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(Company's Full Name)

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

Robirose M. Abbot

Contact Person

+63 (919) 081-5302

Company Telephone
Number

1	2
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Month

3	1
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Day

Calendar Year

20-IS Definitive Information Statement

FORM TYPE

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Month

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Day

Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this
Doc.

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Amended Articles
Number/Section

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Total No. of
Stockholders

of

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

LCU

Cashier



CERTIFICATION

ALLHOME CORP. (the "Company") hereby certifies that except for Ms. Camille A. Villar, none of the directors and officers of the Company named in the Information Statement for the Annual Meeting of its shareholders for the year 2024 works in the government as of the date hereof.

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

Issued this 13th day of May 2024.

ALLHOME CORP.

By:


ARBIN OMAR CARIÑO
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **Jessie D. Cabaluna**, Filipino, of legal age and a resident of [REDACTED], after having been duly sworn to in accordance with law do hereby declare that:

- 1. I am a nominee for independent director of **AllHome Corp.** and have been its independent director since July 8, 2019.
- 2. I am affiliated with the following companies or organizations:

Company / Organization	Position / Relationship	Period of Service
AllDay Marts, Inc.	Independent Director	2021-Present
Stetchworth	President	18 September 2019 to present
Anvaya Cove Beach and Nature Club, Inc.	Independent Director	30 July 2021 to present
Areit, Inc.	Independent Director	3 December 2021 to present
Alveira Country Club	Independent Director	21 March 2023 to present
SyCip Gorres Velayo & Co. (SGV)	Partner	1978 to 2017


- 3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of **AllHome Corp.**, as provided for Sec 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
- 4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
- 5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.
- 6. I shall inform the corporate secretary of **AllHome Corp.** of any changes in the abovementioned information within five days from its occurrence.

Done, this MAY 27 2024 at MANDALUYONG CITY.


JESSIE D. CABALUNA
Affiant

SUBSCRIBED AND SWORN to before me this MAY 27 2024 at
MANDALUYONG CITY affiant personally appeared before me and exhibited to me her valid
Passport No. , expiring on November 21, 2029.

Doc. No. 184
Page No. 38
Book No. XXIII
Series of 2024.


ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ROLL No. 53511
IBP License Member No. 018538
PTR No. 5415603 / 05 Jan. 2024 / Mandaluyong City
MCLE Compliance No. VII-0018781 issued dated 25 May 2022
Notaries Commission Appointment No. 0314-23
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

CERTIFICATION OF INDEPENDENT DIRECTORS


I, **Raul Juan N. Esteban**, Filipino, of legal age and a resident of [REDACTED], [REDACTED] after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **AllHome Corp.** and have been its independent director since June 23, 2023
2. I am affiliated with the following companies or organizations:

Company/ Organization	Position/ Relationship	Period of Service
Philippine Survey and Research Center	Managing Director	1989-Present
Vistamalls, Inc.	Independent Director	2014-Present
AllDay Marts, Inc.	Independent Director	2021-Present
VistaREIT, Inc.	Independent Director	2022-Present

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of **AllHome Corp.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.
6. I shall inform the corporate secretary of **AllHome Corp.** of any changes in the abovementioned information within five days from its occurrence.

Done, this MAY 27 2024 at 3:28 PM


RAUL JUAN N. ESTEBAN
Affiant

SUBSCRIBED AND SWORN to before me this MAY 27 2024 at BRANDYVONG CITY, affiant personally appeared before me and exhibited to me his valid ID [REDACTED], expiring on [REDACTED].

Doc. No. 185
Page No. 38
Book No. XXII
Series of 2024.

ATTY. FERDINAND B. SABILLO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ROLL No. 53511
ISP Lifetime Member No. 018538
PTR No. 5415603 / 05 Jan. 2021 / Mandaluyong City
MCLE Compliance No. VII-0018781 issued date 25 May 2022
Notarial Commission Appointment No. 0314-23
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City



NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Notice is hereby given that the annual meeting of stockholders of ALLHOME CORP. (the "**Company**" or "**HOME**") for the year 2024 will be held online on **June 28, 2024, Friday at 10:00 a.m.** with the proceedings livestreamed and voting conducted in absentia through the Company's secure voting online facility which may be accessed through the Company's website for the 2024 AGM: **www.corporate.allhome.com.ph/asm2024**.

