house brands to the market;
- its ability to continue to attract customers to its stores;
- its ability to obtain financing and other support for expansion;

- its ability to maintain the scale and stability of its information technology systems to support its current operations and continuous business growth;
- the hiring, training and retention of skilled store personnel;
- the identification and relocation of experienced store management personnel;
- the effective management of inventory to meet the needs of its stores on a timely basis;
- its operating performance and the availability of sufficient levels of cash flow or necessary financing to support its expansion; and
- its ability to successfully address competitive merchandising, distribution and other challenges encountered in connection with expansion into new geographic areas and markets.

The Company may experience delays in opening new stores within the time frames we initially target. Any of the above factors or other similar challenges could delay or prevent the Company from completing store openings and its store network expansion plan. If we fail to successfully implement its growth strategy and open new stores in a timely manner due to the absence of, or its inability to carry out or sufficiently address, any of the above-mentioned factors, or otherwise, its business, financial condition and results of operations may be materially and adversely affected.

Expansion into new geographical areas will expose the Company to additional operational, logistical and other risks and there is no assurance that its new stores will be successful or profitable. An inability to manage future growth efficiently could have a material adverse effect on its business, financial condition, cash flows, results of operations and prospects.

Demand for its products and services may be adversely impacted by changes in the economy.

Its business and results of operations are highly dependent on demand from its customers for its products and services, and such demand may be adversely impacted by changes in the economy. As with other retail businesses, demand for its products and services depends in part on prevailing economic conditions. Negative developments in the local or national economy, credit conditions and availability, disposable income, employment conditions or other factors may decrease consumer spending generally or demand for its products and services, thus resulting in decreased demand for some or all of its products and services. In particular, its business is subject to changes in the retail and real estate market environment in the Philippines. Its largest retail market is Mega Manila. Demand for its products is driven by gross domestic product, overseas foreign remittances, and by new and existing real estate projects in the market including, but not limited to, residential houses and condominiums.

Any changes in these markets, including adverse regulatory developments or adverse developments in consumer disposable income in Mega Manila, slow roll-out of housing and other real estate projects, in particular, could have an adverse effect on its business.

The Company may not timely identify or effectively respond to consumer needs, expectations or trends and sell the appropriate mix of products to suit changing customer preferences.

Consumer demand for its products is significantly affected by consumer preferences. Its success depends in part on its ability to identify social, style and other trends that affect customer preferences, and sell products that both meet its standards for quality and respond to changing customers' preferences. The rapid availability of new products and changes in consumer preferences have made it more difficult to reliably predict sales demand. The Company relies on experience, data and established processes to accurately forecast and manage fluctuations in demand. These processes include conducting internal and customer surveys, reviewing industry reports, attending trade shows and industry benchmarking to assess changes in consumer preferences. Failure to source and effectively market products, or to accurately forecast changes in customer preferences, could negatively affect its customer satisfaction levels, its relationship with its customers and demand for its products and services. In the event that the Company is unable to identify and adapt to such changes in consumer preferences quickly or the products which it currently carries are superseded by merchandise carried by its competitors (including online competitors), consumer demand for its products may decline and its business, financial condition, results of operations and prospects may be materially and adversely affected.

Strong competition could negatively affect prices and demand for its products and services and could decrease its market share.

The retail industry in the Philippines is very competitive, including in Mega Manila where its stores are concentrated and other areas outside Mega Manila. The Company competes with various home stores selling merchandise falling under each of the seven product categories that we offer based on factors such as price, store location, product assortment, availability and quality, customer service, customer shopping experience, attractiveness of its stores and presentation of merchandise and brand recognition, online platform, delivery service, or a combination of these factors. Moreover, the Company anticipates competition from new market entrants and joint partnerships between national and international operators in certain product categories. Intense competitive pressures, including those arising from its expansion strategy or its inability to adapt effectively and quickly to a changing competitive landscape could affect its prices, its margins or demand for its products and services.

The Company believes that the home improvement retail market in areas outside the Mega Manila region is dominated by independent local operations. Expansion into these areas exposes us to operational, logistical and other risks of doing business in new territories. Operationally, the Company may experience supply, distribution, transportation and/or inventory management issues due to the limited presence of large retailers and underdevelopment of distribution networks. Any difficulty we experience with respect to developing its business presence in emerging urban areas outside Mega Manila and increasing competition in certain areas wherein competitors open stores within close proximity to its stores, could negatively impact its results of operations through a loss of sales, reductions in margins from competitive price changes or greater operating costs, and could materially affect its growth strategy and financial condition.

The Company relies on distributors, third-party service providers and the distribution networks of its suppliers for transportation, warehousing, and delivery of products to its warehouses and stores.

The Company relies on third-party distributors and suppliers, including concessionaires for its inventory intake and store displays, and other third-party service providers such as logistics services for the delivery of its products to its stores, distribution centers and in-store warehouses. A disruption within its logistics or supply chain network could adversely affect its ability to distribute and maintain inventory, which could impair its ability to meet customer demand for products and result in lost sales, increased supply chain costs, or damage to its reputation. Any deterioration in the relationships between suppliers, distributors and third-party service providers or other changes relating to these parties, including changes in supply and distribution chains, could have an adverse effect on its business, financial condition, and results of operations.

The Company relies on third-party suppliers for the provision of merchandise.

The Company relies on third-party suppliers (including concessionaires) for the provision of merchandise in its stores. The Company may experience material disruptions in the supply of products due to prolonged interruptions in the operations of these suppliers, which may in turn be caused by a number of factors, including equipment failures or property damage experienced by these suppliers, changes in laws and regulations that affect their manufacturing processes, or financial difficulties, and labor disputes faced by these suppliers. Other factors may also disrupt its ability to obtain products from these suppliers including weather-related events; natural disasters; trade policy changes or restrictions; tariffs or import-related taxes; third-party strikes, lock-outs, work stoppages or slowdowns; shipping capacity constraints; port congestion; third-party contract disputes; supply or shipping interruptions or costs; military conflicts; acts of terrorism; or other factors beyond its control. Any such disruption could negatively impact its financial performance or financial condition.

The success of its business depends in part on its ability to develop and maintain good relationships with its current and future outright sales suppliers and concessionaires.

The Company derives almost all of its revenue from outright sales and sales of concession products, and its success depends on its ability to retain existing suppliers and concessionaires and attract new suppliers and concessionaires on terms and conditions favorable to them. The sourcing of its products is dependent, in part, on its relationships with its suppliers. The Company has long-standing working relationships with a broad range of national and multinational suppliers across all its product categories.

If the Company is unable to maintain good relationships with its existing suppliers and concessionaires (which provide support teams for the sale of the consigned products), or if the Company is unable to develop and maintain new supplier and concessionaire relationships, it will be unable to carry merchandise and products that are in demand and can generate profit for us. Furthermore, if any of its outright sales suppliers or concessionaires changes its distribution methods, we may experience a disruption in its product supply. As a result, its market positioning, image, and reputation may be adversely affected, and its revenue and profitability may be impaired.

Dissatisfaction with its customer service could prevent it from retaining its customers.

The satisfaction of its customers depends in particular on the effectiveness of its customer service, in particular its ability to address requests and inquiries, and deal with complaints, in a timely and satisfying manner. The Company has physical customer service desks, store hotlines and email and social media accounts to address customer needs and concerns. Any unsatisfactory response or lack of responsiveness by its customer service team could adversely affect customer satisfaction and loyalty.

Dissatisfaction with its customer service could have a material adverse effect on its business, financial condition, cash flows, results of operations and prospects.

The Company plans to mitigate the aforementioned risks through its competitive strengths and strategies.

<u>Strengths</u>

Pioneering "one-stop shop" home store offering a comprehensive selection of products in a fast-growing segment of the retail sector in the Philippines

The Company capitalizes on pioneering the "one-stop shop" home store offering a comprehensive selection of products in a fast-growing segment of the retail sector in the Philippines. The Company believesthat the combined size and scale of its stores, its omnichannel presence, comprehensive product offerings and the "one-stop" shopping experience sets them apart from its competitors. Leveraging on its store network, omnichannel presence, and unique "one-stop shop" proposition, the Company believes that it is well-positioned to take advantage of the sustained growth of thehome improvement retail sector in the Philippines**.**

Strategic and sustainable expansion plan arising from synergistic relationship with the country's leading homebuilder

The Company has a strategic and sustainable expansion plan arising from synergistic relationship with the country's leading homebuilder. The Company's relationship with the Villar Group, including Vista Land and Lifescapes, Inc. (Vista Land) and Golden Bria Holdings, Inc. (Golden Bria), allows them to locate and launch new stores in parallel with the development of the residential and commercial projects of the Villar Group. This enables the Company to strategically pursue its expansion plans to cater to home builders and new homeowners, its key customer base, allowing the Company to allocate and utilize capital more efficiently. The Company believes that they are well-positioned to continue to benefit from the Villar Group's land bank, extensive project pipeline, in-depth knowledge and resources to select and open new stores strategically and systematically. The Company targets to reach 100 stores by 2026, with focus on NCR+ locations and Tier 1 key cities and municipalities for its immediate store pipeline.

Strong operational expertise and a scalable business model for future expansion

The Company believes that it has accumulated the know-how to efficiently set up and effectively operate a home store. As the Company pursues its expansion strategy, its operational expertise and know-how could reduce store opening costs and timelines, accelerating the ramp up of new stores across the Philippines.

Differentiated customer shopping experience in a retail ecosystem

The Company offers a unique and differentiated customer shopping experience in a retail ecosystem. The Company is part of AllValue Holdings, Inc. (AllValue) (the Villar Group's holding company for its investments in retail businesses), which operates AllDay supermarket, AllDay convenience stores and Coffee Project, among other retail concepts. AllValue Stores are typically located near each other in the same shopping center and in particular, there is a Coffee Project near almost all of our existing AllHome stores. The Company believes that the diversified retail offerings provided by AllValue, together with other entertainment and lifestyle establishments offered by the Villar Group (such as Vista Cinemas and Market Liberty), create a retail ecosystem that addresses the various needs of the surrounding residential communities, thereby increasing customer traffic and enhancing the overall shopping experience. The Company also offers differentiated services to our customers including free interior design consultation, delivery and installation services, customizable furniture, customer lounges, online shopping platform allhome.com.ph, personal shopper service SHOP4U, Click & Collect counter, and gift registry services.

Omnichannel presence and elevated customer shopping experience aligned with changing consumer trends

The Company continuously improves its omnichannel presence and invests in technology and digitalization to provide its customers seamless experience between digital and physical stores. It also utilizes its physical stores as fulfillments centers its online sales resulting to faster last-mile fulfillment service.

In line with its omnichannel strategies, AllHome has launched its capability for predictive personalization of customers' preferences through the use of Zendesk, AllRewards Loyalty System, and MoEngage. Zendesk is a Customer Service omnichannel ticketing tool used to receive, track, and solve customer concerns and/or inquiries. It is also capable of working collaboratively with support groups to resolve tickets. On the other hand, Mo Engage is a cutting-edge marketing automation tool, that can drive up quality leads by customizing digital marketing campaigns to target customers, monitor conversion rate of these marketing campaigns to website visits then to sales, and measure the ROI of these marketing campaigns.

The Company has a track record of significant growth and profitability and has experienced and founder-led management team with extensive knowledge of homebuilding markets.

<u>Strategies</u>

- ***Further expand the store network across the Philippines with focus on NCR+ locations and Tier 1 cities and municipalities for its immediate store pipeline***
- ***Continue to improve its Omnichannel presence***
- ***Continue to expand its offering of in-house brand products***
- ***Continue to invest in technology, digitalization, and supply chain solutions***
- ***Continue to enhance shopping experience to grow and retain customer base***
- ***Continue to explore opportunities to improve efficiencies and processes***
- ***Continue to pursue synergies with the Villar Group both with the real estate companies and AllValue retail ecosystem***

There is no guarantee, however that these strategies and measures would ultimately eliminate the risks of delays in the Company's expansion plans.

Item 2. Properties

The Company does not own any land and have no ongoing process for the acquisition of any property. The Company leases spaces for all of its retail stores primarily from its related parties.

The lease rates and terms for its properties follow standard market rates and practices for similar businesses. The lease rates are generally based on a percentage of gross sales or on an agreed minimum guaranteed rate (whichever is higher), which are subject to annual escalation rates in line with market standards. In addition, the rates are generally inclusive of common use service area fees, as may be agreed upon between parties. The term of the lease is for 10 years and renewable.

Item 3. Legal Proceedings

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 at December 31, 2021 and 2020.

Currently, there's a pending court case filed against the Company but have no material effect on the financial statements.

Item 4. Submission of Matters to a Vote of Security Holders

Except for matters taken up during the Annual Stockholders Meeting, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer'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	2022			2021		
	High	Low	Close	High	Low	Close
1st				8.00	7.70	8.00
2nd				8.05	7.89	7.90
3rd				9.19	8.69	9.10
4th				8.43	8.31	8.39

The market capitalization of HOME as of December 31, 2021, based on the closing price of ₱8.39 per share, was approximately ₱31.46 billion.

Price Information as of the Latest Practicable Trading Date

Trading Date	High	Low	Close
28 March 2021	7.75	7.55	7.60

Stockholders

There are approximately 30 holders of common equity security of the Company as of December 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 NON FILIPINO	700,376,285	18.68%
3	PCD FILIPINO	509,290,407	13.58%
4	Jharna P. Chandnani	50,000	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	Cherrubin Den Tee Chua	10,000	0.00%
13	Arnold Santillan	5,000	0.00%

14	Joyce Anne Malong Coralde	4,500	0.00%
15	Rachel P. Nacion	3,000	0.00%
16	Farida G. de Leon	3,000	0.00%
17	Mylene C. Arnigo	3,000	0.00%
18	Marietta V. Cabreza	2,500	0.00%
19	Juan Carlos V. Cabreza	2,500	0.00%
20	Irvin Dale Pabuaya Valencia	2,000	0.00%
	TOTAL	3,749,994,892	
	Other Stockholders	3,110	0.00%
	Total issued and outstanding common shares as of December 31, 2021	**3,750,000,002**	**100.00%**

Dividends

On November 12, 2021, the Company declared regular cash dividend amounting to ₱197.63 million, payableto its shareholders of record at November 29, 2021, paid on December 14, 2021.

Recent Sale of Unregistered Securities

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

Stock Options

None.

Item 6. Management's Discussion and Analysis

REVIEW OF YEAR END 2021 VS YEAR END 2020

RESULTS OF OPERATIONS

Year Ended December 31, 2021 compared to year ended December 31, 2020

Revenues

The company recorded sales of ₱14,324.9 million for the year ended 31 December 2021, an increase of 15% from ₱12,414.1 million for the year ended 31 December 2020. This was mainly brought about by the same store sales growth of existing 50 stores as of 31 December 2020 as well as the revenues generated from 7 additional stores launched since then until 31 December 2021. The growth over last year's revenues emanated from the low sales generated last year when the pandemic broke out and the strictest lockdown ensued, that have temporarily closed all the company's Luzon stores for two months. The lockdown this year allowed all company stores to continue operation although at shortened hours due to curfew restrictions.

The following table shows the key operating performance indicators relevant to the revenues for the period ended 31 December 2021 and 2020. The company has opened seven (7) stores this year, bringing its total net selling space to 297,469 sqms.

	As of and for the period ended 31 December		Percentage Change
	2021	2020	
Number of stores	57	50	14.0%

Net Selling Area (in sqms)	297,469	331,590	-10.3%
Net Sales (₱ millions)	14,325	12,414	15.4%
SSSG	8.1%	3.5%	131.4%

The pandemic enabled the company to reassess and come up with operational efficiency initiatives such as allotting larger store space for fulfillment/logistics area of increasing E-Commerce sales, increased store warehouse area to minimize DC spare requirement for increased outright buys and for in-house brand expansion, and maximizing store inventory capacity through vertical display efficiency resulting to smaller and optimized selling area.

Cost of Merchandise Sold

For the year ended 31 December 2021, cost of merchandise sold was at ₱9,306.1 million, an increase of 10% from the ₱8,486.1 million level for the same period in 2020 corresponding to the increase in sales in existing stores and the sales contributed by the new stores added during the year.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 24% to ₱3,156.4 million for the year ended 31 December 2021 from ₱2,539.7 million for the same period in 2020, primarily due to the following:

- Increase in impairment loss from ₱5.6 million for the year ended 31 December 2020 to ₱50.1 million for the year ended 31 December 2020 as management assessed that additional receivables are no longer collectible.

- Increase in professional fees from ₱7.4 million for the year ended 31 December 2020 to ₱18.0 million for the year ended 31 December 2021 on account of the corporate notes issued during the period.

- Increase in commission expense from ₱2.6 million the year ended 31 December 2020 to ₱4.5 million for the year ended 31 December 2021 due to increase in corporate sales during the period.

- Increase in miscellaneous from ₱16.6 million for the year ended 31 December to ₱27.6 million for the year ended 31 December due to loss on disposal of defective assets under property and equipment.

- Increase in rental payments from ₱343.4 million for the year ended 31 December 2020 to ₱467.4 million for the year ended 31 December 2021 primarily due to higher sales base of variable lease in existing stores and the sales contributed by the new stores added during the year.

- Increase in depreciation and amortization from ₱905.2 million for the year ended 31 December 2020 to ₱1,200.7 million for the year ended 31 December 2021 primarily as a result of increase in the number of stores.

- Increase in outside services from ₱288.3 million for the year ended 31 December 2020 to ₱363.4 million for the year ended 31 December 2021 due to the additional manpower from agencies and delivery charges for inventory stocking for new stores and inter-store transfer of inventory stocks.

- Increase in representation and entertainment from ₱5.5 million for the year ended 31 December 2020 to ₱6.8 million for the year ended 31 December 2021 due to increasing physical meetings and some events being held live in the latter part of the year on account of easing up of restrictions.

- Increase in communication and utilities from ₱271.0 million for the year ended 31 December 2020 to ₱333.4 million for the year ended 31 December 2021 primarily as a result of increase in number of stores.

- Increase in salaries and wages from ₱327.7 million for the year ended 31 December 2020 to ₱363.7 million for the year ended 31 December 2021 due to the additional manpower for new stores.

- Increase in taxes and licenses from ₱102.3 million for the year ended 31 December 2020 to ₱107.2 million for the year ended 31 December 2021 due to the increasing number of newly opened stores combined with higher sales of the existing stores.

- Increase in insurance expense from ₱8.9 million for the year ended 31 December 2020 to ₱9.2 million for the year ended 31 December 2021 due to increase in the number of stores.

- Decrease in merchant fee from ₱127.9 million for the year ended 31 December 2020 to ₱120.9 million for the year ended 31 December 2021 primarily due to renegotiated merchant discount rates with debit and credit card acquirers.
- Decrease in office and store supplies from ₱29.4 million for the year ended 31 December 2020 to ₱23.1 million for the year ended 31 December 2021 due to cost-saving measures implemented and transition to more online and electronic transactions.

- Decrease in repairs and maintenance from ₱24.7 million for the year ended 31 December 2020 to ₱19.1 million for the year ended 31 December 2021 due to cost-saving measures implemented.

- Decrease in transportation expense from ₱15.6 million for the year ended 31 December 2020 to ₱9.6 million for the year ended 31 December 2021 due to limited headcount to travel during pandemic and work from home arrangement.

- Decrease in dues and subscription from ₱21.4 million for the year ended 31 December 2020 to ₱11.8 million for the year ended 31 December 2021 due to cost-saving measures implemented.

- Decrease in advertising and promotions from ₱34.9 million for the year ended 31 December 2020 to ₱19.2 million for the year ended 31 December 2021 on account of cost-saving measures implemented and usage of online digital and social media platforms for marketing purposes.

<u>Finance Cost</u>

Finance cost increased from ₱377.8 million for the year ended 31 December 2020 to ₱393.7 million the year ended 31 December 2021. The increase was primarily attributable to the increase of ₱29.9 million in interest on loans payable and slightly offset by decrease of ₱13.0 million in interest expense from lease liability and ₱0.9 million in interest expense from retirement funds.

<u>Finance Income</u>

Finance income decreased from ₱2.3 million for the year ended 31 December 2020 to ₱1.2 million the year ended 31 December 2021. The increase was primarily attributable to the decrease in the interest income on deposits.

<u>Support, Fees, Rentals and Other Revenues</u>

Support, fees, rentals, and other revenues decreased by 11% from ₱397.8 million for the year ended 31 December 2020 to ₱355.9 million for the year ended 31 December 2021, primarily due to the decrease in vendor's support by 20% from ₱305.8 million to ₱246.0 million for the year ended 31 December 2021.

<u>Tax Expense</u>

Tax expense decreased by 10% from ₱423.0 million for the year ended 31 December 2020 to ₱391.4 million for the year ended 31 December 2021 partially as higher current tax expense for the period was offset by lower deferred tax expense.

<u>Net Profit</u>

As a result of the foregoing, our net income increased by about 46% from ₱987.7 million for the year ended 31 December 2020 to ₱1,444.3 million for the year ended 31 December 2021.

FINANCIAL CONDITION

As of 31 December 2021 vs. 31 December 2020

Total assets as of 31 December 2021 were ₱25,812.7 million compared to ₱21,775.0 million as of 31 December 2020, or a 19% increase due to the following:

• Cash increased by 6% from ₱1,785.6 million as of 31 December 2020 to ₱1,885.5 million as of 31 December 2021 as cash used for investing was partially offset by cash generated from operating activities and proceeds from financing activities.

• Trade and other receivables decreased by 26% from ₱517.0 million as of 31 December 2020 to ₱383.8 million as of 31 December 2021 due mainly to collection of receivables during the period as well as due to the recognition of allowance for impairment loss.

• Inventories increased by 12% from ₱6,288.8 million as of 31 December 2020 to ₱7,055.6 million as of 31 December 2021 due primarily to the purchases for new stores, holiday buys and conversion of select concession merchandise to outright to increase GP margin and expansion of in-house brands.

• Property and equipment increased by 14% from ₱11,987.8 million as of 31 December 2020 to ₱13,605.5 million as of 31 December 2021 due primarily to leasehold improvements, acquisition of store equipment, furniture, fixture, and office equipment for new stores, software and computer equipment upgrades.

• Other assets increased by 141% from ₱1,195.8 million as of 31 December 2020 to ₱2,882.2 million as of 31 December 2021 due primarily to increase in advances to contractors, and advances to suppliers related to importation of new inventory orders and advance buys on account of international logistics and supply chain issues.

Total liabilities as of 31 December 2020 were ₱8,404.1 million compared to ₱11,186.7 million as of 31 December 2021, or a 33% increase. This was due to the following:

• Trade and other payables decreased by 7% from ₱1,315.8 million as of 31 December 2020 to ₱1,229.7 million as of 31 December 2021 due to payment for importation in relation to conversion of some concession merchandise to outright to increase GP margin as well as expansion of in-house brands.