The order of business thereat as follows:

- I. Call to order
- II. Certification of service of notice and presence of quorum
- III. Approval of the minutes of the last Annual Meeting of Stockholders held on June 23, 2023
- IV. Presentation of the President's Report, Management Report and Audited Financial Statements as of and for the year ended December 31, 2023
- V. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting
- VI. Election of the members of the Board of Directors, including the Independent Directors, for the year 2024

Manuel B. Villar Jr.
Camille A. Villar
Manuel Paolo A. Villar
Benjamarie Therese N. Serrano
Frances Rosalie T. Coloma
Jessie D. Cabaluna (Independent Director)
Raul Juan N. Esteban (Independent Director)

- VII. Appointment of External Auditors
- VIII. Other Matters
- IX. Adjournment

The Board of Directors has fixed **24 May 2024** as the record date for the determination of stockholders entitled to notice of, and to vote at, said Annual Stockholders' Meeting.

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

Stockholders who intend to participate in the meeting via remote communication and to exercise their vote in absentia must notify the Corporate Secretary by registering *in absentia* on or before **June 14, 2024**. All information submitted will be subject to verification and validation by the Corporate Secretary.

Stockholders who intend to appoint a proxy should submit duly accomplished proxy forms on or before **June 14, 2024** at the Office of the Corporate Secretary at **Upper Ground Floor, Worldwide Corporate Center, Shaw Boulevard, Mandaluyong City** and/or by email to **omar_carino@rlsclawoffices.com**.

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


ARBIN OMAR CARIÑO
Corporate Secretary

AGENDA DETAILS AND RATIONALE

1. Certification of service of notice and presence of quorum

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

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

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

- (i) Stockholders may attend the meeting remotely through www.corporate.allhome.com.ph/asm2024 (the "Website"). Stockholders may send their questions or comments prior to the meeting by e-mail at ir@allhome.ph. The Website shall include a mechanism by which questions may be posted live during the meeting. The Company will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Company's Investor Relations Office within a reasonable period after the meeting.
- (ii) Each of the Agenda items which will be presented for resolution will be shown on the screen during the live streaming as the same is taken up at the meeting.
- (iii) Stockholders must notify the Company of their intention to participate in the meeting by remote communication to be included in determining quorum, together with the stockholders who voted in absentia and by proxy.
- (iv) Voting shall only be allowed for stockholders registered in the Company's Electronic Voting in Absentia System provided in the Company's website for the 2024 Annual Meeting of Stockholders or through the Chairman of the meeting as proxy.
- (v) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock represented at the meeting.
- (vi) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.
- (vii) The Company's stock transfer agent and Corporate Secretary will tabulate and validate all votes received.

2. Approval of the minutes of the last Annual Meeting of Stockholders held on June 23, 2023

The minutes of the last Annual Meeting of Stockholders held on June 23, 2023 will be presented for approval by the stockholders, in keeping with Section 49(a) of the Revised Corporation Code.

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

3. Presentation of the President's Report, Management Report and Audited Financial Statements as of and for the year ended December 31, 2023

The audited financial statements ("AFS") of the Company as of and for the year ended December 31, 2023 (as audited by Punongbayan & Araullo), a copy of which is incorporated in the Definitive Information Statement for this meeting, will be presented for approval by the stockholders. The President and CEO of the Company, Ms. Benjamarie Therese N. Serrano, will deliver a report to the stockholders on the Company's performance for the year 2023 (which will include highlights from the AFS) and the outlook for 2024.

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

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

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

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

5. Election of the members of the Board of Directors, including the Independent Directors, for the year 2024

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

6. Appointment of External Auditors

The Audit Committee is endorsing to the stockholders the re-appointment of Punongbayan & Araullo ("P&A") as external auditor of the Company for the fiscal year 2024.

PROXY

[NOTE: Stockholders who would like to be represented thereat by a proxy may choose to execute and send a proxy form to the Office of the Corporate Secretary, Atty. Arbin Omar P. Cariño at Upper Ground Floor, Worldwide Corporate Center, Shaw Boulevard, Mandaluyong City on or before 14 June 2024. A sample proxy form is provided below. Stockholders may likewise email a copy of the accomplished proxy form to omar_carino@rlsclawoffices.com.]

The undersigned stockholder of ALLHOME CORP. (the "Company") hereby appoints _____ or in his absence, the Chairman of the meeting, as attorney-in-fact or proxy, with power of substitution, to represent and vote _____ shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Stockholders' Meeting of the Company on 28 June 2024 at 10:00 a.m. and at any adjournment thereof for the purpose of acting on the following matters:

- | | |
|---|--|
| 1. Approval of the Minutes of the Annual Stockholders Meeting of the Company held on June 23, 2023
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain | 5. Appointment of Punongbayan & Araullo ("P&A") as external auditor
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain |
| 2. Approval of the Audited Financial Statements for the period ended 31 December 2023
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain | |
| 3. Ratification of all acts and resolutions of the Board of Directors and Management for the year 2023 until date of the meeting
<input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Abstain | _____
Printed name of Stockholder |
| 4. Election of the members of the Board of Directors, including the Independent Directors, for the year 2024 | _____
Signature of Stockholder / Authorized representative |

Name	No. of votes
Manuel B. Villar Jr.	_____
Camille A. Villar	_____
Manuel Paolo A. Villar	_____
Benjamin Therese N. Serrano	_____
Frances Rosalie T. Coloma	_____
Jessie D. Cabaluna	_____
Raul Juan N. Esteban	_____

Date

This proxy should be received by the Corporate Secretary on or before June 14, 2024, the deadline for submission of proxies.

This proxy when properly executed will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement. Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. (As amended on 13 June 2019 by at least a majority of the Board of Directors and by the Stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock of the Corporation)

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

Notarization of this proxy is not required.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
[] Preliminary Information Statement
[**x**] Definitive Information Statement
2. Name of Registrant as specified in its charter: **ALLHOME CORP.**
3. **Philippines**
Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number **CS201310179**
5. BIR Tax Identification Code **008-541-952-000**
6. **Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City,**
Daanghari, Almanza II, Las Piñas City **1747**
Address of principal office Postal Code
7. Registrant's telephone number, including area code **(+63919) 0815302**
8. Date, time and place of the meeting of security holders
28 June 2024, 10:00 a.m. (via Remote Communication)
9. Approximate date on which the Information Statement is first to be sent or given to security holders
4 June 2024
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA:
- | Title of Each Class | Number of Shares of Common Stock
Outstanding or Amount of Debt Outstanding |
|---------------------------------------|---|
| Common stock (As of 3/31/2024) | 3,750,000,002 shares |
11. Are any or all of registrant's securities listed in a Stock Exchange?
Yes [**x**] No []
- Name of Stock Exchange: **Philippine Stock Exchange**
Class of securities listed: **Common Stocks**

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

PART I

INFORMATION STATEMENT

GENERAL INFORMATION

Date, time and place of meeting of security holders.

Date: June 28, 2024
Time: 10:00 a.m.
Place: N/A (via Remote Communication)
Link: www.corporate.allhome.com.ph/asm2024

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

This Information Statement may be accessed by the Company's stockholders beginning May 28, 2024 at the Company's website, www.allhome.com.ph.

Dissenters' Right of Appraisal

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

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

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

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

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

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

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

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

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

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

(a) Number of shares outstanding as of 31 March 2024

Common: 3,750,000,002

(b) Record Date: 24 May 2024

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

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

Equity Ownership of Foreign and Local Shareholders

Foreign and local security ownership as of March 31, 2024:

Class	Filipino		Foreign		Total Shares Outstanding
	Shares	Percent of Class	Shares	Percent of Class	
Common	3,368,349,617	89.82%	381,650,385	10.18%	3,750,000,002
Total	3,368,349,617		381,650,385		3,750,000,002

Security Ownership of Certain Beneficial Owners and Management

Security ownership of certain record and beneficial owners of more than 5.0% of the voting securities as of March 31, 2024:

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
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	Filipino	828,026,307	22.10%
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	381,600,385	10.18%

Security ownership of certain management as of March 31, 2024:

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	Raul Juan N. Esteban 21/F, Omm-Citra Buiding, San Miguel Avenue, Ortigas Centre Pasig City	1,000 – Indirect	Filipino	0.00%
Common Shares	Jessie D. Cabaluna 87 Molave Ave., Molave Park Merville, Paranaque City	1 – Direct	Filipino	0.00%
TOTAL		2,540,109,501		67.74%

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

Based on the total issued and outstanding capital stocks as of March 31, 2024 of 3,750,000,002 common shares.

¹ Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders of AllValue Holdings Corp. The right to vote the shares held by AllValue Holdings Corp. in this annual meeting is expected to be exercised by Mr. Villar.

² PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Depository & Trust Corporation, a private company organized to implement an automated book entry system of handling securities transactions in the Philippines (PCD). Under the PCD procedures, when an issuer of a PCD-eligible issue will hold a stockholders' meeting, the PCD shall execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients. Except as indicated above, as of Record Date, the Company is not aware of any investor beneficially owning shares lodged with the PCD which comprise more than five percent (5%) of the Company's total outstanding capital stock.

Voting Trust Holders of 5.0% or More

As of March 31, 2024, there is no party holding any voting trust for 5% or more of total shares outstanding.