• Loans payable including non-current portion increased by 142% from ₱2,042.9 million as of 31 December 2020 to ₱4,944.4 million as of 31 December 2021 due to additional loans secured during the period to fund primarily new stores, expansion of in-house brands, conversion of select concession merchandise to outright to increase GP margins, and software upgrades.

• Lease liability including non-current portion slightly declined by 0.5% from ₱4,565.5 million as of 31 December 2020 to ₱4,541.7 million as of 31 December 2021 due to lease payments made.

• Income tax payable decreased by 20% from ₱111.9 million as of December 31, 2020 to ₱89.7 million as of 31 December 2021 due to the new lower corporate income tax rate.

• Deferred tax liabilities increased by 4% from ₱299.6 million as of December 31, 2020 to ₱310.8 million as of 31 December 2021 due to the adjustments to temporary tax differences for the period.

• Retirement benefit obligation increased by 3% from ₱68.3 million as of 31 December 2020 to ₱70.4 million as of 31 December 2021 due to adjustment of provision for the retirement benefit.

Total stockholder's equity increased by 9% from ₱13,370.9 million as of 31 December 2020 to ₱14,626.0 million as of 31 December 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	12/31/2021	12/31/2020
Revenues (₱ millions)	₱14,324.9	₱12,414.1
Gross Profit (₱ millions)	5,018.7	3,928.1
Gross Profit Margin (%) [(a)]	35.0%	31.6%
Net Profit (₱ millions)	1,444.3	987.7
Net Profit Margin (%) [(b)]	10.1%	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 year ended 31 December 2021 compared to year ended 31 December 2020 due to the same store sales growth of existing stores and the additional revenues generated from the new stores.

Gross Profit increased for the year ended 31 December 2021 compared to year ended 31 December 2020 due to economies of scale achieved resulting from higher purchases made during the period, increased revenue contribution of in-house brands, strategic pricing, and conversion of some concession merchandise to outright.

Net Profit and Net Profit Margin increased for the year ended 31 December 2021 compared to period year ended 31 December 2020 due to improved revenues, gross profit and reduced corporate income tax rate.

Material Changes to the Company's Balance Sheet as of 31 December 2021 compared to 31 December 2020 (increase/decrease of 5% or more)

Cash increased by 6% from ₱1,785.6 million as of 31 December 2020 to ₱1,885.5 million as of 31 December 2021 as cash used for investing was partially offset by cash generated from operating activities and proceeds from financing activities.

Trade and other receivables decreased by 26% from ₱517.0 million as of 31 December 2020 to ₱383.8 million as of 31 December 2021 due mainly to collection of receivables during the period as well as due to the recognition of allowance for impairment loss.

Inventories increased by 12% from ₱6,288.8 million as of 31 December 2020 to ₱7,055.6 million as of 31 December 2021 due primarily to the purchases for new stores, holiday buys and conversion of select concession merchandise to outright to increase GP margin and expansion of in-house brands.

Property and equipment increased by 14% from ₱11,987.8 million as of 31 December 2020 to ₱13,605.5 million as of 31 December 2021 due primarily to leasehold improvements, acquisition of store equipment, furniture, fixture, and office equipment for new stores, software and computer equipment upgrades.

Other assets increased by 141% from ₱1,195.8 million as of 31 December 2020 to ₱2,882.2 million as of 31 December 2021 due primarily to increase in advances to contractors, and advances to suppliers related to importation of new inventory orders and advance buys on account of international logistics and supply chain issues.

Trade and other payables decreased by 7% from ₱1,315.8 million as of 31 December 2020 to ₱1,229.7 million as of 31 December 2021 due to payment for importation in relation to conversion of some concession merchandise to outright to increase GP margin as well as expansion of in-house brands.

Loans payable including non-current portion increased by 142% from ₱2,042.9 million as of 31 December 2020 to ₱4,944.4 million as of 31 December 2021 due to additional loans secured during the period to fund primarily new stores, expansion of in-house brands, conversion of select concession merchandise to outright to increase GP margins, and software upgrades.

Income tax payable decreased by 20% from ₱111.9 million as of December 31, 2020 to ₱89.7 million as of 31 December 2021 due to the new lower corporate income tax rate.

Total stockholder's equity increased by 9% from ₱13,370.9 million as of 31 December 2020 to ₱14,626.0 million as of 31 December 2021 due to net income recorded for the period.

Material Changes to the Company's Statement of Income for the 12-month of 2021 compared to the 12-month of 2020 (increase/decrease of 5% or more)

Recorded sales increased by 15% to ₱14,324.9 million for the year ended 31 December 2021 from ₱12,414.1 million for the year ended 31 December 2020. This was mainly brought about by the same store sales growth of existing 50 stores as of 31 December 2020 as well as the revenues generated from 7 additional stores launched since then until 31 December 2021.

Cost of merchandise sold increased by 10% to ₱9,306.1 million for the year ended 31 December 2021 from the ₱8,486.1 million for the year ended 31 December 2020 corresponding to the increase in sales in existing stores and the sales contributed by the new stores added during the year.

Selling, general and administrative expenses increased by 24% to ₱3,156.4 million for the year ended 31 December 2021 from ₱2,539.7 million for the same period in 2020 due to increase in impairment loss, professional fees, commission expenses, miscellaneous expenses, rentals, depreciation and amortization, outside services, representation and entertainment, communication and utilities, and salaries, wages and employee benefits.

Finance income decreased by 49% from ₱2.3 million for the year ended 31 December 2020 to ₱1.2 million the year ended 31 December 2021 due primarily to the decrease in the interest income on deposits.

Support, fees, rentals, and other revenues decreased by 11% from ₱397.8 million for the year ended 31 December 2020 to ₱355.9 million for the year ended 31 December 2021 primarily due to the decrease in vendor's support by 20% from ₱305.8 million to ₱246.0 million for the year ended 31 December 2021.

Tax expense decreased by 10% from ₱423.0 million for the year ended 31 December 2020 to ₱391.4 million for the year ended 31 December 2021 partially as higher current tax expense for the period was offset by lower deferred tax expense.

Net income increased by 46% from ₱987.7 million for the year ended 31 December 2020 to ₱1,444.3 million for the year ended 31 December 2021 due to the foregoing movements in the income statement items.

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 2021 and as of 31 December 2020.

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:

(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 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 million for the year ended 31 December 2019, an increase of 68% from ₱7,192 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%

Cost of Merchandise Sold

For the year ended 31 December 2019, cost of merchandise sold was at ₱8,452 million, an increase of 67% from the ₱5,062 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.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 33% to ₱2,059 million for the year ended 31 December 2019 from ₱1,545 million for the same period in 2018, primarily due to the following:

- Increase in depreciation and amortization from ₱178 million for the year ended 31 December 2018 to ₱708 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, wages and employee benefits from ₱165 million for the year ended 31 December 2018 to ₱273 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 ₱194 million for the year ended 31 December 2018 to ₱220 million for the year ended 31 December 2019 attributable to the increase in the number of stores.

- Decrease in rentals from ₱450 million for the year ended 31 December 2018 to ₱182 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 million for the year ended 31 December 2018 to ₱117 million for the year ended 31 December 2019 due to increase in revenues.

- Increase in taxes and licenses from ₱51 million for the year ended 31 December 2018 to ₱77 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 ₱5 million for the year ended 31 December 2018 to ₱6 million for the year ended 31 December 2019 due to increase in corporate sales.

- Increase in transportation expense from ₱25 million for the year ended 31 December 2018 to ₱35 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 ₱49 million for the year ended 31 December 2018 to ₱67 million for the year ended 31 December 2019 on account of marketing campaigns for the new stores.

- Increase in professional fees from ₱4 million for the year ended 31 December 2018 to ₱12 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 million for the year ended 31 December 2018 to ₱33 million for the year ended 31 December 2019 due to increase in number of stores and increased revenues.

- Decrease in dues and subscription from ₱34 million for the year ended 31 December 2018 to ₱18 million for the year ended 31 December 2019 due to one-time IT systems payment made in 2018.

- Increase in repairs and maintenance from ₱25 million for the year ended 31 December 2018 to ₱27 million for the year ended 31 December 2019 due to the increase in the number of stores.

- Increase in representation and entertainment from ₱8 million for the year ended 31 December 2018 to ₱11 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 million for the year ended 31 December 2018 to ₱412 million for the year ended 31 December 2019. The increase was primarily attributable to the adoption of PFRS 16 amounting to ₱298 million, 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 68% from ₱210 million for the year ended 31 December 2018 to ₱352 million for the year ended 31 December 2019, primarily due to the increase in vendor's support and marketing fees by 63% from ₱172 million for the year ended 31 December 2018 to ₱281 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% from ₱219 million for the year ended 31 December 2018 to ₱450 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% from ₱511 million for the year ended 31 December 2018 to ₱1,050 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 million compared to ₱8,215 million as of 31 December 2018, or a 140% increase due to the following:

- Cash increased by 685% from ₱298 million as of 31 December 2018 to ₱2,343 million as of 31 December 2019 primarily due to proceeds from IPO intended earmarked for 2020 stores.
- Trade and other receivables decreased by 77% from ₱1,196 million as of 31 December 2018 to ₱277 million as of 31 December 2019 due mainly to collections made during the period.
- Inventories increased by 94% from ₱2,691 million as of 31 December 2018 to ₱5,209 million as of 31 December 2019 due primarily to the purchases for new stores.
- Due from related parties decreased from ₱134 million as of 31 December 2018 to nil as of 31 December 2019 due to settlement during the period.
- Property and equipment increased by 276% from ₱2,969 million as of 31 December 2018 to ₱11,151 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 24% from ₱926 million as of 31 December 2018 to ₱705 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 million compared to ₱5,537 million as of 31 December 2018, or a 31% increase. This was due to the following:

- Trade and other payables increased by 433% to ₱2,024 million as of 31 December 2019 from ₱380 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 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 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 million as of 31 December 2018 due to conversion to equity in July 2019.

- Deferred tax liabilities increased by 10% from ₱146 million as of December 31, 2018 to ₱160 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 million as of 31 December 2019 due to set-up of provision for the retirement benefit.

Total stockholder's equity increased by 363% from ₱2,679 million as of 31 December 2018 to ₱12,415 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:

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

(f) 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 685% from ₱298 million as of 31 December 2018 to ₱2,343 million as of 31 December 2019 primarily due to proceeds from initial public offering intended for fit-outs and inventory of new stores for 2020.

Trade and other receivables decreased by 77% from ₱1,196 million as of 31 December 2018 to ₱277 million as of 31 December 2019 due mainly to the collections made during the period.

Inventories increased by 94% from ₱2,691 million as of 31 December 2018 to ₱5,209 million as of 31 December 2019 due primarily to the purchases for new stores.

Due from related parties decreased from ₱134 million as of 31 December 2018 to nil as of 31 December 2019 due to settlement during the period.

Property and equipment increased by 276% from ₱2,969 million as of 31 December 2018 to ₱11,151 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 24% from ₱926 million as of 31 December 2018 to ₱705 million as of 31 December 2019 due primarily to the advances for purchases applied against deliveries.

Trade and other payables increased by 433% to ₱2,024 million as of 31 December 2019 from ₱380 millionas 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 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 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 million as of 31 December 2018 due to conversion to equity in July 2019.

Deferred tax liabilities decreased by 10% from ₱146 million as of December 31, 2018 to ₱160 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 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 68% to ₱12,060 million for the year ended 31 December 2019 from ₱7,192 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 merchandise sold increased by 67% to ₱8,452 million for the year ended 31 December 2019 from the ₱5,062 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.

Selling, general and administrative expenses increased by 33% to ₱2,059 million for the year ended 31 December 2019 from ₱1,545 million for the same period in 2018, primarily due to the increase in depreciation and amortization, professional fees, salaries, wages and employee benefits, merchant fees, taxes and licenses,and transportation expense.

Finance Cost increased by 789% from ₱46 million for the year ended 31 December 2018 to ₱412 million for the year ended 31 December 2019. The increase was primarily attributable to the adoption of PFRS 16 amounting to ₱298 million, 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 68% from ₱210 million for the year ended 31 December 2018 to ₱352 million for the year ended 31 December 2019. The increase was primarily attributable to the increase in vendor's support and marketing fees.

Provision for income tax increased by 105% from ₱219 million for the year ended 31 December 2018 to ₱450 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% from ₱511 million for the year ended 31 December 2018 to ₱1,050 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.

Item 7. Financial Statements

The Financial Statements of the Company as of and for the year ended December 31, 2021 are incorporated herein in the accompanying Index to Financial Statements and/Supplementary Schedules.

Item 8. Information on Independent Accountant and Other Related Matters

Independent Public Accountant

Punongbayan & Araullo (Grant Thornton) independent certified public accountants, audited the Company's consolidated financial statements without qualification as of and for the years ended December 31, 2019, 2020 and 2021, included in this report. Nelson Dinio is the current audit partner for the Company.

External Audit Fees and Services

External Audit Fees

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

	2021	2020
	(in ₱ thousands with VAT)	
Audit and Audit-Related Fees…………………………………	**1,550,000.00**	**1,550,000.00**

Punongbayan & Araullo do not have any direct or indirect interest in the Company.

Tax Fees

Tax accounting, compliance, advice, planning and other form of tax services are not rendered by the appointed external auditor of the Company, but are secured from other entities.

All Other Fees

The appointed External Auditor of the Company does not render and/or provide product or service to the Company other than those provided under the caption "External Audit Fees".

Audit Committee's Approval Policies and Procedure for the Services of the External Auditor

The scope, extent and nature of the services to be referred to, and/or to be rendered by, the appointed External Auditor of the Company has to be 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.

Changes in and Disagreements 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.

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Board of Directors and Executive Officers

The table below sets forth the members of the Company's Board and Executive Officers as of December 31, 2021.

NAME	AGE	POSITION	CITIZENSHIP
Manuel B. Villar Jr.	72	Chairman	Filipino
Camille A. Villar	37	Vice Chairman	Filipino
Benjamarie Therese N. Serrano	59	Director, President & Chief Executive Officer	Filipino
Frances Rosalie T. Coloma	59	Director, Treasurer	Filipino
Manuel Paolo A. Villar	45	Director	Filipino
Laura Suarez A. Acuzar	72	Independent Director	Filipino
Jessie D. Cabaluna	64	Independent Director	Filipino
Mary Lee S. Sadiasa	52	Chief Operating Officer	Filipino
Robirose M. Abbot	49	Chief Finance Officer, Chief Risk Officer and Investor Relations Head	Filipino
Gladys B. Tiburcio	39	Compliance Officer & Controller	Filipino
Jo Marie Lazaro-Lim	43	Corporate Secretary	Filipino

** Business Experience of the named directors and officers covers the past five (5) years.*

Manuel B. Villar, Jr. *Chairman of the Board.* Mr. Villar, 72, 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*, 59, 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, Treasurer*. Ms. Coloma, 59, graduated cum laude fromthe 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., andGolden 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, 45, 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, 37, 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.), andGolden 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, 72, completed her Bachelor of Science in Commerce – Accountancy degree in the University of Santo Tomas, and Management Development Programin 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, 64, 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, 52, 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.

Robirose M. Abbot. *Chief Finance Officer, Chief Risk Officer and Investor Relations Head*. Ms. Abbot, 49, 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 isa 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. from2015 to 2019.

Gladys B. Tiburcio. *Compliance Officer and Controller.* Ms. Tiburcio, 39, a Certified Public Accountant graduated from Polytechnic University of the Philippines in 2003 with a Bachelor of Science in Accountancy. She was previously a Senior Manager in Ernst & Young LLP, Singapore from 2010 to 2017.

Jo Marie Lazaro-Lim. *Corporate Secretary*. Ms. Lazaro-Lim, 43, 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.

Resignation of Directors

No director has resigned or declined to stand for re-election for the Board of Directors due to any disagreement with the Corporation relative to the Corporation's policies, practices and operations.

Family relationships

Manuel B. Villar, Jr., is the father of Manuel Paolo A. Villar and Camille A. Villar. There are no other family relationships among the directors and executive officers.

Involvement in Certain Legal Proceedings of Directors and Executive Officers

None of the Directors and Executive Officers is involved in any material pending legal proceedings in any court or administrative agency of the government.

(a) None of them has been involved in any bankruptcy petition.

(b) None of them has been convicted by final judgment in a criminal proceeding or being subject to any pending criminal proceeding, both domestic and foreign.

(c) None of them has been subject to any order, judgment or decree of any court of competent jurisdiction (both domestic and foreign) permanently or temporarily enjoining, barring, suspending or likewise limiting their involvement in any type of business, securities, commodities or banking activities.

(d) None of them has been found by a domestic or foreign court of competent jurisdiction (in a civil action), by the Commission or comparable body, or by a domestic or foreign exchange or organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

Item 10. Executive Compensation

Aggregate executive compensation for the following key management officers:	**Position**	**Year**	**Salary and Bonus**
Serrano, Benjamarie Therese N.	President	**Actual 2020**	**₱56.4 M**
Robirose M. Abbot	CFO / CRO / IR Head	**Actual 2021**	**₱33.7 M**
Mary Lee S. Sadiasa	COO	**Projected 2022**	**₱33.7 M**
Gladys B. Tiburcio	Controller / Compliance Office		
Joselito A. Rivamonte	Chief Audit Executive		
Aggregate executive compensation for all other officers and directors, unnamed		**Actual 2020**	**₱41.4 M**
		Actual 2021	**₱35.0 M**
		Projected 2022	**₱35.0 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 and 2021.

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 and 2021 for any service provided as a director.

Employment Contracts Between the Company and Senior Management Officers

The Company has not entered into any contract or arrangement for payment of compensation other than what has been included above.

Warrants and options held by the executive officers and directors

There are no outstanding warrants or options held by the Company's CEO, the 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 that 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.

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Record and Beneficial Owners

Security ownership of certain record and beneficial owners of more than 5.0% of the voting securities as of December 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	2,540,108,000	67.74%
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	700,376,285	16.68%

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	Filipino	509,290,407	13.58%

[1]*Based on the total issued and outstanding common shares of 3,750,000,002 as of December 31, 2021.*

Security Ownership of Management

Security ownership of certain management as of December 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 – 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%**

Voting Trust Holders of 5.0% or More

As of December 31, 2021, there is no party holding any voting trust for 5% or more of total shares outstanding.

Changes In Control

As of December 31, 2021, there was no arrangement which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

No transaction, without proper disclosure, was undertaken by the Company in which any Director or Executive Officer, nominee for election as Director, or any member of its immediate family was involved or had a direct or indirect material interest.

No single Director or Executive Officer, nominee for election as Director, or any member of their immediate family owns or holds more than 10% of the Company's voting shares.

Please refer to Notes on Related Party Transactions of the Notes to Financial Statements of the 2021 Audited Financial Statements, which is incorporated herein in the accompanying Index to Exhibits.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

To be disclosed separately under Integrated Annual Corporate Governance Report (I-ACGR).

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17 A

Exhibits

See accompanying Index to Financial Statements and Supplementary Schedules.

The following exhibit is incorporated by reference in this report:

Financial Statements of the Company as of and for the year ended December 31, 2021.

The other exhibits, as indicated in the Index to Financial Statements and Supplementary Schedules are either not applicable to the Company or require no answer.

Reports on SEC Form 17-C

The following current reports have been reported by AllHome Corp. during the year 2021 through official disclosure letters dated:

January 29, 2021
Press Release 01/29/2021

February 4, 2021
Press Release 02/04/2021

February 4, 2021
Press Release 02/04/2021

March 22, 2021
Material Information/Transactions 03/22/2021

March 23, 2021
Press Release 03/23/2021

March 25, 2021
Notice of Analysts'/Investors' Briefing 03/25/2021

March 29, 2021
Press Release 03/29/2021

April 30, 2021
Press Release 04/30/2021

April 30, 2021
Notice of Annual Stockholders' Meeting 04/30/2021

May 3, 2021
Amended Notice of Annual Stockholders' Meeting 05/03/2021

May 12, 2021
Notice of Analysts'/Investors' Briefing 05/12/2021

May 17, 2021
Material Information/Transactions 05/17/2021

May 17, 2021
Press Release 05/17/2021

June 4, 2021
Material Information/Transactions 06/04/2021

June 4, 2021
Amended Notice of Annual Stockholders' Meeting 06/04/2021

June 28, 2021
Results of Annual or Special Stockholders' Meeting 06/28/2021

June 28, 2021
Results of Organizational Meeting of Board of Directors 06/28/2021

June 29, 2021
Press Release 06/29/2021

July 23, 2021
Press Release 07/23/2021

August 12, 2021
Notice of Analysts'/Investors' Briefing 08/12/2021

August 16, 2021
Material Information/Transactions 08/16/2021

August 16, 2021
Press Release 08/16/2021

October 13, 2021
Press Release 10/13/2021

October 28, 2021
Press Release 10/28/2021

November 10, 2021
Notice of Analysts'/Investors' Briefing 11/10/2021

November 12, 2021
Material Information/Transactions 11/12/2021

November 12, 2021
Declaration of Cash Dividends 11/12/2021

November 15, 2021
Press Release 11/15/2021

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in MANDALUYONG CITY on MAR 3 0 2022.

By:

BENJAMARIE THERESE N. SERRANO
President

ROBIROSE M. ABBOT
Chief Financial Officer/CRO/IR

JO MARIE LAZARO-LIM
Corporate Secretary

GLADYS B. TIBURCIO
Compliance Officer / Controller

SUBSCRIBED AND SWORN, to before me, this MAR 3 0 2022 at MANDALUYONG CITY, affiants exhibiting to me their respective valid identification documents, to wit:

Name	Valid ID	Date and Place of Issue
Benjamarie Therese N. Serrano	Passport No. P7225892B	07.19.2021 – DFA Manila
Robirose M. Abbot	Driver's License No. N26-05-005526	08.16.2019 – LTO Muntinlupa
Jo Marie Lazaro-Lim	Passport No. P7635632B	09.17.2021 – DFA Manila
Gladys B. Tiburcio	Driver's License No. N02-11-026097	09.27.2021 – LTO Muntinlupa

who has satisfactorily 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.

Doc. No. 463;
Page No. 94;
Book No. XVIII;
Series of 2022.

ATTY. ARBIN OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
ROLL No. 57146
IBP Lifetime Member No. 018537
PTR No. 4871170 / 05 Jan. 2022 / Mandaluyong City
MCLE Compliance No. VI-0025341 issued dated 11 April 2019
Notarial Commission Appointment No. 0388-21
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

ALLHOME CORP.

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
Form 17-A, Item 7

Financial Statements

Supplementary Schedules

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, 2021 and 2020, 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

Robirose M. Abbot
Chief Financial Officer

SUBSCRIBED AND SWORN, to before me, this MAR 3 0 2022 at MANDALUYONG CITY, affiants exhibiting to me their respective valid identification documents, to wit:

Name	Valid ID	Date and Place of Issue
Manuel B. Villar	Passport No. P2529752B	07.12.2019 – DFA Manila
Benjamarie Therese N. Serrano	Passport No. P7225892B	07.19.2021 – DFA Manila
Robirose M. Abbot	Driver's License No. N26-05-005526	08.16.2019 – LTO Alabang

who has satisfactorily 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.