Changes in Control

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

Directors and Executive Officers of the Registrant

Term of Office

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

Background Information

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

<u>NAME</u>	<u>AGE</u>	<u>POSITION</u>	<u>CITIZENSHIP</u>
Manuel B. Villar Jr.	74	Chairman	Filipino
Camille A. Villar	39	Vice Chairman	Filipino
Benjamarie Therese N. Serrano	63	Director, President & Chief Executive Officer	Filipino
Frances Rosalie T. Coloma	61	Director, Treasurer, Chief Operating Officer	Filipino
Manuel Paolo A. Villar	47	Director	Filipino

<u>NAME</u>	<u>AGE</u>	<u>POSITION</u>	<u>CITIZENSHIP</u>
Jessie D. Cabaluna	67	Independent Director	Filipino
Raul Juan N. Esteban	62	Independent Director	Filipino
Robirose M. Abbot	51	Chief Financial Officer, Chief Risk Officer and Head of Investor Relations	Filipino
Louella M. Fernandez	42	Controller and Compliance Officer	Filipino
Arbin Omar P. Cariño	43	Corporate Secretary	Filipino

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

Manuel B. Villar, Jr. *Chairman of the Board.* Mr. Villar, 74, 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.* Ms. Serrano, 63, 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 and Chief Operating Officer.* Ms. Coloma, 61, graduated cum laude from the University of the Philippines with a degree of Bachelor of Science in Business Administration and Accountancy. She is a Certified Public Accountant. She is a Director of Vista Land and Lifescapes, Inc., and Golden Bria Holdings, Inc., Ms. Coloma was the Chief Financial Officer and Chief Information Officer of Golden Bria Holdings, Inc. from 2016 to 2019. She was also the Chief Financial Officer of Vistamalls, Inc. (formerly named as Starmalls, Inc.) from 2012 to 2016.

Manuel Paolo A. Villar. *Director.* Mr. Villar, 47, 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, 39, 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 Epresa (IESE) Business School, Barcelona, Spain. She is the President and CEO of AllValue. She is also a Director of Vista Land & Lifescapes, Inc., Vistamalls, Inc. (formerly named as Starmalls, Inc.), and Golden Bria Holdings, Inc. She was President of AllHome until May 2019, Brittany Corporation from 2010 to 2013 and the Head of Corporate Communications for Vista Land from 2008 to 2010.

Jessie D. Cabaluna. *Independent Director.* Ms. Cabaluna, 67, 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.

Raul Juan N. Esteban. *Independent Director.* Mr. Esteban, 62, graduated from the Ateneo de Manila University with a degree of Bachelor of Science in Management Engineering. He became a brand manager of Unilever Philippine from 1983 to 1986. He was the Country Representative of PPF (A Subsidiary of Unilever) from 1986 to 1988. He was Founding Partner of AGB-Nielsen Philippines and was Chairman until 2012. He held various positions in the Advertising Board of the Philippines, Advertising Congress, MORES (Marketing & Opinion Research Society of the Philippines) and ESOMAR (World Association of Marketing, Social, and Opinion Research) from 2000 to present. Currently, he is the Managing Director of Philippine Survey and Research Center Inc. Mr. Esteban is currently an independent director of Vistamalls, Inc. (formerly Starmalls, Inc.) and AllDay Marts, Inc.

Robirose M. Abbot. *Chief Finance Officer, Chief Risk Officer and Investor Relations Head.* Ms. Abbot, 51, graduated from Silliman University in 1992 with a degree in Business Administration – Accounting, and completed her Masters in Business Administration from Ateneo de Manila University in 2003 earning a Gold Medal (summa cum laude). She is a Certified Public Accountant. She was previously the General Manager – Business Resource Unit of Earth+ Style Corporation from 2010 to 2011. She was also the Chief Finance Officer of Philippine Realty & Holdings Corp. from 2011 to 2014, Ubix Corporation from 2014 to 2015, and in Raemulan Lands, Inc. from 2015 to 2019.

Louella M. Fernandez. *Controller and Compliance Officer.* Ms. Fernandez, 42, graduated cum laude from Jose Rizal University in 2004 with a Bachelor of Science in Accountancy. She is a Certified Public Accountant. Ms. Fernandez was a Finance Head at Vista Land & Lifescapes, Inc. from 2017 to 2019. She was the Controller of various companies such as Globalland Property Management Inc. & Subsidiary, Environet Total Services Inc. & Subsidiary, and GetAll Corp. before taking the role of Controller and Compliance Officer of AllHome.

Arbin Omar P. Cariño. *Corporate Secretary.* Mr. Cariño, 43, graduated from the De La Salle University. He took up Bachelor of Science in Chemistry and Bachelor of Secondary Education major in Physics and Math. Mr. Cariño earned his law degree from the San Beda College of Law. He is the Corporate Secretary of VFund Management, Inc.

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

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

“Section 2. Independent Directors – The members of the Board of Directors must have at least one (1) share of the capital stock of the corporation. They shall serve for a period of one (1) year and until their successors are elected and qualified. The Board should have at least two (2) independent directors, or such number as to constitute at least one-third (1/3) of the members of the Board, whichever is higher.

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

Section 4. Disqualification – No stockholder convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Revised

Corporation Code of the Philippines, committed within five (5) years prior to the date of election shall qualify as a director. A stockholder shall not be eligible to be elected as a director if he is engaged in any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:

- (a) If he is an officer, manager, or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any corporation (other than one in which the Corporation owns at least 30% of the capital stock) engaged in a business which the Board of Directors, by at least three-fourths (3/4) vote, determines to be competitive or antagonistic to that of the Corporation; or
- (b) If he is an officer, manager, or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity engaged in any line of business of the Corporation, when in the judgment of the Board of Directors, by at least three-fourths (3/4) vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or
- (c) If the Board of Directors, in the exercise of its judgment in good faith, determines at least three-fourths (3/4) vote that he is the nominee of any person set forth in (a) or (b);

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

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

- (a) The perceived competing business controls the Corporation (i.e., competing business owns at least majority of the Corporation), is under common control with the Corporation (i.e., the same ultimate beneficial stockholder has control of both Corporations), or is controlled by the Corporation (i.e., at least majority of the competing business is owned by the Corporation); or
- (b) The perceived competing business is a related party to the Corporation where the nominee in question is a person identified as a person with significant influence over the Corporation and the perceived competing business, or the nominee in question is a member of the key management personnel of the Corporation and the perceived competing business.

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

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

"8. Nomination and Election of Independent Director/s

The following rules shall be applicable to all covered companies:

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

- B. Nomination of independent director/s shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.
- C. The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.
- D. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Registrant is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.
- E. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders'/memberships' meeting."

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

Under recommendation 5.3 of SEC Memorandum Circular No. 19, Series of 2016, the SEC allows independent directors the maximum tenure of nine (9) years to sit in the Board of a publicly listed company. The tenure of the independent directors is still within the permissible period under the said SEC recommendation as Ms. Jessie D. Cabaluna was elected as independent director in 2019 and Mr. Raul Juan N. Esteban was elected as independent director in 2023

Appraisals and Performance Report for the Board

Attendance of each director of the Corporation in Board meetings held during the year 2023 as follows:

<i>Director's Name</i>	March 8	April 14	May 2	May 22	June 23	August 14	November 14	Attendance Percentage
Manuel B. Villar, Jr.	P	P	P	P	P	P	P	100%
Camille A. Villar	P	P	P	P	P	P	P	100%
Manuel Paolo A. Villar	P	P	P	P	P	P	P	100%
Benjaminie Therese N. Serrano	P	P	P	P	P	P	P	100%
Frances Rosalie T. Coloma	P	P	P	P	P	P	P	100%
**Raul Juan N. Esteban	-	-	-	-	P	P	P	43%
*Laura Suarez Acuzar	P	P	-	-	-	-	-	
Jessie D. Cabaluna	P	P	P	P	P	P	P	100%

Legend: (A) Absent, (P) Present, (-) Not Applicable

** Died/Term Ended on April 29, 2023*

*** Elected on June 23, 2023*

The Board has established committees to assist in exercising its authority in monitoring the performance of the Company in accordance with its Corporate Governance Manual and Code of Business Ethics.

Term of Office

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

Resignations/Declined Nominations

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

Significant Employees

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

Family Relationships

Manuel B. Villar, Jr., is the father of Manuel Paolo A. Villar and Camille A. Villar. Except for said

relationship, none of the aforementioned Directors or Executive Officers is related to the others by consanguinity or affinity within the fourth civil degree.

Certain Relationships and Related Transactions

As of March 31, 2023, the Villar Family Companies held 67.74% of the total issued and outstanding common share capital of the Company.

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

The transactions with related parties for the year ended December 31, 2023 are discussed in the Company's 2022 Audited Financial Statements attached in this Information Statement. Please see Note 18, pages 32 to 33 of the Notes to the Financial Statements accompanying the Company's 2023 Audited Financial Statements. 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.

The Company's directors and employees are required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are surfaced and brought to the attention of management. None of the Company's directors has entered into self-dealing and related party transactions with or involving the Company in 2023.