Doc. No. 461;
Page No. 94;
Book No. XVIII;
Series of 2022.

ATTY. ARBIN OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
ROLL No. 57146
IBP Lifetime Member No. 01#537
PTR No. 4871170 / 05 Jan. 2022 / Mandaluyong City
MCLE Compliance No. VI-002534 issued dated 11 April 2019
Notarial Commission Appointment No. 0388-21
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

P&A Grant Thornton

FOR SEC FILING

Financial Statements and Independent Auditors' Report

AllHome Corp.

December 31, 2021, 2020 and 2019

P&A
Grant Thornton

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

T +63 2 8988 2288

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, 2021 and 2020, 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, 2021, 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, 2021 and 2020, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2021 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, 2021, total revenues amounted to P14,324.9 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 P7,055.6 million as of December 31, 2021 represents 27% 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 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 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 and reporting unresolved difference, if any, to appropriate personnel; 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 and reporting unresolved differences, if any, to appropriate personnel.

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, 2021 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, 2021 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, 2021 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. 8852332, January 3, 2022, 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 Aug. 27, 2024)

March 30, 2022

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2021	2020
A S S E T S			
CURRENT ASSETS			
Cash and cash equivalents	5	P 1,885,542,985	P 1,785,606,441
Trade and other receivables - net	6	383,798,106	517,019,213
Merchandise inventories	7	7,055,642,001	6,288,764,468
Other current assets	8	2,139,480,702	401,217,020
Total Current Assets		11,464,463,794	8,992,607,142
NON-CURRENT ASSETS			
Property and equipment - net	9	13,605,500,637	11,987,800,303
Other non-current assets	8	742,744,255	794,599,370
Total Non-current Assets		14,348,244,892	12,782,399,673
TOTAL ASSETS		P 25,812,708,686	P 21,775,006,815
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	10	P 1,229,678,273	P 1,315,790,296
Loans payable - current portion	11	2,044,418,931	2,042,913,149
Lease liabilities - current portion	12	613,792,986	384,798,495
Income tax payable		89,718,351	111,922,573
Total Current Liabilities		3,977,608,541	3,855,424,513
NON-CURRENT LIABILITIES			
Lease liabilities - net of current portion	12	3,927,898,004	4,180,721,841
Loans payable - net of current portion	11	2,900,000,000	-
Deferred tax liabilities - net	17	310,803,000	299,602,950
Retirement benefit obligation	16	70,385,602	68,318,864
Total Non-current Liabilities		7,209,086,606	4,548,643,655
Total Liabilities		11,186,695,147	8,404,068,168
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 - net		(698,851)	(9,096,646)
Retained earnings		3,667,414,274	2,420,737,177
Total Equity		14,626,013,539	13,370,938,647
TOTAL LIABILITIES AND EQUITY		P 25,812,708,686	P 21,775,006,815

See Notes to Financial Statements.

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
SALES	13	**P 14,324,858,249**	P 12,414,148,867	P 12,060,276,883
COST OF MERCHANDISE SOLD	14	**9,306,108,486**	8,486,055,960	8,452,189,178
GROSS PROFIT		**5,018,749,763**	3,928,092,907	3,608,087,705
SUPPORT, FEES, RENTALS AND OTHER REVENUES	13	**355,909,344**	397,761,576	352,331,702
GROSS PROFIT INCLUDING OTHER REVENUES		**5,374,659,107**	4,325,854,483	3,960,419,407
OTHER OPERATING EXPENSES (INCOME) - Net				
Selling expenses	14	**1,946,627,457**	1,637,266,601	1,257,685,377
General and administrative expenses	14	**1,209,781,380**	902,398,889	812,035,808
		3,156,408,837	2,539,665,490	2,069,721,185
OPERATING PROFIT		**2,218,250,270**	1,786,188,993	1,890,698,222
FINANCE COSTS (INCOME) - Net				
Finance costs	15	**393,694,939**	377,796,900	412,060,322
Finance income	5	**(1,196,741)**	(2,324,230)	(20,641,481)
		392,498,198	375,472,670	391,418,841
PROFIT BEFORE TAX		**1,825,752,072**	1,410,716,323	1,499,279,381
TAX EXPENSE	17			
Current		**373,915,538**	292,600,282	329,346,931
Deferred		**7,534,437**	130,400,192	120,183,392
		381,449,975	423,000,474	449,530,323
NET PROFIT		**1,444,302,097**	987,715,849	1,049,749,058
OTHER COMPREHENSIVE LOSS (INCOME)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurements of retirement benefit plan	16	**(12,063,408)**	(29,714,314)	42,709,522
Deferred tax expense (income)	17	**3,665,613**	8,914,294	(12,812,856)
		(8,397,795)	(20,800,020)	29,896,666
TOTAL COMPREHENSIVE INCOME		**P 1,452,699,892**	P 1,008,515,869	P 1,019,852,392
Basic and Diluted Earnings per Share	20	**P 0.39**	P 0.26	P 0.39

See Notes to Financial Statements.

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Note	Capital Stock	Additional Paid-in Capital	Retained Earnings	Revaluation Reserves	Total Equity
Balance at January 1, 2021		P 3,750,000,002	P 7,209,298,114	P 2,420,737,177	(P 9,096,646)	P 13,370,938,647
Dividend declared	19	-	-	(197,625,000)	-	(197,625,000)
Total comprehensive income for the year		-	-	1,444,302,097	8,397,795	1,452,699,892
Balance at December 31, 2021		**P 3,750,000,002**	**P 7,209,298,114**	**P 3,667,414,274**	**(P 698,851)**	**P 14,626,013,539**
Balance at January 1, 2020		P 3,750,000,002	P 7,209,298,114	P 1,485,521,328	(P 29,896,666)	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		P 2,000,000,000	P -	P 461,342,620	P -	P 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

See Notes to Financial Statements.

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 1,825,752,072**	P 1,410,716,323	P 1,499,279,381
Adjustments for:				
Depreciation and amortization	9	**1,200,742,371**	905,163,092	708,368,766
Interest expense	11, 12, 15, 16	**393,694,939**	377,784,694	411,809,031
Impairment loss on trade receivables	6	**50,900,369**	5,578,418	10,961,202
Interest income	5	**(1,196,741)**	(2,324,230)	(20,641,481)
Loss on lease modification	12	**-**	1,307,684	-
Operating profit before working capital changes		**3,469,893,010**	2,698,225,981	2,609,776,899
Decrease (increase) in trade and other receivables		**81,546,175**	(237,662,346)	908,685,767
Increase in merchandise inventories		**(766,877,533)**	(1,079,838,615)	(2,518,028,177)
Decrease (increase) in other current assets		**(1,738,263,682)**	(105,425,245)	323,826,604
Increase (decrease) in trade and other payables		**(100,259,337)**	(713,109,269)	1,666,527,820
Increase in retirement benefit obligation		**12,175,509**	12,850,645	28,566,605
Cash generated from operations		**958,214,142**	575,041,151	3,019,355,518
Cash paid for income taxes		**(396,119,760)**	(251,336,461)	(326,877,199)
Net Cash From Operating Activities		**562,094,382**	323,704,690	2,692,478,319
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	9	**(2,273,930,954)**	(2,052,003,510)	(3,731,532,578)
Decrease (increase) in other non-current assets		**141,985,266**	(90,240,940)	(137,532,239)
Interest received		**1,196,741**	2,324,230	20,641,481
Net Cash Used in Investing Activities		**(2,130,748,947)**	(2,139,920,220)	(3,848,423,336)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loans	11	**6,777,505,782**	2,042,913,149	2,401,300,000
Repayment of loans	11	**(3,876,000,000)**	-	(6,716,684,615)
Repayment of lease liabilities	12	**(468,344,132)**	(362,633,572)	(302,321,645)
Interest paid for lease liabilities	12	**(312,222,849)**	(325,233,511)	(267,139,815)
Interest paid for loans payable	11	**(254,722,692)**	(43,716,108)	(354,997,750)
Dividends paid	19	**(197,625,000)**	(52,500,000)	(25,570,350)
Proceeds from issuance of shares of stock	19	**-**	-	7,959,298,116
Advances obtained from related parties	18	**-**	-	709,829,951
Collections of advances to related parties	18	**-**	-	341,975,716
Advances granted to related parties	18	**-**	-	(336,670,000)
Repayment of advances from related parties	18	**-**	-	(208,574,959)
Net Cash From Financing Activities		**1,668,591,109**	1,258,829,958	3,200,444,649
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**99,936,544**	(557,385,572)	2,044,499,632
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,785,606,441**	2,342,992,013	298,492,381
CASH AND CASH EQUIVALENTS AT END OF YEAR		**P 1,885,542,985**	P 1,785,606,441	P 2,342,992,013

Supplemental Information on Non-cash Investing and Financing Activities:

(1) In 2021 and 2019, the Company capitalized borrowing costs amounting to P190.1 million and P220.3 million based on capitalization rate ranging from 5.00% to 6.75% for specific borrowings in those periods (see Notes 9 and 11). There was no borrowing cost capitalized in 2020.

(2) In 2021 and 2020, the Company has unpaid interest arising from loans payable amounting to P19.3 million and P5.2 million, respectively, which is presented as part of Accrued expenses under Trade and Other Payables in the statements of financial position (see Notes 10 and 11). There was no unpaid interest as of December 31, 2019.

(3) In 2021 and 2020, the Company reclassified certain Construction-in-progress which pertains to unused construction materials as of December 31, 2021 and 2020 amounting to P90.1 million and P294.7 million, respectively, to Materials and supplies under the Other Non-current Assets in the statements of financial position (see Note 8).

(4) In 2021, the Company transferred (acquired) certain employees to (from) related parties under common ownership which resulted to a release of net obligation amounting to P0.8 million. 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. The outstanding receivable as at December 31, 2021 and 2020 is presented as part of Others under Trade and Other Receivables in the statements of financial position (see Notes 6 and 18).

(5) 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).

(6) In 2019, the Company issued additional shares of stock amounting to P1,000.0 million which was subscribed and fully paid through the conversion of certain advances from related parties to equity (see Note 18). There was no similar transaction in 2021 and 2020.

(7) 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.

See Notes to Financial Statements.

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019
(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 address 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 office address 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, 2021 (including the comparative financial statements as of December 31, 2020 and for the years ended December 31, 2020 and 2019) were authorized for issue by the Company's Board of Directors (BOD) on March 30, 2022. The Company's owners and BOD have the power to amend the financial statements after issuance.

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, 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, expense and other comprehensive income or losses 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 peso (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 2021 that are Relevant to the Company

The Company adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2021:

PFRS 9, PFRS 7, and PFRS 16 (Amendments)	:	Interest Rate Benchmark Reform Phase 2 Financial Instruments, Financial Instruments: Disclosure, Leases
PFRS 16 (Amendments)	:	Leases – COVID-19-Related Rent Concessions beyond June 30, 2021

Discussed below are the relevant information about these amendments.

(i) PFRS 9 (Amendments), *Financial Instruments*, PFRS 7 (Amendments), *Financial Instruments: Disclosures*, and PFRS 16 (Amendments), *Leases – Interest Rate Benchmark Reform Phase 2*. The amendments address issues that may affect financial reporting during the interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of the London Interbank Offered Rate (LIBOR) with alternative benchmark rates. The Phase 2 amendments have no impact to the Company's financial statements as the Company did not have any financial instruments subject to LIBOR.

(ii) PFRS 16*, Leases – COVID-19-Related Rent Concessions beyond June 30, 2021*. The amendment extends for one year the use of practical expedient of not assessing whether rent concessions reducing payments up until June 30, 2022 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. The application of these amendments had no significant impact to the Company's financial statements as the Company did not receive any rent concession from its lessors in 2021.

(b) Effective Subsequent to 2021 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2021, 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) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022)

(ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022)

(iii) 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*

- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*

(iv) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)

(v) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)

(vi) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)

(vii) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

2.3 Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions 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. Currently, the only classification that applies 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, Trade and Other Receivables and Security deposits presented as part of Other Non-current Assets.

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 as Finance Income under Finance Income (Costs) – Net section of the statement of comprehensive income.

(ii) Impairment of Financial Assets

At the end of the reporting period, the Company assesses and recognizes allowance for ECL on its financial assets measured at amortized cost. The measurement involves consideration of broader range of information that is available without undue cost or effort at the reporting date about past events, current conditions, and reasonable and supportable forecasts of future economic conditions (i.e., forward-looking information) that may affect the collectability of the future cash flows of the financial assets. Measurement of the ECL is determined by a probability-weighted estimate of credit losses over the expected life of the financial instruments evaluated based on a range of possible outcome.

The Company applies the simplified approach in measuring ECL, which uses a lifetime expected loss allowance for all trade receivables and security deposits. 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 and security deposits 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) and Note 22.2(c)].

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.

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

(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) – Net section of 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 not fully recoverable due to damage, obsolescence or declining selling prices.

2.5 Other Assets

Other current 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
Furniture, fixtures and office equipment	5 to 15 years
Right-of-use assets – warehouse	2 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 assets 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 assets 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 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 3.1(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. For e-commerce sales, revenue is recognized when control of goods has transferred to the customer, being at the point of the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location.

(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 revenue 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 revenue are also immediately adjusted as of the end of the reporting periods.

Under the Company's standard contract terms for sale to customers, only goods found to be shoddy or defective shall be honored for return. The right of return is not a separate performance obligation and is not considered in establishing the transaction price since right of return entitles the customer to exchange the product bought for another product of the same type, quality, condition and price.

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 allocates a portion of the consideration received to loyalty points. This allocation is based on the relative stand-alone selling prices. The stand-alone selling price is estimated based on the equivalent value given when the points are redeemed by the customer and the likelihood of redemption, as evidenced by the Company's historical experience. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(c).

A liability is recognized for revenue relating to the loyalty points at the time of the initial sales transactions. Revenue from loyalty points are recognized when the points are redeemed by the customer. Revenue from loyalty points that are not expected to be redeemed by the customer is recognized in proportion to the pattern of rights exercised by customers.

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.

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

For any new contracts entered into, 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 and Lease Liabilities have been presented under Property and Equipment, and separately from other liabilities, respectively, in the statement of financial position.

(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) – Net 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

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 revenue 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 income is recognized at a point in time when support are received from supplier.

On the other hand, revenue 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 and Security Deposits

The Company uses a provision matrix to calculate ECL for trade and other receivables and security deposits. 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 security deposits are disclosed in Note 22.2(b) and Note 22.2(c).

(e) 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.

(f) 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

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(b) and Note 22.2(c).

(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, 2021 and 2020, 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) *Evaluation of 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 2021, 2020 and 2019.

(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, 2021 and 2020 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.

The revenue of the Company consists mainly of sales to external customers through its retail and e-commerce channels.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

		2021		2020
Cash in banks	P	**1,790,302,985**	P	1,380,801,441
Short-term placements		**90,000,000**		400,000,000
Cash on hand		**5,240,000**		4,805,000
	P	**1,885,542,985**	P	1,785,606,441

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

Short-term placements have maturity of one to 180 days and earn effective interest rates ranging from 0.55% to 1.65% in 2021 and 0.41% to 1.50% in 2020.

Interest income amounting to P1.2 million, P2.3 million and P20.6 million in 2021, 2020 and 2019, respectively, are presented as Finance Income under Finance Income (Costs) – Net section of the statements of comprehensive income.

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

		2021		2020
Trade receivables	**P**	**169,575,587**	P	217,624,997
Non-trade receivables		**247,961,788**		290,992,394
Others		**24,137,542**		24,941,442
		441,674,917		533,558,833
Allowance for impairment losses	**(**	**57,876,811)**	(	16,539,620)
	P	**383,798,106**	P	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.

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 in 2021, 2020 and 2019. In 2021, 2020 and 2019, the Company recognized an impairment loss amounting to P50.9 million, P5.6 million and P11.0 million, respectively. The impairment loss recognized is presented as Impairment loss under General and Administrative Expenses in the statements of comprehensive income (see Note 14.2).

In 2021, the Company wrote-off certain receivables that are fully provided with allowance amounting to P9.6 million as the management assessed that those receivables are no longer collectible. There was no similar write-off in 2020 and 2019.

A reconciliation of the allowance for impairment of trade receivables at beginning and end of 2021 and 2020 is shown below.

		2021		2020
Balance at beginning of year	**P**	**16,539,620**	P	10,961,202
Impairment losses		**50,900,369**		5,578,418
Write-offs		**(9,563,178)**		-
Balance at end of year	**P**	**57,876,811**	P	16,539,620

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 P7.1 billion and P6.3 billion as of December 31, 2021 and 2020, 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, 2021 and 2020.

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.

	Notes	2021	2020
Current:			
Advances for purchases		**P 2,007,698,453**	P 374,412,125
Prepaid rent		**95,127,299**	1,082,869
Deferred input value-added taxes (VAT)		**9,376,906**	10,000,442
Others		**27,278,044**	15,721,584
		2,139,480,702	401,217,020
Non-current:			
Materials and supplies	9	**384,787,523**	294,657,372
Advances to suppliers		**181,571,118**	499,941,998
Security deposits	12	**176,385,614**	-
		742,744,255	794,599,370
		P 2,882,224,957	P 1,195,816,390

Advances for purchases pertain 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, 2021 and 2020.

Advances to suppliers pertain to mobilization funds made to various contractors for the construction of several items under property and equipment.

Prepaid rent pertains to advance payment for the rental of new stores in accordance with the lease agreements.

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

Security deposits include deposits made to lessors arising from the lease of retail spaces which will be refunded at the end of the lease term or be applied to the last months' rentals on the related contracts and deposits made to a distribution utility as a guarantee for the electric meters installed in the Company's stores.

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

9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2021 and 2020 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, 2021								
Cost	P 3,099,516,830	P 1,135,094,594	P 152,686,138	P 6,698,191,627	P 4,802,663,990	P 477,153,101	P 477,012,330	P 16,842,318,610
Accumulated depreciation and amortization	(716,464,106)	(296,118,945)	(75,664,243)	(710,423,641)	(1,336,311,763)	(101,835,275)	-	(3,236,817,973)
Net carrying amount	**P 2,383,052,724**	**P 838,975,649**	**P 77,021,895**	**P 5,987,767,986**	**P 3,466,352,227**	**P 375,317,826**	**P 477,012,330**	**P 13,605,500,637**
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
January 1, 2020								
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

The reconciliation of the net carrying amount of property and equipment at the beginning and end of 2021 and 2020 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, 2021, 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
Additions –								
Other property and equipment	73,604,543	556,615,112	652,190	636,926,411	-	-	1,202,741,263	2,470,539,519
Right-of-use assets (see Note 12)	-	-	-	-	-	444,514,786	-	444,514,786
Reclassifications	-	-	-	1,679,579,958	-	-	(1,769,710,109)	(90,130,151)
Disposals	-	-	(6,481,449)	-	-	-	-	(6,481,449)
Depreciation and amortization charges for the year	(181,640,152)	(136,189,083)	(16,390,499)	(290,184,007)	(464,614,243)	(111,724,387)	-	(1,200,742,371)
Balance at December 31, 2021, net of accumulated depreciation and amortization	**P 2,383,052,724**	**P 838,975,649**	**P 77,021,895**	**P 5,987,767,986**	**P 3,466,352,227**	**P 375,317,826**	**P 477,012,330**	**P 13,605,500,637**
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
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

The gross carrying amounts and accumulated depreciation of racks and gondola subject to operating lease at the beginning and end of 2021, 2020 and 2019 are shown below.

	2021	2020	2019
Cost	**P 1,203,830,607**	P 1,135,159,904	P 871,738,112
Accumulated depreciation and amortization	**(190,394,042)**	(127,659,756)	(78,192,752)
Net carrrying amount	**P 1,013,436,565**	P 1,007,500,148	P 793,545,360

A reconciliation of the carrying amounts of furniture and fixtures subject to operating lease at the beginning and end of 2021and 2020 is shown below.

	2021	2020
Beginning, net of accumulated depreciation	**P 1,007,500,148**	P 793,545,360
Additions	**68,670,703**	8,813,643
Reclassifications	**-**	254,608,149
Depreciation and amortization charges for the year	**(62,734,286)**	(49,467,004)
Ending, net of accumulated depreciation and amortization	**P 1,013,436,565**	P 1,007,500,148

Construction-in-progress pertains to accumulated costs incurred on the construction of new stores. The ongoing projects as of December 31, 2020 were fully completed in 2021 while the remaining ongoing projects as of December 31, 2021 are expected to be completed by 2022. Other than the remaining capital expenditures, there are no other capital commitments relating to the ongoing projects.

In 2021 and 2020, the Company reclassified certain Construction-in-progress which pertains to unused construction materials as of December 31, 2021 and 2020 amounting to P90.1 million and P294.7 million, respectively, to Materials and supplies under the Other Non-current Assets in the statements of financial position (see Note 8).

The Company's right-of-use assets pertain to store and warehouse facilities with terms ranging from two to 16 years, inclusive of reasonably certain extension period [refer also to Note 3.1(a)], and an average remaining lease term of six years as of December 31, 2021 (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.

In 2021, the Company wrote-off certain property and equipment with total cost and accumulated depreciation of P17.3 million and P10.8 million, respectively. The related loss arising from this transaction is presented as part of Miscellaneous expenses under General and Administrative Expenses in the 2021 statement of comprehensive income (see Note 14.2). There was no similar transaction in 2020 and 2019.

In 2021 and 2019, borrowing costs amounting to P190.1 million and P220.3 million, respectively, based on capitalization rate ranging from 5.00% to 6.75% for specific borrowing in those years, were capitalized as part of construction-in-progress (see Note 11). There was no borrowing cost capitalized in 2020.

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

As of December 31, 2021 and 2020, the gross carrying amount of the Company's fully depreciated property and equipment that are still used in operations is P58.9 million and P46.1 million, respectively.

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

The Company also recognized rental income from its operating leases as lessor amounting to P24.8 million, P13.3 million and P24.7 million in 2021, 2020 and 2019, respectively and is presented as part of Support, Fees, Rentals and Other Revenues in the statements of comprehensive income (see Note 13).

10. TRADE AND OTHER PAYABLES

This account consists of:

	Note	**2021**	2020
Trade payables		**P 1,090,217,999**	P 1,064,726,977
Accrued expenses	11	**81,149,019**	50,363,673
VAT payable		**24,994,456**	48,165,800
Withholding taxes payable		**19,319,828**	14,397,502
Non-trade payables		**10,498,035**	133,251,156
Others		**3,498,936**	4,885,188
		P 1,229,678,273	P 1,315,790,296

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.

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

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.