Involvement in Certain Legal Proceedings

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

Compensation of Directors and Executive Officers

Executive Compensation

The executive officers of the Registrant are currently receiving and will continue to receive fixed salaries on a monthly basis from the respective subsidiaries or businesses of the Registrant that they manage. The compensation for its executive officers for the year 2022 and 2023 (actual) and 2024 (projected) are as shown below:

Names	Position	Year	Salary and Bonus
Aggregate executive compensation for the following key management officers:			
Benjaminie Therese N. Serrano	President	Actual 2022	₱ 28.1 M
Robirose M. Abbot	CFO/ CRO/ Head of IR	Actual 2023	₱ 28.1 M
Marianita N. Domingo	COO	Projected 2024	₱ 30.9 M
Louella M. Fernandez	Controller/ Compliance Officer		

Aggregate executive compensation for all other officers and directors, unnamed	Actual 2022	₱ 35.0 M
	Actual 2023	₱ 38.5 M
	Projected 2024	₱ 42.4 M

The total annual compensation paid to the above-named officers and directors was paid in cash. The annual compensation includes the basic salary, the mid-year and 13th month bonus. No other annual compensation was given to above-named officers and directors except for the mentioned annual compensation package.

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 2023.

Director	Total Remuneration in 2023
Manuel B. Villar Jr.	P-
Camille A. Villar	-
Benjaminie Therese N. Serrano	-
Frances Rosalie T. Coloma	-
Manuel Paolo A. Villar	-
Raul Juan N. Esteban**	150,000
Laura Suarez Acuzar*	250,000
Jessie D. Cabaluna	450,000
Total	P850,000

* Died/Term Ended on April 29, 2023

** Elected on June 23, 2023

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 2023 for any service provided as a director.

Employment contract between the company and executive officers

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

Warrants and options held by the executive officers and directors

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

Independent Public Accountants

The auditing firm Punongbayan & Araullo ("P&A") is being recommended for election as external auditor for the current year but there will be a change in the signing partner. The Company is compliant with SRC Rule 68, (3), (b), (iv), requiring the rotation of external auditors or engagement partners for a period of five (5) consecutive years. As P&A has been the external auditor of the Company since 2018 with Mr. James Araullo as the signing partner for AllHome, beginning 2023.

Representatives of the said firm are expected to be present at the annual stockholders' meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions. In 2023, the Registrant's auditors did not perform any substantial non-audit services for the Registrant.

Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

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

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

Audit Committee's Approval Policies and Procedures

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

The Audit Committee of the Registrant was composed of Mr. Raul Juan N. Esteban, Chairman, and Mr. Manuel Paolo A. Villar and Ms. Jessie D. Cabaluna, members.

Audit and Audit-Related Fees

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

	<u>2023</u>	<u>2022</u>
	(In ₱ Thousands with VAT)	
Audit and Audit-Related Fees	₱ 1,700.0	₱ 1,600.0
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements		
All Other Fees	-	-
Total	₱ 1,700.0	₱ 1,600.0

P&A does not have any direct or indirect interest in the Company. No other assurance and related services were rendered other than mentioned above.

Tax Fees

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

Authorization or Issuance of Securities Other than for Exchange

Not applicable. The Company has not issued any authorization or issuance of securities other than for Exchange.

Modification or Exchange of Securities

Not applicable. There has not been any modification or exchange of securities.

Mergers, Consolidations, Acquisitions and Similar Matters

Not applicable. The Company is not subject of any merger or consolidation.

Acquisition or Disposition of Property

Not applicable. The Company has not acquired any new property.

Restatement of Accounts

Not applicable. The Company has not restated any accounts.

OTHER MATTERS

Action with Respect to Reports

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

1. Minutes of the last Annual Meeting of Stockholders held on June 23, 2023, covering the following matters: (i) Approval of the minutes of the Annual Stockholders' Meeting held on June 24, 2022; (ii) Presentation of the President's Report, Management Report and Audited Financial Statements for the year 2021; (iii) Ratification of all acts and resolutions of the Board of Directors and Management since the annual stockholders' meeting held in June 25, 2021; (iv) Election of the members of Board of Directors, including the Independent Directors of the Company for the ensuing fiscal year; (v) Appointment of the external auditor of the Company for the fiscal year 2022; and (vi) other matters.
2. The President's Report; and
3. Audited Financial Statements for the year 2023.

The 2023 Annual Meeting of the Shareholders was held via remote communication and was attended by the shareholders, the Board of Directors, and various officers of the Corporation. The shareholders were allowed to vote on each agenda item presented to them for approval, with the number of votes approving each agenda item indicated in their respective sections in the Minutes. The shareholders were also given the opportunity through electronic mail to ask questions, express opinion, and make suggestions on various issues related to the Corporation. In compliance with Section 49 of the Revised Corporation Code, the Minutes of the Annual Meeting of the Shareholders held on June 23, 2023 and the 2023 Definitive Information Statement contain the following: (a) a description of the voting and tabulation procedures used in the meeting, (b) a description of the opportunity given shareholders to ask questions and a description of the nature of the questions, (c) matters discussed and resolutions reached and the record of the voting results

for each agenda item and (d) a list of the directors and shareholders who attended the meeting.

Matters Not Required to be Submitted

There are no matters or actions to be taken up in the meeting that will not require the vote of the stockholders as of the record date.

Amendment of Charter, Bylaws or Other Documents

There are no amendments of articles of incorporation and by-laws in 2023.

Other Proposed Actions

1. Ratification of all acts and resolutions of the Board of Directors and Management for the year 2023 until the date of the meeting, as set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been duly filed with the SEC and the PSE. These minutes cover the approval of the quarterly and annual reports of the Registrant filed with the SEC and the PSE; resignation/election of members of the Board of Directors; appointment of authorized signatures for various transactions in the normal course of business of the Company as well as opening and closure of various investment and/or deposit accounts.
2. Election of External Auditors
3. Approval of the withdrawal of application for the amendment of the Articles of Incorporation. On July 25, 2022, the Board of Directors approved the amendment of Article II of the Articles of Incorporation of the Company, which was also approved through the written assent of the stockholders representing at least two-thirds (2/3) of the outstanding capital stock. However, the Company has made the business decision not to pursue the amendment of its Articles of Incorporation and will no longer submit the application for amendment with the SEC. The Company will push through with another corporate strategy. The approval for the withdrawal of the application for amendment will be presented.

Voting Procedures

Manner of voting

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

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

Voting requirements

- (a) With respect to the election of directors, candidates who received the highest number of votes shall be declared elected.
- (b) With respect to the adoption of the Audited Financial Statements for the year ended 31 December 2023, as well as the approval or ratification of the other actions set forth under the heading "Other Proposed Actions" above, the vote of majority of the

outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

Method of counting votes

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

All votes received shall be tabulated by the Office of the Corporate Secretary with the assistance of the Company's stock transfer agent. The Corporate Secretary shall report the results of voting during the meeting.

PART II

MANAGEMENT REPORT

I. FINANCIAL STATEMENTS

The Financial Statements of the Registrant as of and for the year ended December 31, 2023 are incorporated herein in the accompanying Index to Financial Statements and Supplementary Schedules.

II. INFORMATION ON INDEPENDENT ACCOUNTANT

Punongbayan & Araullo (P&A) independent certified public accountants, audited the Company's consolidated financial statements without qualification as of and for the years ended December 31, 2021, 2022 and 2023, included in this report. James Araullo is the current audit partner for the Company.

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

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

	<u>2023</u>	<u>2022</u>
	<i>(In ₱ Thousands with VAT)</i>	
Audit and Audit-Related Fees	₱ 1,700.0	₱ 1,600.0
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements		
All Other Fees	-	-
Total	₱ 1,700.0	₱ 1,600.0
<i>P&A does not have any direct or indirect interest in the Company. No other assurance and related services were rendered other than mentioned above.</i>		

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

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

IV. MANAGEMENT'S DISCUSSION AND ANALYSIS

REVIEW OF FIRST QUARTER END 2024 VS FIRST QUARTER END 2023

RESULTS OF OPERATIONS

	Unaudited March 31, 2024	Unaudited March 31, 2024	Horizontal Analysis	Vertical Analysis	
	(In millions of ₱)		% Change	% of Total Sales 1Q2024	1Q2023
Sales	2,760.5	2,921.2	-5%	100%	100%
Cost of Merchandise Sold	1,717.0	1,823.6	-6%	62%	62%
Gross Profit	1,043.5	1,097.6	-5%	38%	38%
Support, Fees, Rentals, and Other Revenues	48.3	58.4	-17%	2%	2%
Gross Profit including Other Revenues	1,091.8	1,156.0	-6%	40%	40%
Total Operating Expenses	775.0	763.9	2%	28%	26%
Operating Profit	316.8	392.2	-19%	11%	13%
Other Income					
Finance costs	130.2	109.4	19%	5%	4%
Finance income	(0.4)	(0.2)	60%	0%	0%
	129.8	109.2	19%	5%	4%
Profit Before Tax	187.0	283.0	-34%	7%	10%
Tax Expense					
Current	21.8	32.1	-32%	1%	1%
Deferred	24.8	38.6	-36%	1%	1%
	46.6	70.7	-34%	2%	2%
NET PROFIT	140.3	212.3	-34%	5%	7%

Quarter Ended March 31, 2024 compared to quarter ended March 31, 2023

Sales

The company recorded sales of ₱2,760.5 million for the three months ended March 31, 2024, a decrease of about 5% from ₱2,921.2 million for the three months ended March 31, 2023. While the soft categories remained stable, the softening demand for the hard categories was significant.