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 2021 and 2020, the Company recognized deferred revenue for the unredeemed points amounting to P0.6 million for both years which is presented as part of Others.

11. LOANS AND BORROWINGS

Loans and borrowings are presented in the statements of financial position as follows:

	Note	2021	2020
Current	11.1	P 2,044,418,931	P 2,042,913,149
Non-current	11.2	2,900,000,000	-
		P 4,944,418,931	P 2,042,913,149

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 5.50% to 8.25% in 2021 and 6.50% to 8.25% in 2020, and with terms of 150 to 360 days. The short-term loans in 2020 are rolled-over upon maturity. There are no loan covenants on the Company's short-term loans.

11.2 Long-term Loans

In 2021, the Company obtained four-year corporate loans, from various local banks, to partially finance the construction and expansion of the Company's stores and refinance existing loan obligation, with fixed interest rates ranging from 5.00% to 5.85%.

Certain loans of the Company with local banks are subject to covenants. The Company has to maintain a minimum current ratio of at least 1.00, maximum debt-to-equity ratio of not more than 2.50 and a minimum debt-service coverage ratio of at least 1.00. The ratios are computed on the basis of the Company's annual audited financial statements. The Company has properly complied with the loans covenants as of December 31, 2021. 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) – Net section of the statements of comprehensive income, amounted to P78.7 million, P48.9 million and P112.1 million in 2021, 2020 and 2019, respectively (see Note 15). On the other hand, capitalized borrowing costs amounting to P190.1 million and P220.3 million in 2021 and 2019, respectively, based on capitalization rate ranging from 5.00% to 6.75% 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 P19.3 million and P5.2 million as of December 31, 2021 and 2020, respectively, and is presented as part of Accrued expenses under Trade and Other Payables in the statements of financial position (see Note 10). There were no assets used as collateral for any of the Company's loans.

A reconciliation of the carrying amounts of short-term and long-term loans at the beginning and end of December 31, 2021, 2020 and 2019 is presented below.

	Short-term Loans	Long-term Loans	Total
Balance as of January 1, 2021	P 2,042,913,149	P -	P 2,042,913,149
Cash flows from financing activities –			
Additional borrowings	3,877,505,782	2,900,000,000	6,777,505,782
Repayment of borrowings	(3,876,000,000)	-	(3,876,000,000)
Balance as of December 31, 2021	**P 2,044,418,931**	**P 2,900,000,000**	**P 4,944,418,931**
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 -

12. LEASES

The Company is a lessee under non-cancellable operating leases covering its store outlets and warehouse facilities (see Note 9). These lease contracts include extension and variable lease payments. With the exception of leases with variable consideration, each lease is reflected on the statement of financial position as a right-of-use asset presented under Property and Equipment and a lease liability presented separately from other liabilities.

The security deposits paid in connection with the leases amounting to P176.4 million as of December 31, 2021 is presented as Security deposits under Other Non-current Assets in the 2021 statement of financial position (see Note 8). Management believes that no allowance for ECL is required for security deposits since there has been no significant change in the credit quality of the accounts [see Note 22.2(c)].

12.1 Lease Liabilities

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

	2021	2020
Current	**P 613,792,986**	P 384,798,495
Non-current	**3,927,898,004**	4,180,721,841
	P 4,541,690,990	P 4,565,520,336

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

	2021	2020
Balance as of January 1	**P 4,565,520,336**	P 4,942,209,363
Cash flows from financing activities – Repayment of lease liabilities	**(468,344,132)**	(362,633,572)
Non-cash financing activities:		
Additional lease liabilities	**444,514,786**	5,575,953
Lease modification	**-**	(19,631,408)
Balance as of December 31	**P 4,541,690,990**	P 4,565,520,336

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.

With the exception of lease with variable consideration, the lease contracts have a remaining lease term of six years as of December 31, 2021.

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 derecognized amounted to P19.6 million. Loss on lease modification amounting to P1.3 million was recognized and is presented as part of General and Administrative Expenses in the 2020 statement of comprehensive income (see Note 14.2). There was no similar transaction in 2021.

As of December 31, 2021, the Company has no commitments for leases entered into which had not commenced.

The lease liabilities are secured by the related underlying assets. The undiscounted maturity analysis of lease liabilities at December 31 are as follows:

	2021		
	Lease Payments	**Finance Charges**	**Net Present Values**
Within 1 year	P 906,983,761	P 293,190,775	P 613,792,986
1 to 2 years	840,803,775	249,980,914	590,822,861
2 to 3 years	700,490,106	214,611,164	485,878,942
3 to 4 years	714,932,194	180,190,024	534,742,170
4 to 5 years	730,400,221	142,014,998	588,385,223
5 to 16 years	1,925,489,946	197,421,138	1,728,068,808
Total	**P 5,819,100,003**	**P 1,277,409,013**	**P 4,541,690,990**

	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

12.2 Lease Payments Not Recognized as Liabilities

The Company also entered into lease agreements that contain variable payment linked to sales generated from certain stores. The expenses relating to these leases amounting to P467.4 million, P343.4 million and P181.9 million in 2021, 2020 and 2019, respectively, are presented as Rentals under Selling Expenses in the statements of comprehensive income (see Notes 12.3 and 14.2).

If the sales of the Company had changed by an average of +/-1.0%, the variable rent expense would have changed by +/- P3.3 million, +/- P2.4 million and +/- P1.2 million in 2021, 2020 and 2019, respectively.

12.3 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases, including payments in lease agreements that contain variable payment linked to sales as mentioned in Note 12.2, amounted to P1,248.0 million, P1,031.3 million and P751.4 million in 2021, 2020 and 2019, respectively.

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

	Notes		**2021**		2020		2019
Depreciation expense of right-of-use assets	9	**P**	**576,338,630**	P	506,097,335	P	443,134,370
Variable lease payments	12.2		**467,391,457**		343,367,773		181,946,728
Interest expense on lease liabilities	15		**312,222,849**		325,233,511		297,703,409
		P	**1,355,952,936**	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 P14.3 billion, P12.4 billion and P12.1 billion in 2021, 2020 and 2019, respectively.

The 2021, 2020, and 2019 disaggregation on revenue recognition whether point in time or over time is shown below.

	Note		**Point in time**		**Over time**		**Total**
2021:							
Sales	18.4	P	14,324,858,249	P	-	P	14,324,858,249
Vendors' support			-		246,047,552		246,047,552
Delivery fees			-		46,990,832		46,990,832
Marketing fees			-		33,941,251		33,941,251
Miscellaneous			4,143,250		-		4,143,250
		P	**14,329,001,499**	**P**	**326,979,635**	**P**	**14,655,981,134**
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
Miscellaneous			1,909,178		-		1,909,178
		P	12,416,058,045	P	382,505,762	P	12,798,563,807
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
Miscellaneous			6,634,847		-		6,634,847
		P	12,066,911,730	P	321,030,593	P	12,387,942,323

The Company also recognized rental income from its operating leases as lessor amounting to P24.8 million, P13.3 million and P24.7 million in 2021, 2020 and 2019, respectively (see Note 9).

Vendors' support, delivery fees, marketing fees, rentals and miscellaneous are presented as Support, Fees, Rental and Other Revenues 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	**2021**	2020	2019
Merchandise inventories at beginning of year	7	**P 6,288,764,468**	P 5,208,925,853	P 2,690,897,676
Purchases during the year		**10,072,986,019**	9,565,894,575	10,970,217,355
Cost of goods available for sale		**16,361,750,487**	14,774,820,428	13,661,115,031
Merchandise inventories at end of year	7	**7,055,642,001**	6,288,764,468	5,208,925,853
		P 9,306,108,486	P 8,486,055,960	P 8,452,189,178

14.2 Other Operating Expenses

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

	Notes	2021	2020	2019
Depreciation and amortization	9	**P 1,200,742,371**	P 905,163,092	P 708,368,766
Rentals	12.2, 12.3	**467,391,457**	343,367,773	181,946,728
Salaries, wages and employee benefits	16.1	**363,650,663**	327,703,794	273,159,416
Outside services		**363,357,600**	288,314,976	251,784,935
Communications and utilities		**333,380,774**	271,037,432	220,261,474
Merchant fee		**120,940,971**	127,854,588	116,572,848
Taxes and licenses		**107,109,986**	102,253,048	76,625,750
Impairment loss	6	**50,900,369**	5,578,418	10,961,202
Office and store supplies		**23,097,193**	29,450,690	32,800,768
Advertising and promotions		**19,177,276**	34,920,525	67,020,862
Repairs and maintenance		**19,120,266**	24,704,735	27,254,417
Professional fees		**18,016,299**	7,422,415	12,176,991
Dues and subscription		**11,759,732**	21,385,283	17,549,713
Tranportation expense		**9,555,468**	15,613,039	35,416,367
Insurance expense		**9,219,369**	8,917,756	7,178,058
Representation and entertainment		**6,809,386**	5,512,471	10,921,072
Commission expense		**4,492,859**	2,556,971	5,916,021
Loss on lease modification	12	**-**	1,307,684	-
Miscellaneous		**27,686,798**	16,600,800	13,805,797
		P 3,156,408,837	P 2,539,665,490	P 2,069,721,185

These expenses are classified as follows:

	2021	2020	2019
Selling	**P 1,946,627,457**	P 1,637,266,601	P 1,257,685,377
General and administrative	**1,209,781,380**	902,398,889	812,035,808
	P 3,156,408,837	P 2,539,665,490	P 2,069,721,185

15. FINANCE COSTS

Finance costs include the following:

	Notes	2021	2020	2019
Interest expense from:				
Lease liabilities	12.3	**P 312,222,849**	P 325,233,511	P 297,703,409
Loans payable	11	**78,742,890**	48,888,597	112,057,659
Retirement benefit obligation	16.2	**2,729,200**	3,662,586	2,047,963
Others		**-**	12,206	251,291
		P 393,694,939	P 377,796,900	P 412,060,322

16. SALARIES, WAGES AND EMPLOYEE BENEFITS

16.1 Salaries, Wages and Employee Benefits

Expenses recognized for salaries, wages and employee benefits in 2021, 2020 and 2019 are presented below.

	Notes	2021	2020	2019
Salaries and wages		**P 312,634,814**	P 282,250,805	P 234,133,808
Post-employment benefit	16.2	**12,175,509**	12,850,645	11,850,357
Other employee benefits		**38,840,340**	32,602,344	27,175,251
	14.2	**P 363,650,663**	P 327,703,794	P 273,159,416

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 2021 and 2020 dated March 9, 2022 and 2021, 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:

	2021	2020
Balance at beginning of year	**P 68,318,864**	P 73,324,090
Current service cost	**12,175,509**	12,850,645
Interest expense	**2,729,200**	3,662,586
Transferred liability	**(774,563)**	8,195,857
Actuarial losses (gains) arising from:		
Changes in financial assumptions	**(11,176,623)**	8,937,510
Experience adjustments	**(886,785)**	(32,195,182)
Changes in demographic assumptions	**-**	(6,456,642)
Balance at end of year	**P 70,385,602**	P 68,318,864

In 2021, the Company transferred (acquired) certain employees to (from) related parties under common ownership. This resulted to a release of net obligation amounting to P0.8 million. In 2020, 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 which remained outstanding as of December 31, 2021 and 2020. 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):

		2021		2020		2019
Reported in profit or loss:						
Current service cost	**P**	**12,175,509**	P	12,850,645	P	11,850,357
Interest expense		**2,729,200**		3,662,586		2,047,963
	P	**14,904,709**	P	16,513,231	P	13,898,320
Reported in other comprehensive loss (income):						
Actuarial losses (gains) arising from:						
Changes in financial assumptions	**(P**	**11,176,623)**	P	8,937,510	P	-
Experience adjustments	**(**	**886,785)**	(	32,195,182)		42,709,522
Changes in demographic assumptions		**-**	(	6,456,642)		-
	(P	**12,063,408)**	(P	29,714,314)	P	42,709,522

The interest expense is included as part of Finance Costs under Finance Income (Costs) – Net section of 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:

	2021	2020
Discount rates	**5.18%**	4.06%
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, 2021 and 2020 are discussed below and 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 as of December 31, 2021 and 2020:

	Impact on Retirement Benefit Obligation		
	Change in assumption	**Increase in assumption**	**Decrease in assumption**
2021:			
Discount rate	**+/- 1%**	**(P 8,175,215)**	**P 9,837,972**
Salary growth rate	**+/- 1%**	**9,839,299**	**(8,343,738)**
2020:			
Discount rate	+/- 1%	(P 8,659,130)	P 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 2021 statement of financial position.

(ii) Funding Arrangements and Expected Contributions

The plan is currently unfunded by P70.4 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:

		2021		2020
Within five years	**P**	**13,483,085**	P	11,784,535
More than five years to 10 years		**41,582,053**		36,369,195
More than 10 years		**698,829,085**		586,919,188
	P	**753,894,223**	P	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 23 years.

17. INCOME TAXES

On March 26, 2021, Republic Act (R.A.) No. 11534, *Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act*, as amended, was signed into law and shall be effective beginning July 1, 2020. The following are the major changes brought about by the CREATE Act that are relevant to and considered by the Company:

- regular corporate income tax (RCIT) rate was reduced from 30% to 25% starting July 1, 2020;
- minimum corporate income tax (MCIT) rate was reduced from 2% to 1% starting July 1, 2020 until June 30, 2023; and,
- the allowable deduction for interest expense is reduced from 33% to 20% of the interest income subjected to final tax.

As a result of the application of the lower RCIT rate of 25% starting July 1, 2020, the current income tax expense and income tax payable, as presented in the 2020 annual income tax return (ITR) of the Company, were lower by P24.3 million than the amount presented in the 2020 financial statements and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax liabilities as of December 31, 2020 was remeasured to 25%. This resulted in a net decline in the recognized deferred tax liabilities in 2020 by P50.0 million and such was recognized in the 2021 profit or loss (P50.6 million) and in other comprehensive (P0.6 million).

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

	2021	2020	2019
Reported in profit or loss:			
Current tax expense:			
RCIT at 25% in 2021 and 30% in 2020 and 2019	**P 398,020,810**	P 292,135,436	P 325,218,635
Final tax at 20%	**239,348**	464,846	4,128,296
Effect of the change in income tax rate	**(24,344,620)**	-	-
	373,915,538	292,600,282	329,346,931
Deferred tax expense (income) arising from:			
Origination and reversal of temporary differences	**58,118,023**	130,400,192	120,183,392
Effect of the change in income tax rate	**(50,583,586)**	-	-
	7,534,437	130,400,192	120,183,392
	P 381,449,975	P 423,000,474	P 449,530,323
Reported in other comprehensive loss:			
Deferred tax income (expense) arising from:			
Origination and reversal of temporary differences	**(P 3,015,852)**	(P 8,914,294)	P 12,812,856
Effect of the change in income tax rate	**(649,761)**	-	-
	(P 3,665,613)	(P 8,914,294)	P 12,812,856

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

	2021	2020	2019
Tax on pretax profit at 25% in 2021 and 30% in 2020 and 2019	**P 456,438,018**	P 423,214,897	P 449,783,814
Adjustment for income subjected to lower tax rate	**(59,837)**	(232,423)	(2,064,148)
Effect of the change in income tax rate	**(74,928,206)**	-	-
Tax effect on non-deductible expenses	**-**	18,000	1,810,657
Tax expense	**P 381,449,975**	P 423,000,474	P 449,530,323

The Company is subject to MCIT computed at 1% in 2021 and 2% in 2020 and 2019, of gross income, net of allowable deductions as defined under the tax regulations, or to RCIT, whichever is higher. The Company reported RCIT in 2021, 2020 and 2019 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			Other Comprehensive Loss		
	2021	2020	**2021**	2020	2019	**2021**	2020	2019
Deferred tax assets:								
Leases - PFRS 16	**P 183,301,947**	P 187,563,987	**P 4,262,040**	(P 43,039,129)	(P 51,412,896)	**P -**	P -	P -
Impairment loss	**14,469,203**	4,961,886	**(9,507,317)**	(1,673,525)	(3,288,361)	**-**	-	-
Post-employment defined obligation	**11,562,017**	13,022,030	**(2,205,600)**	(4,953,971)	(4,169,496)	**(3,665,613)**	(8,914,294)	12,812,856
Reward liability	**147,133**	176,560	**29,427**	(176,560)	-	**-**	-	-
	209,480,300	205,724,463	**(7,421,450)**	(49,843,185)	(58,870,753)	**(3,665,613)**	(8,914,294)	12,812,856
Deferred tax liabilities:								
Tax depreciation	**(328,801,921)**	(255,157,672)	**73,644,249**	107,935,240	83,874,674	**-**	-	-
Borrowing costs	**(153,047,348)**	(134,883,818)	**18,163,530**	(8,265,134)	60,466,819	**-**	-	-
Uncollected income	**(38,434,031)**	(115,285,923)	**(76,851,892)**	80,573,271	34,712,652	**-**	-	-
	(520,283,300)	(505,327,413)	**14,955,887**	180,243,377	179,054,145	**-**	-	-
Deferred tax liabilities - net	**(P 310,803,000)**	(P 299,602,950)						
Deferred tax expense (income)			**P 7,534,437**	P 130,400,192	P 120,183,392	**(P 3,665,613)**	(P 8,914,294)	P 12,812,856

The Company claimed itemized deductions for 2021, 2020 and 2019 in computing for its income tax due.

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, as described in Note 2.15. The summary of the Company's transactions with its related parties and the related outstanding balances as of December 31, 2021 and 2020 and for the years ended December 31, 2021, 2020 and 2019 are discussed below and in the succeeding pages.

		Amount of Transactions			Outstanding Balances Receivables (Payables)	
	Notes	**2021**	2020	2019	**2021**	2020
Parent Company:						
Advances paid	18.1	**P -**	P -	P 498,745,008	**P -**	P -
Assignment and offsetting of advances	18.2	**-**	-	126,607,284	**-**	-
Sale of merchandise	18.4	**-**	-	297,750	**-**	-
Related Parties Under Common Ownership:						
Lease liability (PFRS 16)	12	**-**	-	4,124,540,460	**3,483,024,073**	3,818,778,732
Right-of-use asset (PFRS 16)	9, 12	**-**	-	3,734,180,917	**2,920,674,530**	3,332,771,608
Depreciation (PFRS 16)	9, 12	**412,097,079**	421,033,483	348,843,184	**-**	-
Interest (PFRS 16)	12, 15	**252,861,046**	274,986,387	245,135,841	**-**	-
Sale of merchandise	18.4	**96,819,297**	88,875,368	223,866,256	**21,358,858**	-
Transferred retirement benefit obligation	6, 16.2	**(774,563)**	8,195,857	16,716,248	**24,137,542**	24,912,105
Advances granted	18.2	**-**	-	128,607,284	**-**	-
Assignment of advances	18.2	**-**	-	(128,607,284)	**-**	-
Advances assigned	18.1	**-**	-	2,000,000	**-**	-
Rentals	12	**454,157,242**	325,946,167	166,629,474	**-**	-
Key Management Personnel -						
Compensation	18.5	**40,860,000**	65,540,791	23,200,000	**-**	-

Management determines possible impairment based on the related parties' 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, 2021 and 2020 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 2021, 2020 and 2019.

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 upon 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). There were no similar transactions in 2021 and 2020.

In 2019, 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 were no similar transactions in 2021 and 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 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 were no similar transactions in 2021 and 2020.

18.3 Guarantees of Loans

The Company obtained short-term loans with interest rates ranging from 6.50% to 8.25% in 2020, for additional working capital requirements and store construction and expansion. The short-term loans are secured by cross suretyship of its ultimate parent company. In 2021, the cross suretyship of its ultimate parent company were released.

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.

		2021		2020		2019
Short-term benefits	**P**	**39,195,142**	P	56,436,000	P	23,200,000
Post-employment defined benefits		**1,664,858**		9,104,791		-
	P	**40,860,000**	P	65,540,791	P	23,200,000

19. EQUITY

19.1 Capital Stock

Details of this account are shown below.

	Shares			Amount		
	2021	2020	2019	**2021**	2020	2019
Authorized - par value						
Common – P1.00 par value	**5,900,000,000**	5,900,000,000	5,900,000,000	**P 5,900,000,000**	P 5,900,000,000	P 5,900,000,000
Preferred – P0.10 par value	**1,000,000,000**	1,000,000,000	1,000,000,000	**100,000,000**	100,000,000	100,000,000
Issued and outstanding:						
Common shares:						
Balance at beginning 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
Issuance during the year	**-**	-	1,750,000,002	**-**	-	1,750,000,002
Balance at end of year	**3,750,000,002**	3,750,000,002	3,750,000,002	**P 3,750,000,002**	P 3,750,000,002	P 3,750,000,002

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, 2021 and 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 P8.39 in 2021. The total number of stockholders is 32 and 29 as of December 31, 2021 and 2020, with the shares held in the name of PCD Nominee Corporation belonging to 128 and 132 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 2021, 2020 and 2019, the Company's BOD approved the declaration of cash dividends amounting to P197.6 million (P0.0527 per share), P52.5 million (P0.0140 per share) and P25.6 million (P1.280 per share) on November 12, 2021, November 25, 2020 and May 28, 2019 respectively, and payable to stockholders of record as of November 29, 2021, December 14, 2020 and June 14, 2019, respectively. The cash dividends were fully settled on December 14, 2021, December 28, 2020 and June 28, 2019, respectively.

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).

	2021	2020
Balance at beginning of year	**(P 9,096,646)**	(P 29,896,666)
Remeasurement on post-employment defined benefit obligation	**12,063,408**	29,714,314
Tax expense	**(3,015,852)**	(8,914,294)
Effect of the change in income tax rate	**(649,761)**	-
Balance at end of year	**(P 698,851)**	(P 9,096,646)

20. EARNINGS PER SHARE

EPS were computed as follows:

	2021	2020	2019
Net profit	**P 1,444,302,097**	P 987,715,849	P 1,049,749,058
Divided by weighted average number of outstanding common shares	**3,750,000,002**	3,750,000,002	2,687,500,001
Basic and diluted EPS	**P 0.39**	P 0.26	P 0.39

The Company has no potential dilutive common shares as of December 31, 2021, 2020 and 2019.

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, 2021 and 2020.

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, 2021 and 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 and 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 2021, 2020 and 2019, 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 5.00% to 5.85% per annum in 2021 and 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 2021. 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	**2021**	2020
Cash and cash equivalents	5	**P 1,885,542,985**	P 1,785,606,441
Trade and other receivables	6	**383,798,106**	517,019,213
Security deposits	8	**176,385,614**	-
		P 2,445,726,705	P 2,302,625,654

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, 2021 and 2020, 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 2021 and 2020 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.

The table below summarizes the loss allowance of the Company based on the past due months of trade receivables:

	2021				
	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%	84.74%	94.88%	100.00%	
Gross carrying amount	P 106,343,848	P 20,881,134	P 42,350,605	-	P 169,575,587
Loss allowance	**-**	**17,695,599**	**40,181,212**	**-**	**57,876,811**

	2020				
	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

On the other hand, based on the analysis, there is no loss allowance provided as at December 31, 2021 and 2020, on the Company's non-trade receivables as the Company does not have any non-trade receivables which has been outstanding for more than three months. The Company's management continues to monitor counterparties default rates and macroeconomic factors affecting the counterparties' ability to settle the receivables. Management considers the credit quality of non-trade receivables that are not past due or impaired to be good.

(c) Security Deposits

The Company is not exposed to any significant credit risk exposure, since the counterparties are reputable lessors with sound liquid position. The Company can apply such deposits to future payments in case it defaults.

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, 2021 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 1,185,363,989	P -	P -	P -
Loans payable	11	2,155,325,494	76,325,000	305,300,000	2,982,526,389
Lease liabilities	12	450,489,232	456,494,530	2,448,277,643	3,370,822,361
		P 3,791,178,715	**P 532,819,530**	**P 2,753,577,643**	**P 6,353,348,750**

This compares to the contractual maturities of the Company's financial liabilities as of December 31, 2020 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 1,253,226,994	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	P 809,249,219	P 2,047,389,718	P 4,071,312,468

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 Company has no financial assets and financial liabilities carried at fair value.

For the Company's financial assets and liabilities carried at amortized cost as at December 31, 2021 and 2020, management considers that the carrying values of these financial instruments approximate their fair values either because these instruments are short-term in nature or the effect of discounting for those maturities of more than one year is not material, hence, no further comparison between the carrying amounts and fair values is presented.

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 has not set-off financial instruments in 2021 and 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.

As of December 31, 2021 and 2020, the Company does not have any financial assets that may be potentially set-off against its outstanding liabilities to related parties.

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, 2021 and 2020. 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, 2021				
Financial assets:				
Cash and cash equivalents	P 1,885,542,985	P -	P -	P 1,885,542,985
Trade and other receivables	-	-	383,798,106	383,798,106
Security deposits	-	-	176,385,614	176,385,614
	P 1,885,542,985	**P -**	**P 560,183,720**	**P 2,445,726,705**
Financial liabilities:				
Trade and other payables	P -	P -	P 1,185,363,989	P 1,185,363,989
Loans payable	-	-	4,944,418,931	4,944,418,931
Lease liabilities	-	-	4,541,690,990	4,541,690,990
	P -	**P -**	**P 10,671,473,910**	**P 10,671,473,910**
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

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:

		2021		2020		2019
Total liabilities	**P**	**11,186,695,147**	P	8,404,068,168	P	7,270,207,745
Total equity		**14,626,013,539**		13,370,938,647		12,414,922,778
Debt-to-equity ratio		**0.76 : 1.00**		0.63 : 1.00		0.59 : 1.00

The Company monitors capital on the debt-to-equity ratio on its covenants with certain financial institutions. In 2021, the Company has to maintain a minimum current ratio of at least 1.00, maximum debt-to-equity ratio of 2.50:1.00, 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, 2021. 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. EVENT AFTER THE END OF THE REPORTING PERIOD

On January 8, 2022, the Company's store outlets located at Alabang, Muntinlupa City, were severely damaged by fire. Based on management's assessment, the estimated losses on inventory and property and equipment amounted to P83.0 million and P219.0 million, respectively. As of the date of issuance of the financial statements, insurance claims are in process and are expected to be settled by second quarter of 2022. The Company's total coverage for the insurance amounted to P302.0 million. Losses incurred will be taken up in 2022.

26. SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR

Presented below and in the succeeding pages is the supplementary information on taxes, duties and licenses fees paid or accrued during the taxable year which is required by the BIR under Revenue Regulations No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

(a) Output VAT

In 2021, the Company declared output VAT as follows:

		Tax Base		Output VAT
Sale of merchandise	P	14,324,858,249	P	1,718,982,990
Other income:				
Vendors' support		246,047,552		29,525,706
Marketing fees		46,990,832		5,638,900
Delivery fees		33,941,251		4,072,950
Rentals		24,786,459		2,974,375
Miscellaneous		4,143,250		497,190
	P	14,680,767,593	P	1,761,692,111

The tax bases are included as part of Sales and Support, Fees, Rentals and Other Revenues in the 2021 statement of comprehensive income. The tax bases for Other Income are based on the Company's gross receipts for the year, hence, may not be the same as the amounts of revenue reported in the 2021 statement of comprehensive income.

The outstanding output VAT payable amounting to P25.0 million as of December 31, 2021 is presented as part of Trade and Other Payables in the 2021 statement of financial position.

(b) Input VAT

The movements in input VAT in 2021 are summarized below.

Balance at beginning of year	P -
Goods for resale/manufacture or further processing	1,129,391,765
Services lodged under other accounts	276,496,676
Capital goods subject to amortization	203,406,583
Capital goods not subject to amortization	1,219,370
Applied against output VAT	(1,610,514,395)
Balance at end of year	P -

(c) Excise Tax

The Company did not have any transaction in 2021, which is subject to excise tax.

(d) Documentary Stamp Tax (DST)

In 2021, the Company paid documentary stamp tax amounting to P9.9 million pertaining to the interest-bearing loans availed during the year.

(e) Taxes and Licenses

The details of taxes and licenses account in 2021 are shown below.

Municipal license and permits	P 97,242,383
DST	9,867,603
	P 107,109,986

The amount of taxes and licenses are presented as part of General and Administrative Expenses in the 2021 statement of comprehensive income.

(f) *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2021 are shown below.

Expanded	P	128,313,837
Compensation and benefits		17,294,435
Final		8,940,113
	P	154,548,385

The outstanding balances of expanded withholding tax, withholding tax on compensation and final withholding tax amounting to P10.9 million, P1.2 million and P2.3 million, respectively, are recorded as Withholding taxes payable under Trade and Other Payables in the 2021 statement of financial position.

(g) *Deficiency Tax Assessments*

As of December 31, 2021, 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.

P&A Grant Thornton

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
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6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

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, 2021, on which we have rendered our report dated March 30, 2022. 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. 8852332, January 3, 2022, 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 Aug. 27, 2024)

March 30, 2022

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
List of Supplementary Information
December 31, 2021

ALLHOME CORP.
(A Wholly Owned Subsidiary of AllValue Holdings Corp.)
SCHEDULE D - LONG TERM DEBT
December 31, 2021
(Amounts in Philippine Pesos)

Title of Issue and type of obligation	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Term Loans	P -	P 2,900,000,000

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2021

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, 2021

Unappropriated Retained Earnings at Beginning of Year		P 2,420,737,177
Prior Year's Outstanding Reconciling Items		
Deferred tax asset – gross	P 199,972,983	
Effect of the change in income tax rate	(33,637,650)	166,335,333
Unappropriated Retained Earnings Available for Dividend Declaration at Beginning of Year, as Adjusted		2,587,072,510
Net profit per audited financial statements	1,444,302,097	
Less: Non-actual/unrealized income		
Deferred tax income related to deferred tax assets recognized in profit or loss during the year	(11,712,917)	1,432,589,180
Dividend Declarations During the Year		(197,625,000)
Unappropriated Retained Earnings Available for Dividend Declaration at End of the Year		**P 3,822,036,690**

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
SHOWING THE RELATIONSHIPS BETWEEN AND AMONG COMPANIES IN THE GROUP
ULTIMATE PARENT COMPANY AND PARENT COMPANY

P&A Grant Thornton

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
Philippines

T +63 2 8988 2288

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, 2021 and 2020, on which we have rendered our report dated March 30, 2022. 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, 2021 and 2020 and for each of the two years in the period ended December 31, 2021 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8852332, January 3, 2022, Makati City
SEC Group A Accreditation
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BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

March 30, 2022

ALLHOME CORP.
Supplemental Schedule of Financial Soundness Indicators
December 31, 2021 and 2020

Ratio	Formula	2021	Formula	2020
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets P 11,464,463,794 Divide by: Total Current Liabilities 3,977,608,541 Current ratio 2.88	2.88	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
Acid test ratio	Quick assets (Total Current Assets less Merchandise Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 11,464,463,794 Less: Merchandise Inventories (7,055,642,001) Other Current Assets (2,139,480,702) Quick Assets 2,269,341,091 Divide by: Total Current Liabilities 3,977,608,541 Acid test ratio 0.57	0.57	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
Solvency ratio	Total Liabilities divided by Total Assets Total Liabilities P 11,186,695,147 Divide by: Total Assets 25,812,708,686 Solvency ratio 0.43	0.43	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
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities P 11,186,695,147 Divide by: Total Equity 14,626,013,539 Debt-to-equity ratio 0.76	0.76	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
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets P 25,812,708,686 Divide by: Total Equity 14,626,013,539 Assets-to-equity ratio 1.76	1.76	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
Interest rate coverage	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 2,218,250,270 Divide by: Interest expense 393,694,939 Interest rate coverage ratio 5.63	5.63	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
Return on equity	Net Profit divided by Total Equity Net Profit P 1,444,302,097 Divide by: Total Equity 14,626,013,539 Return on equity 0.10	0.10	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
Return on assets	Net Profit divided by Total Assets Net Profit P 1,444,302,097 Divide by: Total Assets 25,812,708,686 Return on assets 0.06	0.06	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 margin	Net Profit divided by Total Revenue Net Profit P 1,444,302,097 Divide by: Total Revenue 14,324,858,249 Net profit margin 0.10	0.10	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

ALLHOME CORP.
Annex A: Sustainability Report

CONTEXTUAL INFORMATION

Company Details	
Name of Organization	AllHome Corp. (AllHome)
Location of Headquarters	LGF Building B Evia Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City
Location of Operations	Philippines
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	AllHome Corp. and its stores in Mega Manila, Luzon, Visayas, and Mindanao
Business Model, including Primary Activities, Brands, Products, and Services	**AllHome Corp. (the "Company")** is a pioneering "one-stop shop" home store in the Philippines. Since its incorporation in 2013, The Company has grown to 57 stores as of December 31, 2021, having an aggregate net selling space of approximately 297.469 sqm. The Company's product offering spans seven (7) key categories from over 800 local and international Brands. These product categories are furniture, hardware, appliances, tiles and sanitary wares, homewares, linens and construction materials. **Store Formats** The Company has three store formats in operation in Mega Manila, Luzon, Visayas, and Mindanao: **(1)** large mall-based store, with an average store size of 7,000-8,000sqms in net selling space with a total net selling space of over 166,797sqms for 22 stores; **(2)** large free-standing store, with an average store size of 7,000sqms in net selling space with a total net selling space of over 123,538sqms for 18 stores; and **(3)** small specialty store, ranging from 250sqm to 400sqm in net selling space with a total net selling space of over 7,134sqms for 17 stores, all under the "AllHome" name.
Reporting Period	January 1, 2021 – December 31, 2021
Highest Ranking Person responsible for this report	**Robirose M. Abbot** Head of Investor Relations

MATERIALITY PROCESS

The Villar Group companies, including AllHome, are guided by the GRI and SASB Standards in the conduct of its materiality process with the following steps:

1. Pre-identification of topics – Issues and topics from different references such as the sector-specific publications from GRI and SASB standards for Multiline and Specialty Retailers & Distributors, and industry peers were collated. As there were topics in 2020 that can be under common topics, the list was simplified with a few additional ones to ensure that the economic, environmental, social, and governance (EESG) aspects of the organization are covered.

2. Identification of Material Topics – The Company revisited the list to assess if the topics are material to the operations and stakeholders. A form is provided that allowed The Company to identify topics that are material by selecting 'Yes' or 'No'.

3. Materiality Assessment – Topics deemed as material are processed into an online survey where The Company further assessed the criticality of impact of each topic using a five-point scale (1 as low to no impact; 5 as highest impact).

In 2021, AllHome extended the online survey to other departments to capture more insights on the issues in The Company. All respondents are enthused about sustainability, with majority of them explaining that sustainability is very important to AllHome's overall business success. Being in the retail industry, AllHome has a moral responsibility for its suppliers, employees, customers, communities, and other stakeholders as it continually expands and achieve prosperity.

Table 1. Topics According to Degree of Impact to the Business and Stakeholders

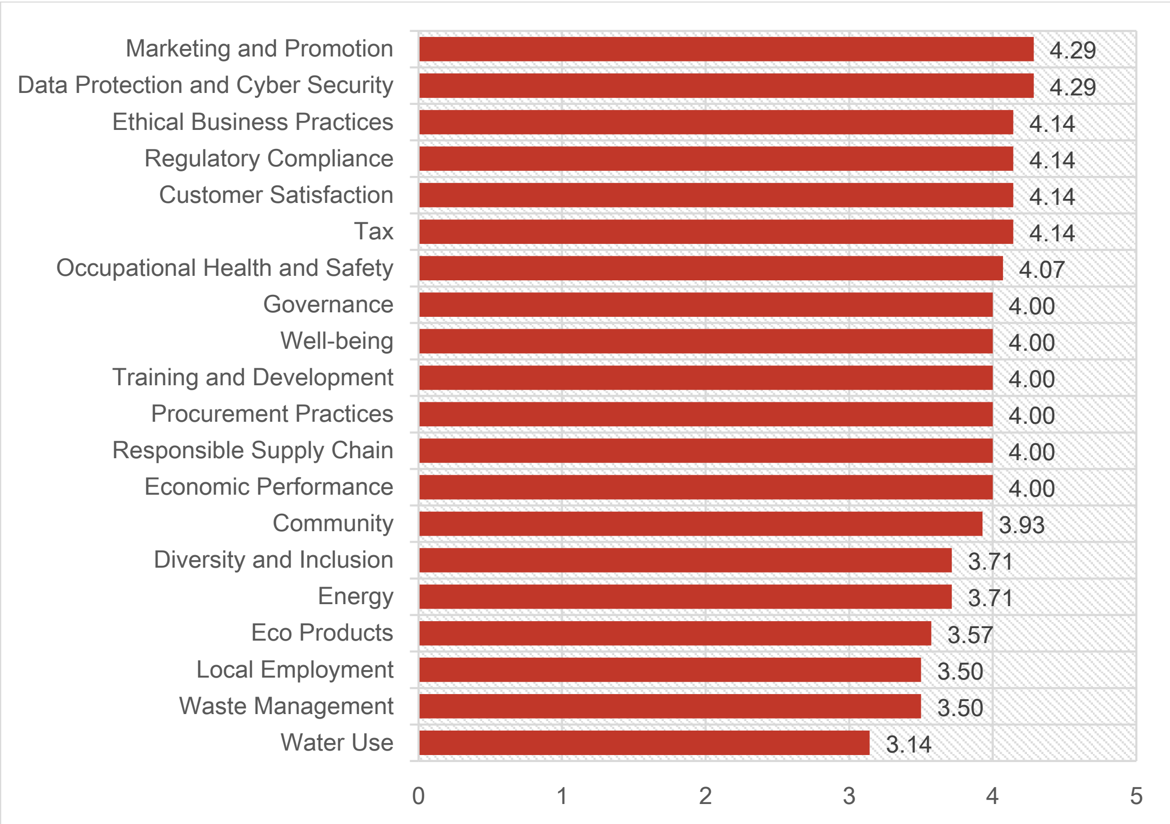
2019 Topics		2020 Topics		2021 Topics	
1	Revenue & Income	1	Revenue & Income	1	Marketing and Promotion
2	Leadership & Governance	1	Leadership & Governance	1	Data Protection and Cyber Security
3	Electricity Generation & Consumption	1	Health & Safety	2	Ethical Business Practices
4	Fuel Consumption	1	Product/Service Quality and Responsibility	2	Regulatory Compliance
5	Water Consumption	2	Product Access & Affordability	2	Customer Satisfaction
6	Waste & Effluents Management	3	Responsible Supply Chain	2	Tax
7	Hazardous Waste Management	4	Employee Training and Competency	3	Occupational Health and Safety
8	GHG Emission and Air Quality	4	Procurement Practices	4	Governance
9	Local Employment	4	Transportation & Logistics	4	Well-being
10	Employee Training and Development	5	Local Employment	4	Training and Development
11	Employee Relations & Labor Practices	5	Community Impact & Development	4	Procurement Practices
12	Occupational Health & Safety	5	Eco Products	4	Responsible Supply Chain
13	Community Development	5	Marketing & Labelling	4	Economic Performance
14	Marketing and Labeling	6	Packaging Use and Disposal	5	Community
15	Procurement Practices (e.g., Local Sourcing)	7	Energy Management	6	Diversity and Inclusion
16	Transportation and Logistics	8	Waste Management	6	Energy

17	Supplier Screening/Accreditation	7	Eco Products
18	Product Quality and Safety	8	Local Employment
19	Product Access & Affordability	8	Waste Management
20	Packaging Use and Disposal	9	Water Use

From 2019 to 2021, AllHome has shifted its focus as it adjusts from the pre-pandemic period to adjustment to pandemic, and now, learning from the challenges experienced during the pandemic. The Company puts equal importance in strengthening its marketing strategies and data security infrastructures as it embraces the digital way of doing business[1].

Environment-related topics remained as low criticality of impact to AllHome's operations and stakeholders due to its minimal impact on the environment. Although deemed low, the Company continues to practice initiatives and manage and measure its performance to avoid significant environmental impacts.

Figure 1. AllHome 2021 Materiality Matrix



[1] For more information, visit this press release.

ECONOMIC & GOVERNANCE DISCLOSURES

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount (in million PhP)		
	2019	2020	2021
Direct economic value generated (revenue)	12,606.28	12,414.74	14,324.86
Direct economic value distributed:			
a. Operating costs	2,069.72	2,528.55	3,156.41
b. Employee wages and benefits	273.16	327.70	363.65
c. Payments to suppliers, other operating costs	17,878.01	10,516.00	9,812.33
d. Dividends given to stockholders and interest payments to loan providers	25.57	52.50	197.63
e. Taxes given to government	733.53	449.48	654.10
f. Investments to community (e.g., donations, CSR)	0.39	3.05	2.01

AllHome's Impact	Stakeholders Affected
The year 2021 marks AllHome's economic recovery that surpassed the pre-pandemic levels. The Company saw improvements in the sales of its hard categories and soft categories. Store networks were expanded in different parts of the country that contributes a significant share in the total retail sales. These developments allowed The Company to distribute its revenues to its stakeholders – 22% for its operations, 3% for employee wages and benefits, 69% for suppliers, 1% for investors and stockholders, 5% for taxes, and less than 1% for community investments. The company's revenue in 2021 is 15% higher than 2020, with corresponding gross profit margin increase to 35% from 31.6% in 2020. Net income after tax increased to 10% in 2021 from 8% in 2020, reflecting a 46% growth in nominal amount. The pioneering one-stop shop home store in the Philippines registered double-digit growth in net income to PhP14,325 million compared to 2020. AllHome's revenues posted 15% growth or about P2 billion in 2021. The Company also saw improvements in all its margins for the period. Gross profit, EBITDA and Net Income margins were at 35%, 24% and	Employees, Investors, Business Partners, and Customers

10%, respectively, which were all higher by over 200-300 basis points from same period last year.

AllHome has opened 57 stores in 2021 – having 22 large mall-based, 18 large free-standing and 17 small specialty store formats. The Company expanded its presence in Luzon and Mindanao. With this expansion, AllHome ensures that contractors, architects, interior designers, and homeowners in Santiago, Isabela, Cabanatuan, Bulacan, and South Cotabato provinces have convenient access to a vast range of home building products and services, value for money, convenience, and excellent customer service at AllHome.

Management Approach to Impacts

In all its decisions, The Company considers profitability and growth that will benefit its stakeholders and the environment. AllHome's financial resources are shared with the (1) employees through competitive benefits and incentives; (2) beneficiaries/partner communities through corporate social responsibility (CSR) programs and product discounts/promotions; (3) stockholders through dividends; (4) government through timely filing of taxes; and (5) suppliers through operational expenses.

The AllHome Management encourages a strong culture of compliance throughout The Company and its dealings, in accordance with the principles of Transparency, Materiality, and Completeness.

Auditing is employed and institutionalized throughout The Company via the Audit Committee. The Committee enhances the oversight capabilities of the management over The Company's financial reporting, tax requirements, internal and external audit processes, and compliance with applicable laws and regulations among others. These results lead to consistent and fair representation of financial reports audited by one of the Top 4 audit firms in the Philippines.
Moreover, The Company also has a dedicated Compliance Officer to ensure the adherence of every member of The Company to corporate principles and best practices.

AllHome sees that effective tax planning will help The Company optimize all permissible allowances, deductions, concessions, exemptions, rebates and exclusions available under the law, thereby minimizing the tax liability and allocating such savings to business expansion. Therefore, it keeps itself abreast of all changes in the tax regulations. The Company provides employees with the necessary learning and skills development through web-based learning seminars to cope up with the evolving tax regulations. Regular tax planning activities were conducted to analyze financial situations, mitigate tax liability and maximize tax relief and credits.

Developments in 2021

As The Company is branching out to different parts of the country, AllHome is also expanding its digital presence in 2021. It is one of the top business priorities for the year given the change in consumer trend due to the community lockdowns. It has further strengthened its omnichannel presence and revolutionized customer experience with an integrated customer support center which addresses customers' concerns in a more timely and efficient manner. AllHome has invested in the automation of its digital marketing with an industry tool that drives up quality leads with customized marketing campaigns. This engagement allows for conversion monitoring on marketing campaigns—from tracking website visits vis-a-vis sales conversion, and consequently allows for the measurement of return-on-investment (ROI) on these marketing campaigns.

Moreover, AllHome implemented various programs such as strategic pricing and increase in-house brand sales contribution to improve its margins. It also implemented operational efficiency initiatives in view of changing customer shopping behavior. This resulted in the optimization of store capacity and the re-purposing of portions of store space as additional store warehousing and fulfillment/logistics areas to allow for service efficiencies for e-commerce fulfillment.

Risks to AllHome	Stakeholders Affected
AllHome has identified the five key risk areas – Market Risk, Interest Rate Risk, Credit Risk, Liquidity Risk, and Foreign Exchange Risk. In addition, the COVID-19 Pandemic continues to be a major risk that limited business operations, affecting the cash flows of The Company.	Employees, Investors, Business Partners, and Customers

Management Approach to Risks

AllHome operates with a risk philosophy that focuses on making most of all business opportunities and making sure that all adverse results are reduced. This is made possible by The Company's Enterprise Risk Management framework.

The Company's financial resources are effectively managed in all areas and levels of The Company through:

- Utilization of strategic location selection criteria for store network
- Capitalizing on synergistic relationships with affiliates (i.e., access prime locations across the country and consolidated purchases for similar product needs through Vista Land; access to a pool of third-party contractors or builders in the Villar group; establish and maintain as primary captive market the residential communities by Villar group)
- Implementation of an effective cash and collection management
- A sound cost and operational expenses control
- Deployment of strategic and periodic merchandise buys to maximize volume discounts and logistics requirements
- Efficient loan management
  Implementation of safety protocols such as early closure of stores to give time for sanitation and replenishment of essential products, social distancing, and limiting customer traffic is stored

Opportunities	Stakeholders Affected
The pandemic allowed AllHome to look into its strategies and learn how to innovate that increases operational efficiency. One of the main thrusts of The Company is the intensive digital expansion program that will introduce a new generation of AllHome Stores in the future. In 2021, AllHome has tapped the country's leading digital marketplaces to serve all possible markets in the digital space. The Company established omni-channel platforms, strengthened SHOP4U, streamlined fulfillment centers, and partnered with the country's leading digital marketplaces and on-demand delivery providers to efficiently serve the home needs of online customers. Moreover, self-checkout counters and click & collect counters were installed in all branches to improve ease of shopping and safeguard the health of in-store customers. To further improve customer experience, the company has installed in its website a 360-degree store virtual tour to provide online customers insights as to how the stores typically look like and its lay-out, and the different merchandise categories being offered. It has recently added also an Order Tracker facility for online customers to view status of their orders.	Employees, Investors, Business Partners, Customers, and Local Communities

Management Approach to Opportunities
AllHome benefits from its sound business strategies and risk-mitigating measures, as reflected in its year after year record of financial growth, increased revenues, and competitiveness in the market. The Company will continue to recalibrate its merchandise mix and implement strategic pricing to enhance returns. Options are being explored to innovatively respond to the changing demands of the pandemic and to serve more Filipinos across the country.

Climate-related risks and opportunities[2]

Governance Disclose the organization's governance around climate related risks and opportunities	
a) Describe the board's oversight of climate-	AllHome's climate governance is critical to ensure that The Company properly assesses climate-related risk, opportunities and takes appropriate strategic decisions on managing those to attain goals and targets.

[2] Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

related risks and opportunities	Through the AllHome Enterprise Risk Management (ERM) framework, The Company's Board of Directors (BOD or the Board) has an enhanced oversight to effectively identify, monitor, assess, and manage key business risks. This guides the Board in pinpointing relevant business units and their risk exposures, as well as in directing the deployment of effective risk management and risk mitigation strategies to ensure that The Company's business objectives are achieved. It operates using the ERM Policy to identify key risk areas, designate key performance indicators, and direct the monitoring of these with due diligence. By doing so, The Company is better equipped to anticipate and prepare for possible threats to its operational and financial viability. The Board also discusses and collaborates on the needed adjustments or expansions of policies to cover and include best practices from within and outside The Company and industry to augment its mechanisms and strategies for climate-related risks and opportunities. Under the ERM framework, the Board oversees and directs the identification and implementation of risk-mitigating measures for climate-related risks and opportunities under "Risks relating to natural catastrophes".
b) Describe management's role in assessing and managing climate-related risks and opportunities	The Management, through the leadership of the Chief Operating Officer (COO), provides accurate reports for insurance claims and creates proper assessment report to shareholders that cover any climate-related risks and opportunities identified in the operations.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	The Company tackles climate-related risks under "Risks relating to natural catastrophes" in the ERM Policy. Specifically, AllHome identifies typhoons, earthquakes, flooding, and fire as natural calamities that impact its operations. Since AllHome is a tenant of Vistamalls, damage to structures is managed by Vistamalls. Damage to stores, in case of flooding, is managed by AllHome. The short-term climate-related risk identified is power outages which would require the increased use of generators. The medium- and long-term climate-related risks identified are high-intensity typhoons and flooding which can affect the supply chain, thereby disrupting store operations.

b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Risks relating to natural catastrophes include high-intensity typhoons and floods, which impact operations by delaying supply deliveries and restocking. These can also lead to the unavailability of supplies, damages to facilities and products as well as customer traffic. Furthermore, these may result in damages of property and loss of opportunity of some stores that have to close early or open late. These risks may materially and adversely affect the business, financial condition and results of operations.
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2ºC or lower scenario	The AllHome ERM framework considers climate-related risks under the "Risks related to natural catastrophes". The Company provided work instructions and emergency response protocols to mitigate this risk. To enhance the present mechanisms and measures in place, additional comprehensive measures will be included to respond to climate-related risk events like additional options to compensate for losses besides the procurement of insurance plans.
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	
a) Describe the organization's processes for identifying and assessing climate-related risks	In identifying risks and hazards, consultations are held which are participated by employees and stakeholders to contextualize the business and its operations. These are based on governance/management structure, products, physical environment, service dependencies, and competitors. The AllHome Board together with the management personnel and other technical experts holds avenues for identifying the potential climate-related events and the risks they pose for The Company. Through these, the Management is also able to ideate and identify the appropriate risk-mitigation measures to ensure that the Company continues to achieve its strategic business objectives. For more information, access AllHome's ERM Policy here.
b) Describe the organization's processes for managing climate-related risks	Applying similar processes to risks other than natural calamities, identified risks are assessed according to the likelihood of failure and the degree of consequence. This will then be referenced in building controls and measures to eliminate, minimize, transfer, and/or manage the risks. The ERM framework has built-in control mechanisms to respond effectively in case of natural disasters. Through these, the Management is able to create and deploy appropriate risk-mitigation measures to ensure that The Company continues the impact of climate-related risks are mitigated and well-managed.

	AllHome rated climate-related risks as a high risk for its operations.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Climate-related risks are accounted for and considered in all risk-events identified within the Company's ERM framework. The identification, planning, implementation, monitoring, and evaluation of all climate-related risks are specifically governed within the clause of "Risks related to natural catastrophes." These risks are integrated into the Company's Business Continuity Plan, considering disruptive scenarios caused by typhoons, earthquakes, and others.
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	In line with the Company's strategies and risk management process for climate-related risks, AllHome keeps track of the total number of hours for generator use due to power outages. The Company anticipates the effects of typhoons and threats of flooding to its stores and their respective locations by closely monitoring the rainfall and flooding alerts issued by pertinent government agencies such as PAGASA-DOST. Additionally, AllHome accounts for the repair costs, operating hours that were lost, and amount of sales opportunity to assess climate-related risks.
b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	As the Philippines' first "one-stop shop" home improvement retailer, climate-related risks are taken into account in our product and service offerings. As such, every AllHome store and facility are designed to adapt to the challenges posed by climate-related events such as typhoons and flooding. Based on the ERM Policy, AllHome transfers climate-related risks by purchasing insurance to aid in the losses that the Company may experience. AllHome obtain and maintain appropriate insurance coverage on properties, assets and operations in such amounts and covering such risks as are usually carried by companies engaged in similar businesses and using similar properties in the same geographical areas as those in which we operate. The Company maintains comprehensive general liability insurance and insurance policies covering the following risks: fire and lightning, earthquakes, typhoons, riot/strike, malicious damage, robbery and burglary. Its insurance providers are large domestic insurers.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	2019	2020	2021
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	100	100

Impacts and Risks	Stakeholders Affected
AllHome is the first "one-stop shop" home improvement retailer in the Philippines. The Company was founded with Filipino homeowners and builders as the primary market. As such, AllHome sources all its products from Philippine-based companies who specialize in construction, interior design, and other home-building and home-improving products hence, giving more priority to local suppliers over foreign suppliers. AllHome recognizes that risks of delivery delays in the supply chain, security of products during transport, and supply availability from the pool of Philippine suppliers may materially impact the operations. Other risk-events that The Company has identified is the possible lack of suppliers to produce required quantity, quality, and novelty that AllHome requires. Moreover, the challenge of redundancy in product offerings may be a challenge since competitors have a high likelihood of offering the same products as AllHome. Any disruptions in the supply chain could negatively impact AllHome's financial performance or financial condition.	Suppliers of furniture, appliances, homewares, linens, construction materials, hardware, tiles and sanitary wares; Customers; Competitors

Management Approach to Impacts and Risks
AllHome ensures that it has a diverse set of suppliers for each product category, with a mix of foreign and local manufacturers. AllHome avails its imported products by coursing them through local importers and/or consolidators. AllHome also develops its own in-house brands to ensure product differentiation against its competitors.

Opportunities	Stakeholders Affected
AllHome is the Philippines' first and only "one-stop shop' home-improvement retailer, and as such, it has continuously embarked on continuous improvements and expansion plans to live up to its name. And since the Philippine home-improvement market is filled with new demands and tastes from a younger, millennial population,	Customers, Suppliers of furniture, appliances, homewares, linens, construction materials, hardware, tiles and sanitary wares

the Company can increase its competitive advantage by providing more options fitted to the aforementioned buyers and customers.

Management Approach to Opportunities
AllHome is a company built upon innovation and a competitive spirit, as such, it continues to pursue its vision of being "the top-of-mind choice of Architects, Builders, Contractors, Designers, and Engineers (ABCDE) for ALL the products and ALL the services they need, ALL in one convenient location; a true home improvement one-stop shop made for home buyers and home builders alike." The Merchandising team works in tandem with various Product Category Heads and the local importers/consolidators to be always on the lookout for new and innovative products and designs available both locally and internationally.

Governance

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	2019	2020	2021
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	100	100
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	0	0
Percentage of directors and management that have received anti-corruption training	100	100	100
Percentage of employees that have received anti-corruption training	100	100	100

Incidents of Corruption

Disclosure	2019	2020	2021
Number of incidents in which directors were removed or disciplined for corruption	N/A	0	0
Number of incidents in which employees were dismissed or disciplined for corruption	N/A	0	0
Number of incidents when contracts with business partners were terminated due to incidents of corruption	N/A	0	0

AllHome's Impact	Stakeholders Affected
Honesty is one of the corporate values of AllHome while Transparency serves as the cornerstone of its Corporate	Employees, Business Partners, Investors

Governance. It aims to cultivate a workplace with transparency amongst the entire group. In line with these, the Management has taken proactive steps to ensure that AllHome's relevant stakeholders are provided with comprehensive and up-to-date communications and training on the company's anti-corruption policies and procedures. All employees are trained on anti-corruption policies as well as Honesty as part of the group's core values.

Management Approach to Impacts

AllHome places high importance on the value of Honesty as one of the corporate values of every member of the Company, and such aims to cultivate a workplace where all stakeholders and their dealings are marked by Transparency.

The Management believes that with a strong culture of Transparency in place for the Company's internal workings, the mismanagement of the Company and the misappropriation of its assets will be avoided as part of the Company's corporate governance, specifically on Disclosure and Transparency.

AllHome has transparency and anticorruption policies in place, which are codified within its Code of Business Conduct & Ethics:

- Conflict of Interest Policy – directors and employees must avoid situations where conflict of interest might occur
- Insider Trading and Related Party Transactions Policy – all material information shall be publicly disclosed to promote transparency
- Policy relating to Health, Safety and Welfare of Employees, including Company-sponsored Trainings – employees are not allowed to accept/give bribes to government entities, political parties, or business partners
- Whistle-blowing Policy – any member of the Company may discuss or disclose in writing any form of a potential violation of the Company's policies

Risks to AllHome	Stakeholders Affected
In accordance with the AllHome ERM framework, The Company has identified risk-events such as data corruption and breach of confidentiality, loss of trust and good relationship with investors, employees, and the public, increased costs due to manipulation of company resources, delayed and disrupted operations, and other regulatory threats. AllHome is primarily engaged in buying, selling, distributing, marketing, at wholesale and retail, of all kinds of goods,	Employees, Suppliers, Business Partners, Investors, Customers, Management

commodities, wares, and merchandise of every kind and description in the home-construction and home-improvement markets. This makes The Company's operations heavy on procurement and selling transactions which are historically susceptible to corruption issues. Additionally, cost/credit term agreements with suppliers are deemed at risk of corruption, which may not be optimally beneficial for The Company if there is corruption.

Management Approach to Risks

AllHome has a robust Code of Business Conduct & Ethics as part of its measures to encourage and institutionalize Transparency throughout its corporate governance. Hence, the Company, through the Internal Audit Department, conducts compliance self-tests and internal audits to mitigate its operational risks and to ensure that internal control policies are strictly observed. In addition to this, the Audit Committee together with the Compliance Officer ensures that processes and procedures are in place so that members of The Company and every dealing made by the Company adhere to statutory laws and regulations.

To ensure that the principles of Transparency, Confidentiality, Trust, and Security are firmly observed, the AllHome Management has instituted that all new hires are trained on anti-corruption policies as well as on the Company's Code of Business Conduct and Ethics during their employee orientation. Reminders are also provided during assemblies.

Long-time employees, on the other hand, are required to undergo a refresher on the aforementioned company policies during their annual employee evaluation, while more senior employees are specially trained on these topics as part of regulatory requirements.

For cases of policy violations, any director, officer, manager, or employee may discuss or disclose in writing any concern or potential violation of national laws and company policies and procedures, without fear of retaliation as indicated by the AllHome Whistle-blower Policy.

Opportunities	Stakeholders Affected
AllHome continues to ensure that its present policies assure the confidentiality and security of information, transparency in the Company's internal workings, and the proper management of operations and company assets. In this regard, the Company is embarking on developing further its strategy to detect, prevent, and deter corruption within the Company and throughout its dealings.	Employees, Suppliers, Business Partners, Investors, Customers, Management

Management Approach to Opportunities

AllHome strictly abides by its Code of Business Conduct & Ethics and as such has already taken steps to make sure that its anti-corruption policies are introduced to suppliers and business partners before contract signing and the finalization of deals as part of the supplier accreditation policy, procedures, and checklist.

ENVIRONMENT DISCLOSURES

Resource Management

Energy consumption within the organization

Energy Type	2019	2020	2021
Gasoline (in GJ)	24,614	Data not available	Data not available
Diesel (in L)	N/A	14,700	13,418
Electricity (in MWh)	23,107	19,323	16,443

Reduction[3] of energy consumption

Energy Type	2019 vs 2020	2020 vs 2021
Gasoline	Data not available	Data not available
Diesel	N/A	1,282
Electricity	3,784	2,880

AllHome's Impact	Stakeholders Affected
The COVID-19 pandemic has forced all systems, internationally and locally, to close down operations as a quick solution to control the spread of the virus. Hence, AllHome had to close its stores which mainly caused the decrease in energy consumption in 2020. As restrictions are lifted in 2021, AllHome shortened its operating hours in certain periods as dictated by the quarantine restrictions. Air-conditioning systems and store lighting were identified to have consumed a large portion in the overall energy consumption with 50% and 30%, respectively.	Employees, Service Providers, and Customers

Management Approach to Impacts
AllHome ensures to manage energy efficiently in its operations through proper scheduling and balancing the use of equipment and fixtures day-to-day. Air conditioning units are opened at around 10:00AM to 11:00AM and turned off at around 5pm with only limited A/C quantity. Store lighting is also strictly balanced especially during off season by using natural sunlight ceiling especially during summer season and lean hours around 12:00PM to 3:00PM. Generator sets were used once in 2021 as there were no power interruptions experienced.

[3] The figure is the difference between the previous and current electricity consumption.

AllHome integrates energy-related considerations into its analysis of current and future property investments by investing in solar panels. As of 2021, 9 stores have been installed with solar panels with 6 large-format stores newly installed with solar panels in the same year. The conversion to renewable energy sources has provided an estimated 8% to 10% energy savings to the stores' consumption.

Risks to AllHome	Stakeholders Affected
Prolonged power interruptions due to natural catastrophes such as intense typhoons and extreme flooding is one of AllHome's main risk-events. This was experienced by one of the AlHome stores in Cebu in 2021 due to strong rainfalls brought about by Typhoon Odette. Power outage in the Cebu store lasted for half a day.	Employees, Service Providers, and Customers
Management Approach to Risks	
AllHome conducts regular preventive maintenance of its generator sets to guarantee maximum fuel efficiency. Because of this, the Cebu store was able to restore its operations the afternoon with the help of mall generators.	

Opportunities	Stakeholders Affected
AllHome keeps up with the latest best practices in the utilization and maximization of natural lighting during day time to lessen its electricity consumption.	Employees, Service Providers, and Customers
Management Approach to Opportunities	
The branches of AllBuilders, AllHome's depot-type stores, were designed to accommodate natural lighting through the ceiling. This lessens the number of lights needed during daytime. In addition to this, all facilities of AllHome utilize energy efficient lighting fixtures and equipment like energy-saving light bulbs and energy-saving LED store signage.	

Water consumption within the organization

Disclosure	2019	2020	2021
Water withdrawal	N/A	N/A	N/A
Water consumption	42,434	33,951.44	34,874.34

Water recycled and reused	N/A	N/A	N/A

The Company's water use has identified that minimal impact to the environment since its water usage is mainly for domestic use. Small specialty and large mall-based stores are leased with Vistamalls; hence, the Company has no full control of its water use.

Materials used by the organization

Disclosure	Quantity
Materials used by weight or volume	N/A
a. Renewable	N/A
b. non-renewable	N/A
Percentage of recycled input materials used to manufacture the organization's primary products and services	N/A

Impact, Risks, and Opportunities	Stakeholders Affected
AllHome stores are obliged to reuse cartons as packaging for the purchased merchandise of customers. Other cartons and used papers sold to recyclers contribute to increased income for The Company. This initiative helps The Company to divert its generation of wastes. In 2021, AllHome has reused 10,000 pieces of cartons for packaging purchases and other items; 5,000 pieces of plastics were used for wrapping donations or items for sale. Reused materials may not have similar qualities as new materials that may affect their reliability.	Employees, Customers, Recyclers

Management Approach to Impacts, Risks, and Opportunities
AllHome enforces practices that lessen the need for new materials by reusing cartons as packaging for merchandise. Additionally, the stores use paper bags and promote customers to use eco-bags to reduce the use of new packaging materials. These initiatives will continue to be enforced to contribute in reducing wastes generated by the stores.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)

While this topic is deemed not material to the business and the stakeholders, AllHome continues to manage its energy, water, and wastes to prevent any negative impacts to the environment.

Environmental Impact Management

Air Emissions

Greenhouse Gases (GHG) (in Tonnes CO_2e)

Disclosure	2019	2020	2021
Direct (Scope 1) GHG Emissions	1,668	39.35	36.13
Energy indirect (Scope 2) GHG Emissions	16,457	13,762	11,710

Air Pollutants

As of 2021, monitoring of air pollutants such as nitrous oxides (NOx), sulfur oxides (SOx), and particulate matter (PM) is not available. Even so, AllHome continues to track its energy use and manage accordingly.

AllHome's Impact, Risks, and Opportunities	Stakeholders Affected
The business model of AllHome relies heavily on electricity and fuels such as gasoline. Having a network of stores in different locations and with varying sizes all over the Philippines, the Company's energy usage power its operations via generator sets, vehicles, and electricity-powered installations as part of its stores. Hence, emissions are limited to its vehicles, generator sets, and electricity use. In 2021, both Scope 1 and Scope 2 emissions of The Company dropped by 8% and 15% respectively. This is highly influenced by the controlled operations due to the community quarantine protocols that lessened the consumption of energy and the energy saved due to the operation of solar panels on some of the stores.	AllHome

Management Approach to Impacts, Risks, and Opportunities
AllHome monitors emissions from generator sets annually and monthly through load testing. This is required as part of renewing the Company's Permit to Operate (PTO). Company-owned vehicles go through emission testing in compliance with the DENR requirements. For stores that are leased, the administrative team of Vistamalls conducts in-house physical checking monthly to monitor emissions for the entire mall. AllHome shares the responsibility to limit emissions by practicing energy-saving initiatives like using energy-efficient lighting and equipment and turning off devices and equipment when not in use.

Solid and Hazardous Wastes

Solid Waste

Disclosure	2019	2020	2021
Recyclable wastes generated (in tonnes)	2.4	3.2	3.4

Hazardous Waste

Disclosure	2019	2020	2021
Total weight of hazardous waste generated[4]	N/A	250 pcs.	280 pcs.
Total weight of hazardous waste transported	N/A	N/A	N/A

AllHome's Impact and Opportunities	Stakeholders Affected
AllHome is primarily engaged in buying, selling, distributing, marketing, at wholesale and retail, of all kinds of goods, commodities, wares, and merchandise of every kind and description for home-construction and home-improvement. As such, these products come with packaging which has generated 3 tonnes of carton waste and 400 kg of plastics. AllHome is conscious that continued reliance on plastics such as for packaging purposes has adverse effects on the environment. As such, AllHome, as a responsible business enterprise, will take progressive steps to significantly reduce the plastic waste generated by its operations. The Company will strengthen its implementation of reusing used packaging materials like cartons to reduce waste generation and lessen the clogging of nearby waterways. AllHome does not handle its hazardous waste since the Malls and its branches are responsible for the management of hazardous waste.	AllHome, Customers, Local Communities

Management Approach to Impacts and Opportunities
AllHome is concerned about the sustainability of its enterprise operations both in the industry and in the communities where it operates. It recognizes that the protection and conservation of the environment are vital to the longevity of its business.

[4] The data covers busted bulbs generated by all stores.

As an expansive business network across the Philippines with heavy reliance on carton usage, AllHome has an instituted waste segregation policy and program. Employees are trained and reminded to observe proper waste segregation.

The Company also separates recyclable materials for sale or re-use. For the rest of the waste generated by the Company's operations, third-party hauler services are contracted for further waste collection. These contracted services are separate from those contracted by Vistamalls.

In stores, monitoring of wastes and waste-related activities will be continued by each store's repair and maintenance team. Customers are also reminded of proper waste disposal through signages and bring their own utensils or reuse disposable materials such as shopping bags. Security personnel are also tasked to monitor the compliance of customers.

In addition to this, AllHome supports the policies and efforts of local government units to ban single-use plastics by encouraging its customers to use reusable bags upon bagging their purchases.

Effluents

AllHome does not measure the volume of water discharge in 2021.

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	2019	2020	2021
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	N/A	0	0
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	N/A	0	0
No. of cases resolved through dispute resolution mechanism	N/A	0	0

AllHome is a lessee of Vistamall hence, compliance with environmental regulations is not monitored by the Company. Nonetheless, the Company puts in place energy-saving initiatives and progressive waste segregation policies. It ensures compliance with the environmental policies and house rules as imposed by the owners of the Mall where AllHome stores are located.

SOCIAL DISCLOSURES

Employee Management

Employee Hiring and Benefits

Employee Data

Disclosure	2019	2020	2021
Total number of employees[5]	526	515	639
a. Number of female employees	272	266	325
b. Number of male employees	254	249	314
Attrition rate[6]	33%	0.77%	22%
Ratio of lowest paid employee against minimum wage	1:1[7] 7:5[8] 3:1[9]	Confidential	Confidential

Employee Benefits

List of Benefits	Y/N	% of female employees who availed in 2021	% of male employees who availed in 2021
SSS	Y	12	13
PhilHealth	Y	8	3
Pag-IBIG	Y	4	4
Parental leaves	Y	13	35
Vacation leaves	Y	84	85
Sick leaves	Y	84	85
Medical Benefits (aside from PhilHealth)	Y	80	77
Housing assistance (aside from Pag-IBIG)	Y	0	0
Retirement fund (aside from SSS)[10]	N	N/A	N/A
Telecommuting	Y	11	15

Diversity and Equal Opportunity

Disclosure	2019	2020	2021
% of female employees in the workforce	52	52	51

[5] The data includes regular and probationary employees assigned in the head office and stores.
[6] Attrition rate = (no. of new hires – no. of turnover)/(average of total no, of employees of previous year and total no. of employees of current year)
[7] Ratio in Mega Manila
[8] Ratio in Luzon and Visayas
[9] Ratio in Mindanao
[10] AllHome has yet to determine when to establish a retirement fund.

% of male employees in the workforce	48	48	49
Number of employees from indigenous communities and/or vulnerable sector[11]	N/A	N/A	N/A

AllHome's Impact

Part of the AllHome mission is "to provide excellent service to all our stakeholders", which includes all employees nationwide. Given this, The Company offers learning and development opportunities, and competitive compensation and benefits package for all its employees. These encourage the employee to do their best, promote employee engagement and retention. With the aggressive network expansion, AllHome has increased its workforce by 24% -- recording 34% new employee hire rate which shows an increase of 10% from 2020 and decreased in turnover rate by 9% in 2021.

Moreover, AllHome is a company which actively promotes equal employment opportunities. In 2021, The Company's workforce shows an almost 1:1 ratio for female and male employees, that testifies its commitment for equality to all who wish to work at AllHome. In terms of Board composition, AllHome adheres to diversity of views and opinions in the decision-making process. As of 2021, there are 71% female employees who are members of the Board and 90% female employees taking management positions.

Management Approach to Impacts

AllHome strives to position itself as an employer of choice in the Philippine home improvement industry by offering what it believes to be competitive salary and benefits packages that allows the Company to compete in the job market. AllHome strictly adheres to the policies of the Department of Labor and Employment (DOLE). The entry-level salary provided by The Company is at the same level as the minimum wage of Mega Manila and is higher for Luzon, Visayas, and Mindanao. Aside from government-mandated benefits, AllHome also provides additional leave entitlement to regular employees, medical programs, and communication allowance.

During the implementation of the community quarantine, employees are advised to work at home. Those needed to report on-site were provided shuttle services to help ease transportation concerns and reduce the risk of exposure. The Management also considered waiving of attendance policies temporarily, relieving employees who may need to be tardy or absent for situations beyond their control.

AllHome partners with an HMO provider to help employees keep track of their health and assist them with their medical concerns. Upon regularization, they are automatically enrolled in an HMO plan including their declared dependent/s who are eligible for the health care plan. Regular employees are also entitled to paid sick leaves as part of their employment benefits package.

[11] Vulnerable sector includes, elderly, persons with disabilities, vulnerable women, refugees, migrants, internally displace persons, people living with HIV and other diseases, solo parents, and the poor or the base of the pyramid (BOP; Class D and E).

Aside from additional leave entitlement to regular employees, the Company offers medical programs, 13th-month pay, communication allowance, and the opportunity to travel abroad as part of the incentive program.

AllHome fosters a company culture where every voice is welcome and valued. The Management is supporting diversity and inclusion in the workplace and implementing non-discriminatory practices. The Company had also built a multigenerational workforce and successfully encouraged engagement.

The Company has institutionalized a Non-discrimination Policy in its recruitment and hiring process. No applicant is discriminated against or preferred based on gender, age, disability, educational attainment, race, and religion.

Gender Equality is evident in the employee composition of AllHome. The Company ensures that all employees regardless of rank and position to be included, valued, and able to perform at their best. Everyone can bring their unique self to work, every talent is used and every idea is heard.

Risks to AllHome

The threat of attrition is identified as one of the Company's Operational Risks. On diversity and equal opportunity, AllHome has no significant risk identified because the Company does not discriminate against any employee, supplier, or applicant on the basis of gender, age, disability, educational attainment, race and religion.

Management Approach to Risks

AllHome's corporate values include having a Competitive Spirit. The Company recognizes the value of its employees and aims to ensure that all employees are high-performing and motivated to stay through different career longevity programs and retention policies which includes, but is not limited to the following:

- Competitive salary and compensation packages
- Good, comfortable, and proper work environment and culture
- Quarterly bonding for each department
- Annual team-building sessions
- Equal and fair opportunities and performance evaluation
- Training and development sessions

To mitigate risks related to the workforce, audits and educational training for personnel are provided throughout its stores to ensure that every member of the Company knows and adheres to its policies.

AllHome provides training as preparation of an employee to perform future roles and responsibilities as part of its succession planning. Meanwhile, replacement planning is also conducted to proactively identify key personnel in operating functions.

Opportunities

The continued expansion of AllHome has also resulted in continued growth in its revenues. Hence, The Company continues to provide ways for its employees to enjoy perks, rewards, and incentives exclusive to them.

There are 57 AllHome stores throughout Mega Manila, Luzon, Visayas, and Mindanao in 2021. This expansive network of stores across the Philippines allows the Company to provide more opportunities for employment for the local communities around its branches.

Management Approach to Opportunities

As part of the career longevity and retention program of AllHome, The Company has a rewards and incentives program by recognizing and rewarding employees (individually and as a team) through its Loyalty Awardee Program, giving local and foreign travels, and competitive salary increases based on performance evaluation.

The Company has a quarterly engagement activity, Jumpstart, where rewards and recognitions are being announced during the event. This includes individual and team performance. AllHome was able to launched the first-ever virtual Jumpstart via Zoom in 2020. This was continued in 2021 which was done thrice during the year.

AllHome strictly complies with the directives of the DOLE as well as its own corporate policies to practice fair and equal employment opportunities by providing accessible and diverse options for applicants.

Interested individuals may file their job applications online, on-ground, and on-site. AllHome prioritizes applicants from the local communities within the vicinity of its stores before considering applicants from other locations. Through these approaches, the Company ensures that its employee base is diverse in terms of culture, religion, ethnicity, and socioeconomic background.

Employee Training and Development

Disclosure	2019	2020	2021
Total training hours	4,746	4,201.5	10,474
a. Female employees	2,000	1,888.5	5,216
b. Male employees	2,746	2,313	5,258
Average training hours[12]	9.02	8.16	16.39
a. Female employees	7.35	7.10	16.05
b. Male employees	10.81	9.29	16.75

AllHome's Impact

All training programs implemented by AllHome are designed to increase productivity, performance and created with clearly defined objectives. Productive team members would mean an increase in sales and employee productivity. This would also allow advanced preparation for future talent needs due to expansion of store networks.

[12] The average is measured as training hours per employee.

AllHome was able to continue its learning and development initiatives for the organization despite the pandemic through online webinars. These webinars include Personality Development, Product Proficiency Sessions and Basic Customer Service, Retail Salesmanship, Digital Marketing, Leadership and Supervisory Development Program webinars. In 2021, the Company has recorded total training hours that has doubled compared to the previous years. This indicated an increased engagement and participation of employees to the different training and development activities during the year.

Training targets were almost achieved in 2021. Based on the Company's assessment, each employee had 4.8 training hours or 96% achievement and participated in 0.08 programs or 77% achievement of set targets.

Management Approach to Impacts

Training is provided based on the result of in-house audits, customer feedback, and store assessment of its workforce vis-à-vis store standards. It is also provided in preparation for the employees' career advancement in the Company. In 2021, AllHome provided 38 internal and 60 external training sessions to its employees. These are a mix of technical and behavioral programs.

During the pandemic, AllHome Training Academy implemented the Supervisory Development Program to hone the skills of the Supervisors to become a generalist rather than focusing on one category only in preparation for expansion while preparing the team for any events due to COVID.

Risks to AllHome

Connectivity remains to be a top challenge for training since face-to-face operations is still not allowed in 2021. This has limited the learning absorption of team members on products with high or technical specification. Additionally, failure to maintain a qualified workforce would impair The Company's ability to compete effectively in its target markets, provide high-quality customer service, open new stores, and execute its business strategy.

Management Approach to Risks

AllHome workers hired from third-party manpower providers and employees benefit from the Training Academy's basic training programs such as Customer Service, Product Proficiency Training, Retail Salesmanship, and company briefings. Training for both organic and inorganic employees ensures that AllHome maintains a qualified workforce and is able to operate effectively.

Forced with times, AllHome initiated training via webinars while exploring the eLearning capability of the Company's system applications and products (SAP) system. The AllHome Training Academy sets both training hours and training modules to be attended by each employee that ties up the manpower development and their KPIs. In 2021, training hours were spread out to shorten the length of sessions but increasing the number of runs. For instance, an 8-hour program is spread out to 4 sessions with 2 hours each.

Opportunities and Management Approach

AllHome employs a large number of employees in its stores and connection with its other operations. The success of The Company depends on its ability to hire, retain and educate an effective workforce with the requisite skills and knowledge to serve its customers. Thus, it commits to provide proper and adequate training and development programs for its employees.

AllHome will continue conduct annual evaluations for all employees to improve their performances. Standards are used to evaluate the improvement of skills, work performance, and adherence to corporate values. Particularly, annual performance, sales performance, and customer service performance are evaluated.

Training will be provided continually as preparation for an employee to perform future roles and responsibilities. Additionally, replacement planning will be done to proactively identify key personnel in operation functions. Succession planning will help direct AllHome to develop a plan to prepare multiple individuals to potentially perform certain functions.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	2019	2020	2021
Safe Man-Hours	756,288[13]	1,071,136	1,594,768
No. of work-related injuries	15	18	18
No. of work-related fatalities	0	0	0
No. of work-elated ill-health	See note[14]	0	0
No. of safety drills	2[15]	100	100

AllHome's Impact

AllHome's operations require employees to be involved in the transportation and installation of home improvement fixtures in the structures of its customers as well as in its facilities. In 2021, there were reported bruises, dislocations, burns, and muscle strains which are caused by lifting merchandise off racks. As such, the Company sees it significant to maintain its Occupational Health and Safety Management.

Despite the uncertainties of the effects of COVID-19, AllHome has adjusted with the pandemic because of its plans and implementation of safety guidelines for the protection of the employees and stakeholders.

The Company has reached its goal of 100 percent vaccination for its entire workforce across its 57 stores nationwide. All of AllHome's eligible employees have received their second dose

[13] Safe man-hours are equal to AllHome's total man-hours for 2019. Safe man-hours is not tracked since its operations do not pose high risks or hazards to its employees.
[14] Number of work-related ill-health is consolidated with the work-related injuries recorded in 2019.
[15] Drills conducted by AllHome for stand-alone stores. Employees in mall and small stores have undergone safety drills covered by the Malls they are located in.

of the COVID-19 vaccine. Booster shots were also provided by the end of 2021. This served as another layer of protection added to the Company's existing health protocols which are strictly implemented in stores to ensure a safe and clean environment – boosting consumer confidence.

AllHome also actively participates in the drills facilitated by the national government. A total of 100 safety drills were participated by all stores and offices in 2021.

Management Approach to Impacts

AllHome adopts a health and safety policy pursuant to Section 32 of R.A. 11058 (An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof) and its Implementing Rules and Regulations under Section 14 of D.O. 198-18.

The health and safety policy of the Company guarantees that it equips a place of employment that is free from hazardous conditions that are likely to cause physical harm to employees and its clients. This includes the provision of proper orientation to all employees, risk assessment and prevention programs, and training of safety officers and first aiders. Communication of this policy on all various forms are through e-mail, adequate signage throughout the workplace, and routine safety check.

In 2021, some of the health and safety training organized by AllHome are the Basic Occupational Safety and Health (BOSH) and First Aid training that was conducted through Zoom. The level of safety training also corresponds to the level of risk of work.

These trainings are made available to selected employees in each working area to be able to ensure safety and to respond to emergencies. These are conducted annually for free and attended by employees from a different store and office locations. Participants are provided meals, transportation allowance if done off-site and can also secure a copy of their training certificate. Meanwhile, participants in a work-from-home arrangement receive no meals and transportation.

The Company employs safety personnel who have each undergone the mandatory training on basic occupational safety and health for safety officers as prescribed by the Department of Labor and Employment (DOLE). The safety personnel are responsible to ensure the occupational safety and health programs as mandated by DOLE are duly followed and enforced in all AllHome stores nationwide.

In compliance with the DOLE guidelines for the implementation of workplace policy and program on tuberculosis, Hepatitis B, and HIV, the Company lays out guidelines for the prevention and control of the health risks. AllHome facilitates a referral system to provide assistance and for better management and treatment of these cases.

The various occupational health services that the Company provides include the implementation of policies on non-discrimination, provision of reasonable working arrangements, educational and awareness campaigns, and improvement of workplace conditions among others. By providing employees a working space free from harm, with proper ventilation and adequate sanitary facilities, the possibility of disease transmission can be reduced. A monitoring system is also used to ensure that facilities are well kept and safe for all employees. Further, periodic annual medical examinations are also conducted to follow-up on previous findings, to allow early detection of occupational and non-occupational diseases, and determine the effect of exposure of employees to health hazards.

In cooperation with the mall and building administration, AllHome participates in the earthquake and disaster response drills which are done periodically. Through these training sessions, employees and building personnel are equipped with knowledge and skills to enhance disaster preparedness and response.

In an event of a disaster, the Company's primary goal is to keep employees and clients safe and prevent further injury by moving them to a safer space. AllHome strictly complies with the safety rules and protocols of the local government unit, the NDRRMC and other concerned agencies.

Risks and Management Approach

AllHome employees are informed during company-mandated training about the safety procedures and standards they should observe at all times to promote physical safety as well as awareness of merchandising safety standards.

Comprehensive job safety instructions are also provided to employees to inform them of the health risks involved, preventive measures, and steps to take in case of emergency.

Every department is also equipped with a first aid kit and a person-in-charge in case of emergency. This person is professionally trained and certified by the Philippine Red Cross on basic emergency, disaster preparedness, basic occupational safety, and first aid. All offices are also provided with medical equipment and supplies such as alcohol, sanitizing footbath, thermometer, and medicine kits.

To increase awareness about COVID-19, The Company continuously issues COVID-19 policies and guidelines to remind employees of the health and safety protocols. Surgical masks, face shield, alcohol and sanitizer as well as personal protective equipment are provided for each office. Safety Officers are also assigned to ensure that prevention and control practices are strictly implemented. Employees are asked to submit the Daily Health Symptoms form, monitor their temperature, frequently wash their hands, observe physical distancing and limit face-to-face interaction. Posters and print resources about COVID-19 are placed in entrance points of offices and stores in addition to the regular disinfection and cleaning of work areas and common spaces.

During the implementation of the community quarantine, employees are advised to work at home and were provided shuttle services to help ease transportation concerns and reduce the risk of exposure. The Company also developed a guideline to properly manage cases of those who have potentially contracted the disease and their close contacts. Employees who feel unwell and those who develop symptoms are advised to stay at home, self-isolate, and contact a medical professional for advice on testing and referral. To keep track of employees' health, the Company organizes on-site annual physical examinations and also provides health care plans to employees and their dependents. Employees are also encouraged to keep an active and healthy lifestyle through information campaigns and fitness activities. Additionally, employees are also regularly screened for COVID-19 symptoms.

AllHome partners with an HMO provider to help employees keep track of their health and assist them with their medical concerns. Upon regularization, they are automatically enrolled to an HMO plan including their declared dependent who are eligible to the health care plan. Regular employees are also entitled to paid sick leaves as part of their employment benefits package.

AllHome identified Safety Officers for each area. They are responsible for promoting the health and safety policy program, resolving worker health and safety complaints, and monitoring compliance with health and safety regulations.

To identify and assess hazards, Safety Officers undergo Basic Occupational Safety and Health Training. They conduct periodic workplace inspections.

Through regular site inspection, audit, and assessment, The Company identifies areas that need to be checked and regularly monitored. Employees and authorized personnel such as Safety officers and security personnel can report directly to the Facilities Management department if they notice any work-related hazards. In effect, the concerned department could act promptly to check issues that need to be addressed.

Opportunities

AllHome continues to adapt to the new normal where employees are safe while maintaining productivity and customers are taken care of during their shopping experience.

Management Approach to Opportunities

AllHome encourages its employees to actively participate in the trainings and development of health and safety programs. To foster collaboration, ideas and suggestions are gathered through employee feedback and surveys through Zoom, Viber, and emails. Moreover, safety training will be continued to be required by The Company.

Labor Laws and Human Rights

Disclosure	2019	2020	2021
No. of legal actions or employee grievances involving forced or child labor	0	0	0

Do you have policies that explicitly disallows violations of labor laws and human rights (e.g., harassment, bullying) in the workplace?

Topic	Y/N	If Yes, cite reference in The Company policy
Forced labor	N	N/A
Child labor	N	N/A

Human Rights	Y	AllHome based its human rights policy against sexual harassment on the definition of sexual harassment set forth in Section 3 of R.A. 7877 or the Anti-Sexual Harassment Act of 1995.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	N/A	%
Number of consultations conducted with employees concerning employee-related policies	N/A	#

Impacts, Risks, and Opportunities

AllHome recognizes the need for employees to have a clear and safe grievance mechanism to maintain a good and collaborative working environment.

The Company ensures that its employees' human rights are protected. Policies are in place to prevent discrimination and allow grievances through its Whistle-blowing and Open Door policies. AllHome strictly adheres and conducts due process for cases of policy violations. Hence, in 2021, it has recorded zero issue and legal actions involving forced or child labor. It does not have any collective bargaining agreement with any employee and none of its employees belong to a union.

AllHome recognizes that non-compliance to labor laws and human rights puts the Company at risk of being penalized with infringement of labor laws and court charges. In addition to this, grave human rights violations can affect the Company's reputation in the market and the general public.

Management Approach to Impacts, Risks, and Opportunities

AllHome aims to protect its employees and stakeholders from any form of discrimination or harassment. It also ensures that employees are provided with just and humane treatment, equal employment opportunity and protection from any harm and discrimination. True to its mission and core values, the Company strive to protect human rights and respect individuals from all walks of life. This is embedded in the Company's Code of Discipline.

Employees are always reminded of the Company's core values and the importance of showing respect for one another, including one's personal boundaries, and policies and procedures that are in line with the country's labor laws. All new hires are also informed of the solid guidelines as part of the new employee orientation.

For any operational changes, the Company provided a 1-week notice period to functions that are affected by those changes.

The Company has a simplified implementation mechanism as follows: have a designated complaint mechanism in place, respond promptly to complaints, and investigate discrimination, prevention, and remedial actions.

Any officer or employee, who experiences or witnesses any act of harassment or discrimination in the workplace, shall report immediately to the Committee on Decorum and Investigation or to the Employee Relations (HR). The Committee shall investigate about the incident and upon completion of the investigation, inform all parties of the outcome and decision. For just causes of termination of employment, due process comprises of the twin notice rule and that is to give the concerned employee a written notice as to the cause or basis on which his impending dismissal rests and reasonable opportunity to address the same. Such grievances are dealt with promptly, fairly and in accordance with the company policies.

The Management created effective approaches for communication, giving the employees, suppliers, and other stakeholders the opportunity to raise out their concerns with the assurance of fair treatment and outmost confidentiality. The Company generates employment-related information such as employee turnover and attrition rate from monthly and annual reports. Other pertinent information is also gathered through the exit interview and regular store audit.

AllHome encourages employees to participate through suggestion schemes, employee surveys, meetings, pep talks, and store visits. Sharing of opinions fosters teamwork and provides an opportunity for the improvement of its products and services. Their involvement also helps in making the organization a better workplace. These suggestion schemes were delivered via digital platforms such Zoom and Viber. The Company permits no employment-based retaliation against anyone who brings a complaint or any work-related concerns.

Part of the culture of the Company is to conduct an Annual Values Session activity wherein all voices of employees shall be heard. The summary of employee's concerns, thoughts, and recommendations shall be part of Management decision-making.

The Company also implements It’s time to K.I.S.S. (Keep it Simple and Straightforward), a program that allows employees to suggest ways to simplify the current methods and practices of the Company. Employees that provide the best ideas are recognized and rewarded by the Chairman, and the suggested improvements are implemented.

Suppliers can raise their concerns through a letter sent via email or personally delivered addressed to the Purchasing or Merchanting Group Head. These concerns may also be raised during the supplier's performance review done every quarter.

AllHome continues to improve the awareness of all stakeholders through training and ensure diversity in the workplace. The Company will continue to implement a clear framework in addressing grievances in through an established internal procedure for complaints.

Supply Chain Management

AllHome has a supplier accreditation policy that considers the following sustainability topics:

Topic	Reference in The Company Policy

Environmental performance	As stipulated under the Conduct of Business and Fair Dealings policy, AllHome requires suppliers to provide information on their environmental performance such as safe operations in its facilities and offices. Verification is done through site inspections.
Forced labor	AllHome requires suppliers to provide information on its manpower that are verified through background checks. This is in accordance with the Company's provision on the Conduct of Business and Fair Dealings policy.
Child labor	
Human Rights	
Bribery and corruption	

Impacts and Risks

AllHome has steadily expanded its network of suppliers and concessionaires since the start of its operations. It maintains a sourcing network comprising an aggregate of over 500 suppliers (including concessionaires). Aside from its retail partners and suppliers, the Company also relies on third-party distributors and suppliers, including concessionaires for its inventory intake and store displays, and other third-party service providers such as logistical services for the delivery of its products to its stores, distribution centers and in-store warehouses. Any deterioration in the relationships between new and existing suppliers, distributors and third-party service providers or other changes relating to these parties, including changes in supply and distribution chains, AllHome will be unable to carry merchandise and products that are in demand. Ultimately, this could have an adverse effect on the business, financial condition and results of operations.

As part of the retail industry which relies heavily on the procurement and transport of goods, AllHome puts great efforts into choosing its suppliers. The quality of the brands and products being sold and the reputation of suppliers would also reflect on the Company's performance. In 2021, AllHome has not recorded any significant negative environmental and social impacts in its supply chain.

Management Approach to Impacts and Risks

The Company places high premium on the quality and novelty of products as well as the capacity and capabilities of suppliers to deliver the requirements. Since its establishment, AllHome uses a stringent set of criteria for supplier selection. It selects suppliers based on their reputation in the industry, quality and standards, reliability of delivery, exclusivity and price. Moreover, suppliers are vetted, chosen, and accredited based on customer preference, product quality, profit margin, after sales service, marketing support, and incentive program.

AllHome employs strict auditing mechanisms and processes for all its suppliers. New suppliers undergo a strict audit process before considering their products in AllHome stores. Suppliers are required to conform to the standards set out in the terms of the contract. These standards include a commitment to timely and reliable delivery of products, meeting the required specifications, and adherence to relevant laws and regulations such as DTI regulations on trademarks and product authenticity.

Opportunities
Since AllHome champions business and environmental sustainability, it encourages its suppliers to adopt good procurement and sustainability practices as part of their mechanisms and processes.

Management Approach to Opportunities
Strict measures are embedded in the supplier's accreditation process as outlined in the Code of Business Conduct and Ethics that includes financial, operational, social, and environmental metrics for accrediting a supplier. To maintain transparency of results with suppliers, the Merchandising Group conducts quarterly review of the supplier's performance to see if AllHome will renew their annual contract.

Relationship with Community

Significant Impacts on Local Communities

Being in the home improvement industry, AllHome identified that its operations have no significant negative impact and risk to the local communities. AllHome has always been mindful of the communities where its 57 stores are located nationwide. Aside from sourcing and hiring talents within the vicinity of their respective locations, this has also paved the way for AllHome to give back and benefit communities.

Since face-to-face interaction was kept to a minimum, store representatives cannot go out of the store to reach out. Public transportation is also limited that hindered people from nearby areas to visit the store. As a way to keep in touch, stores utilized Zoom meetings to service clients and address the needs of the communities.

AllHome has always built stores closer to residential areas rather than commercial areas. This proved beneficial during the quarantine period. Consumers are more inclined to shop closer to home as they minimized travel to and from their homes. With having an Everyday QuickFix as their neighbor, everything that is needed for daily activities and household projects can be obtained in a matter of minutes—customers get what they need when they need it.

Their quick and direct access points to the store foster an atmosphere of security for customers. An AllDay Mart is also beside an AllHome QuickFix that can provide the necessary items for cravings, cooking, and cleaning needs. Having these stores close to homes shows that AllHome values the time of every customer and ensures that safety is a priority as The Company eliminates unnecessary exposure to outside elements.

AllHome upholds its responsibility to the communities where they are present through its company-led corporate social responsibility (CSR) activities through AllHome Builds. This program aims to promote a sustainable lifestyle to all its stakeholders. AllHome's financial resources for beneficiaries and partner communities are allocated through product discounts and promotions. Employees are encouraged to volunteer in CSR activities such as a clean-up drive to protect the critical habitat in nearby communities. However, clean-up drives were postponed in 2021 due to the pandemic.

As part of the Villar Group, the Company also participates in the different programs and activities of the Villar Social Institute for Poverty Alleviation and Governance (SIPAG) Foundation.

In 2021, AllHome reached out to the communities through these initiatives:

- **LIKHA project** supports livelihood programs in Las Piñas area through the Villar SIPAG Foundation. This project aimed at the promotion of local handicrafts and products, boosting local community livelihood in localities all over the country where its 57 stores are present. The pilot section is located in North Molino (NOMO) store which features products created from dried water hyacinth (locally called as water lily) stalks such as baskets, plant holders, and storage bins. These products were made by cottage industry workers who reside also in Las Piñas City.

- **Typhoon Odette Build a Home Program** – AllHome partnered with former DPWH Secretary Mark Villar to aid Odette stricken communities. It has consolidated lumber, woodboards and steel roofing materials to be dispatched to the areas of Southern Leyte, Bohol and Cebu. Around 30-40 families were provided with temporary shelters.

- **Donation of Floor Tiles –** AllHome donated 2,200 unit of tiles to the 5th Special Forces Battalion (Airborne). The donation aims to sustain the morale and welfare of the troops by providing them a decent place to live in while they are away from their families. The 2,200 tiles were determined based on the floor area of the intended use.

- **Las Piñas City Science High School Computer Laboratory Renovation** – In collaboration with Deputy Speaker and Las Piñas Rep. Camille Villar, AllHome together with its valued suppliers such as Philippine Insulation Co. Inc., ProWood, Delta Wood Products Corp., Polylite Industrial Corp., Uratex , Midea , Haier, and TCL continue to build life stories as they give an upgrade to Las Piñas City Science High School's ICT rooms. These rooms can be accessed by 962 students and 76 teachers. AllHome facilitated the interior renovations, repairs and styling of the school's computer labs. It also donated laptops, projectors, DSLR cameras, office chairs and air conditioning units. The upgraded ICT rooms were turned over in Sept. 6 2021.

- **VHealthy Program –** The Villar Group launched its vaccination program called VHealthy, which covers educational campaigns on COVID-19 safety protocols and the significance of getting vaccinated against the virus. In 2021, all AllHome employees are vaccinated.

- **AllHome Vaccine Donation –** The Villar Group through AllHome joins government and other private companies in signing a deal to procure COVID-19 vaccines. It has purchased a total of 80,000 doses, 40,000 of which were donated to Las Piñas via DOH.

- **National Aspin Day 2021 –** AllHome, together with its valued suppliers from PetBuddy, donated PhP50,000 in support of the online Facebook event organized by PAWS for the first ever celebration of National Aspin Day. This event was hosted by Gelli Victor. Various personalities such as Tom Rodriguez, Carla Abellana, Audie Gemora, Joey Reyes, and Heart Evangelista also showed support to the event by sharing their stories with their adopted "aspins".

- **AllHome Makeover Contest –** In partnership with the Home Buddies Facebook group and ViCon[16], AllHome first launched an online contest in 2021 wherein customers were given a chance to win a home makeover worth Php200,000.00. All products and

[16] Short for Villar Group Convention. In October 2021, the Villar Group launched its first virtual property exposition that showcased its complete real property offerings from Vista Land and Golden MV. For more information, visit https://thevicon.ph/.

services provided were from the offerings by AllHome. Winners were identified through a raffle draw. Two very happy home owners won in the home makeover.

Customer Management

Customer Satisfaction

Disclosure	2019	2020	2021
Customer Satisfaction Score	8.7/10	8.4/10	8.9/10
Conducted by third party?	No	No	No

AllHome's Impact
AllHome has serviced its customers satisfactorily amidst the pandemic which landed to a customer satisfaction score of 8.9 in 2021. This is based on the results from the online customer satisfaction survey administered by the Company's Market Research Team. The Company's foot traffic increased compared to 2020 traffic levels. In November 2021, the foot traffic registered to a 22% improvement over October. This has indicated the customers' comfort level with in-store shopping and the Philippine economy's recovery. Overall, despite the challenges posed by the pandemic, customers' purchases for home needs continued to increase as manifested in increasing transaction count and basket size per transaction compared to previous years. This also shows the essentiality of home improvement products which enabled the Company to be resilient amidst the pandemic. With the lifted restrictions in 2021, AllHome shortened its delivery turn-around time to address late deliveries raised in 2020. The store ambiance and temperature were also improved to provide more comfortable shopping experience for customers.

Management Approach to Impacts
The improved customer satisfaction score is due to AllHome's innovative and constant high-quality approach to its businesses and stakeholders through the following:

Customer Experience

AllHome provides a complete shopping experience for architects, builders, contractors, designers, and engineers. It is the Philippines' first one-stop shop for all home improvement needs, which offers all seven categories of home-related/improvement merchandise under one roof. AllHome provides other ways for customers shop safely in-store or in the comfort of their homes via omnichannel approach.

Even prior to the accelerated acceptance and adoption of e-commerce, AllHome began its journey in embracing the inevitable shift to a digital way of doing business. AllHome introduced four (4) channels to the market: its e-commerce platform, www.allhome.com.ph; SHOP4U personal shopper service, and its Viber Communities—Shop Online at AllHome and AllHome Builders Centre Shopping Community. In 2021, this has contributed to 11% in the overall sales of the Company.

At allhome.com.ph, over 20,000 items are uploaded so shoppers can conveniently browse items and add to their virtual shopping cart using their mobile devices. In-store promos and discounts are also offered online at www.allhome.com.ph. Orders are sanitized before they are delivered within two to three days.

AllHome offers the AllHome Personal Shopper service SHOP4U, wherein orders are submitted through Viber, and payments are settled through bank transfer. Customers can go for any of these easy payment options such as pay using cash, debit card or credit card with zero percent installment up to 12 months on selected items, pay using mobile payment services such as AllEasy, GCash, and Paymaya, through bank-to-bank transfers or cash on delivery (COD), for orders made online and/or thru personal shopper service, or opt for layaway plans through Aeon and Home Credit. Purchased items may be picked up via the click & collect counters, or delivered via either the customer's choice of delivery service, or through the delivery service provided by AllHome.

The Company has created two Viber communities – Shop Online at AllHome with over 14,000 members and AllHome Builders Centre Shopping Community with over 2,000 members – that are available for chat and order everyday. Other engagements include live chat, product ratings for items ordered on the e-commerce site, Facebook Messenger, and Google My Business reviews.

In addition to a growing on-line e-commerce presence that includes engaging with the country's leading on-demand delivery providers, AllHome has made sure that the digital shift is felt on the ground. This includes AllHome 360˚ virtual tour, a state-of-the-art virtual walkthrough of AllHome stores to help in navigating and picking items, click-and-collect counters that serve as express lanes to pick up online orders placed via web or SHOP4U, and a tangible QR Code push by frontliners to walk-in customers. AllHome also tucked in an enhanced implementation and personalization of offerings and services with the use of its customer loyalty program, AllRewards.

AllHome became the first in the Philippine Home industry to introduce self-service check-out kiosks in 2021—a safety option for customers who prefer less contact as they shop, which is a key consideration in the midst of the pandemic. This facility lessens unnecessary interactions between customers and cashiers and other personnel. It also speeds up the checkout of purchases. As this is a relatively new feature, AllHome still provides human intervention through trained staff who can assist customers as they navigate the self-checkout process.

Notable also is AllHome's Park-and-Shop concept, which leverages AllHome's "standalone" formats that emphasize having separate entry and exit points, which is especially an advantage in its mall locations. Having direct access to parking spaces made AllHome a preferred shopping destination as consumers lessen the time spent inside malls.

Product and Service offerings

AllHome provides a variety of merchandise to choose from. Variety of products ranges from hardware, construction materials, appliances, furniture, and home furnishings. Apart from this, the Company offers free consultations on home and interior styling, personal shopper service, e-commerce site, assembly, and delivery, and a 0% installment payment scheme. It also offers AllHome exclusives (its inhouse brand), customizable furniture, free interior design, and hassle-free delivery.

Co-located Retail Ecosystem

AllHome stores are located together with other retail stores under the AllValue group (i.e., coffee shop, supermarket grocery, restaurants). This provides the customers an enhanced shopping experience that also caters to their needs other than home-related/improvement. In addition to growing its network through a patented and elevated full-line home center experience, AllHome continues to explore different concepts that complement its comprehensive homemaking and homebuilding offering.

Risks to AllHome

The satisfaction of AllHome's customers depends on the effectiveness of customer service, in particular the ability to address requests and inquiries, and deal with complaints, in a timely and satisfying manner. Any unsatisfactory response or lack of responsiveness by the customer service team could adversely affect customer satisfaction and loyalty.

Moreover, consumer demand for AllHome products is significantly affected by consumer preferences. The Company's success depends in part on the ability to identify social, style and other trends that affect customer preferences, and to source and sell products that both meet AllHome's standards for quality and respond to changing customers' preferences. Failure to source and effectively market products, or to accurately forecast changes in customer preferences, could negatively affect customer satisfaction levels, relationship with customers, and demand for products and services.

Management Approach to Risks

AllHome relies on experience, data and established processes to accurately forecast and manage fluctuations in demand. These processes include conducting internal and customer surveys, reviewing industry reports, attending trade shows and industry benchmarking to assess changes in consumer preferences. Because of this, AllHome always welcomes feedback, comments, and suggestions from its customers. There are physical customer service desks, store hotlines and email and social media accounts to address customer needs and concerns.

Online Customer Feedback and Suggestion Form can be easily accessed through scanning the QR code which are located near checkout counters. This initiative was formally launched in May 2021 to capture concerns and immediately address them on a per-store level. These forms are readily available for customers to use at any time for any feedback, complaints, or suggestions they may have. The response rate for QR is almost half of the total responses received from online and manual surveys. This is also introduced to customers by Sales Specialists as part of their closing pitch.

Opportunities and Management Approach
AllHome gives its unwavering commitment to cater Filipinos across the country. This holds true during the pandemic in which AllHome launched its first Viber community and AllHome online shops to ensure that customers can stay safe and can buy all their home improvement needs from the comfort of their homes. Furthermore, continuous feedback and improvement are integral to AllHome. Through the customer satisfaction surveys, the Company is able to include new value-added services, such as furniture assembly and water heater installation that were based on customer demand. Hence, it will continue to use the survey to identify more opportunities that will enhance customer experience and maximize all product and service offerings. AllHome has an internal complete customer service program that covers various modules, including the basic standard and culture of service, continuing education on technical/product proficiency series to help frontliners sell with ease and confidence alongside retail salesmanship. The program includes an internal customer service compliance audit that is tied up to the store's performance objectives to ensure consistency of execution.

Health and Safety

Disclosure	2019	2020	2021
No. of substantiated complaints [17] on product or service health and safety	0	0	0
No. of complaints addressed	N/A	N/A	N/A

AllHome's Impact, Risks, and Opportunities
With the safety restrictions and store closures due to varying levels of community quarantine, AllHome has optimized the digital space to continue servicing customers online. This led to zero complaints on health and safety for 2021. The COVID-19 pandemic continues to be a challenge for AllHome. It has limited the Company to engage fully with its customers. Availability of public transport has also been affected that constrains the movement of people during the year. This has, therefore, gave an opportunity for AllHome to ramp up its digital capability.

Management Approach to Impacts, Risks, and Opportunities
AllHome is committed to maintaining a secure shopping for customers and a safe work environment for employees. The Company boosted its online presence with various initiatives

[17] Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies. This applies to disclosures under Marketing and Labeling and Customer Privacy.

that builds on the organization's primacy through an omnichannel approach. For more information on the digital channels available, see Customer Satisfaction section.

The Company's product offerings have labels on their safe use that are provided by the respective brands. Sales personnel demonstrates on the correct operation and use of the products. Furniture assembly services are also offered to eliminate the risk of improper assembly by customers which might lead to accidents.

Other layers of safety were implemented in 2021 in accordance with the health and safety protocols of the Government. Customers at the mall are required to wear face masks at all times. Customers and employees are checked for their body temperature, allowing customers at normal temperature to enter. Hand sanitizers and disinfection carpets are also provided at all entrances.

Social distancing is strictly practiced, keeping 1-2 meters away from another person as well as having a maximum of four persons per ride in the elevator and being three steps apart when using the escalator.

The bathrooms, elevator buttons, and escalator handrails are disinfected regularly. All AllHome stores are regularly disinfected by ShieldTec of EnviroNet. Queuing stickers can be seen in the areas where the lines take place. Acrylic barriers are also installed in counters. Posters that promote the practice of social distancing, keeping hands sanitized, and other precautionary measures to follow and observe are seen throughout the stores to help remind customers and employees.

Marketing and Labelling

Disclosure	2019	2020	2021
No. of substantiated complaints on marketing and labelling	0	0	0
No. of complaints addressed	N/A	N/A	N/A

AllHome's Impact

AllHome keeps itself abreast for developments in the retail industry and business trends. With this knowledge, the company is able to promote its competitiveness among its peers. Any concerns on marketing and labeling are resolved immediately at store level. This resulted to zero substantiated complaints in 2021.

Management Approach to Impacts

AllHome uses mixed marketing strategies: social media, partnerships with influencers, banners, billboards, flyers, print ads, LED walls, radio, online advertising, and in-store advertising.

The Company has digitalized its marketing strategies to continue to engage with its target market.

- Relationship Marketing: During the community quarantine, AllHome engaged in building customer relationships by providing easy access to store staff and customer service to address their needs via SMS, call, Messenger, and Viber (Shop Online at AllHome and AllHome Builders Centre Shopping Community).

- Content and Influencer Marketing: AllHome highlighted aspirational images on its channel to get engagement from its target market. AllHome engaged local celebrities to inspire consumers to check out AllHome products online.

- Loyalty Programs: AllHome expands its loyalty program to leverage professionals such as architects, contractors, builders, and other customers.

- Digital Marketing: AllHome maximizes the digital space through its e-commerce site and search engine optimization (SEO) efforts. In 2021, website views reached 275,000 per month.

- Local Store Promos: Periodic implementation of sale promos to entice consumers to purchase

These strategies are used to promote AllHome's seasonal catalog, seasonal and major Sale events, exhibits, and Store events or demos. All promos go through the Department of Trade and Industry (DTI) for the necessary permits and a third-party agency is contracted for the production, delivery, and installation of the aforementioned marketing strategies.

Risks to AllHome

AllHome believes that given the nature of products, customers generally prefer shopping, trying and testing products and making their choices at stores. Display of incorrect pricing may affect customer's loyalty to the brands offered by the Company.

Management Approach to Risks

AllHome has pre-set retail prices for the products sold at stores, ensuring that prices are consistent across all stores. The Company sets retail prices based on the suggested retail price from the supplier, competitive benchmarking on similar products and other factors, including market conditions, the historical and forecasted sales performance of each particular product and the inventory level of that particular product. Selling supervisors are responsible for checking the tags to ensure that the prices of products are accurate.

Opportunities

AllHome has continuous a local store marketing that consists of flyering, SMS and email blasts, out-of-home advertisements (billboards, lamp post banners) and above the line advertisements on local radio, especially for provincial stores.

The Company's Facebook pages and Instagram account are regularly updated to promote stores and products. For the sale of selected products, online sales channels such as Lazada and Hubware are used. These online platforms help highlight promotions that encourage customer engagement. Some of the promotions include the quarterly and annual raffles over Facebook and Instagram accounts with prizes ranging from gift certificates and free cinema tickets to a house and lot in partnership with Vista Land. Local designers and celebrities, including influencers and bloggers are also engaged with to promote stores and merchandise.

Management Approach to Opportunities

While home improvement products are less affected by short-term fashion and style trends, AllHome is subject to seasonal influences. In particular, the Company's sales tend to peak in the fourth quarter, primarily attributable to the Christmas and New Year holidays.

Catalogues are published twice a year, during the summer season and the Christmas season, presenting the latest products, design ideas and inspirations and offering seasonal promotions and discounts. Product catalogues from suppliers are also available for customers' reference at the stores. Print materials are provided free of charge at stores and uploaded to the ecommerce website for instant viewing.

As a business that primarily engages in buying, selling, distributing, and marketing of all kinds of goods, commodities, wares, and merchandise, AllHome will continue to develop marketing strategies that highlights the business as a one-stop shop for all home and renovation needs.

Customer privacy

Disclosure	2019	2020	2021
No. of substantiated complaints on customer privacy*	0	0	0
No. of complaints addressed	N/A	N/A	0
No. of customers, users, and account holders whose information is used for secondary purposes	N/A	N/A	0

Data Security

Disclosure	2019	2020	2021
No. of data breaches, including leaks, thefts and losses of data	0	0	0

AllHome's Impact

AllHome operates rigorously with strict data and information security in accordance with the Data Privacy Act (DPA). The Company has existing controls and measures to protect customer data regarding its collection, handling, use, sharing, processing, disposal, or storage, especially sensitive and critical data. For this reason, AllHome has recorded zero substantiated complaints on customer privacy and zero cases of data breaches in 2021.

Management Approach to Impacts

AllHome implements a strict policy on the Code of Conduct and Business Ethics that prohibits deliberate disclosures of pertinent data. Any deviations must be handled with due diligence according to the disciplinary process of the Company. For more information, see the Privacy Policy here.

The Company also abides by the procedure and regulations set forth by the Government which includes compliance with the guidelines set by the Department of Trade and Industry (DTI) and with the DPA. Its processes are in line with the DPA. The Data Privacy Officers (DPOs) regularly attend training and seminars accredited and organized by the National Privacy Commission (NPC).

Since 2020, the Company used multi-layer security technologies from anti-virus to intrusion prevention system/intrusion detection system (IPS/IDS) on its data centers.

Risks to AllHome

AllHome acknowledges the risk exposure of customer information due to its COVID-19 Tracker, AllHome e-commerce Site, AllRewards Loyalty Program and Builders Loyalty Program. Moreover, the Company has identified potential data security risks such as data breaches, data losses, thefts and data losses.

Management Approach to Risks

The growing demand for online/non-contact transactions prompted the Company to upgrade its existing controls to protect customer data. Since 2020, the QR codes were implemented at store entrances. Secured Socket Layer/ Transport Layer Security (SSL/TLS) based security are programmed in COVID Contact Tracing applications and other external facing applications of AllHome. For internal systems, the IT set up a VPN facility in the employees' laptops/desktops. It was a challenge that was easily resolved due to the technical knowledge of the implementing team.

AllHome ensures that all its forms, in particular those that require sensitive information from customers, have a DPA consent clause stating that the information gathered will only be used for the stated purpose in the form and are protected in accordance with existing data privacy and cybersecurity laws. Upon accessing The Company's website, customers are asked for their consent to share their cookies to present products that match their preferences.

Aside from strict adherence and compliance to existing Data Privacy and Cybersecurity laws, AllHome conducts periodic inspections regarding the inclusion of policy forms, physical and electronic data storage, and data processing and disposal.

Opportunities

Customer information is handled with the utmost confidentiality. AllHome takes a proactive position towards data security and privacy. It will continue to take measures to ensure that data security controls are properly established and up-to-date in anticipation of potential security threats. More importantly, the Company will ensure that its operations comply with the DPA.

Management Approach to Opportunities

AllHome considers the damage, loss, or corruption of Information Technology as a potential business disruption scenario in the BCP. Scenarios are tested to identify gaps or weaknesses in the implementation of the existing mitigation controls and to improve them regardless of the magnitude of the impact.

CONTRIBUTION TO THE UN SDGS

AllHome product and service offerings primarily contributes to the following global goals:

<table>
<tr><td>Key Products and Services</td><td>Construction materials
Hardware
Tiles and sanitary ware
Furniture
Appliances
Homewares
Linen</td></tr>
<tr><td>Societal Value / Contribution to UN SDGs</td><td>SDG 8: Decent Work and Economic Growth
● Retail trade fosters economic growth through the extensive supply of supplies from different local suppliers and the establishment of a wide retail network across the country, resulting in job creation and employment opportunities for people living in nearby communities around AllHome stores.
SDG 9: Industry, Innovation, and Infrastructure
● Construction materials, hardware, tiles, and sanitary wares are intermediate and final products that are commonly used in infrastructure development. The AllHome home improvement company / retail facility serves to meet the structural improvement needs of the Filipinos.
● The furniture, appliances, homeware, and linen industry are continuously evolving. There is a growing demand and need for innovative products on the market that could help improve people's lives, even in simple ways.
SDG 11: Sustainable Cities and Communities
● AllHome, as a home improvement company, helps to encourage the creation of sustainable cities and communities by making home improvement materials and products more affordable and accessible, which can contribute to making housing more affordable and accessible to more Filipinos.</td></tr>
<tr><td>Potential Negative Impact of Contribution and</td><td>The impact generated by AllHome's sales and distribution operations is managed by the Company and discussed in the previous sections. The products offered do not have significant negative impacts as these are items used for constructing and furnishing homes, a basic need for humans.</td></tr>
</table>

Management Approach	AllHome continues to take a proactive stance in the responsible and sustainable conduct of its business to benefit all of its stakeholders.