The following table shows the key operating performance indicators relevant to the revenues for the period ended March 31, 2024 and 2023.

	As of and for the period ended 31 March		
	2024	2023	% change
Number of Stores	72	60	20.0%
Net Selling Area (in sqm)	296,933	295,303	0.5%
Net Sales (Php millions)	2,760.5	2,921.2	-5.5%
SSSG	-6.3%	-12.1%	

Cost of Merchandise Sold

For the three months ended March 31, 2024, cost of merchandise sold was at ₱1,717.0 million, a decrease of 6% from the ₱1,823.6 million for the same period in 2023 corresponding to the decrease in sales as well as due to lower cost of goods as these were purchased in advance in the previous quarters at lower cost.

Support, Fees, Rentals and Other Revenues

Support, Fees, Rentals and Other Revenues decreased by 17% from ₱58.4 million for the three months ended March 31, 2023 to ₱48.3 million for the three months ended March 31, 2024, primarily due to the decrease in vendor's support with no store opened during the period.

Selling, General and Administrative Expenses

Selling, General and Administrative Expenses increased by 2% to ₱775.0 million for the three months ended March 31, 2024 from ₱763.9 million for the same period in 2023, primarily due to the following reason:

- Decrease in depreciation and amortization from ₱371.3 million in March 31, 2023 to ₱361.1 million in March 31, 2024 attributed to the closure of a rented warehouse.
- Increase in salaries, wages, and employee benefits from ₱91.3 million in March 31, 2023 to ₱111.3 million in March 31, 2023 due to the additional manpower for the new stores and inflationary effect.
- Slight increase in outside services from ₱64.9 million in March 31, 2023 to ₱65.3 million in March 31, 2024 due to more efficient staffing in our stores.
- Decrease in rentals from ₱75.1 million in March 31, 2023 to ₱54.0 million in March 31, 2024 due to lower sales which is the basis for the rental computation.
- Increase in communication and utilities from ₱71.8 million in March 31, 2023 to ₱88.0 million in March 31, 2024 primarily due to significant hike in power rates in 2023
- Increase in merchant fee from ₱31.6 million in March 31, 2023 to ₱36.0 million in March 31, 2024 due to higher debit/credit card and installment sales for the period.
- Decrease in taxes and licenses from ₱23.0 million in March 31, 2023 to ₱19.0 million in March 31, 2024 due to lower sales.
- Decrease in repairs and maintenance from ₱9.4 million in March 31, 2023 to ₱8.3 million in March 31, 2024 due to weatherproofing maintenance services done in the stores.
- Decrease in office and store supplies from ₱5.5 million in March 31, 2023 to ₱5.0 million in March 31, 2024 due primarily to timing of purchases of supplies in the head office.
- Decrease in professional fees from ₱3.2 million in March 31, 2023 to ₱3.0 million in March 31, 2024 due to timing difference in the payment of audit fees, BOD fees, and consultancy fees.
- Increase in advertising and promotions from ₱3.0 million in March 31, 2023 to ₱5.0 million in March 31, 2024 due to social media boostings as well as flyer/banner print-outs for marketing purposes.

- Increase in dues and subscriptions from ₱2.1 million in March 31, 2023 to ₱4.0 million in March 31, 2024 due to increase in the number of stores.
- Increase in transportation expense from ₱3.1 million in March 31, 2023 to ₱6.0 million in March 31, 2024 due to increasing fuel prices and also due to increase in deliveries from distribution centers to stores as well as inter-stores stock transfer.
- Increase in insurance expense from ₱3.7 million in March 31, 2023 to ₱5.3 million in March 31, 2024 to cover the newly opened stores and adjustment in coverages.
- Increase in representation and entertainment from ₱1.2 million in March 31, 2023 to ₱1.7 million in March 31, 2024 due to the increase in the number of physical meetings during the period.
- Decrease in commission expense from ₱1.2 million in March 31, 2023 to ₱1.1 million in March 31, 2024 as most corporate sales during the period were generated by external or third-party sales teams.
- Increase in miscellaneous expense from ₱2.5 million in March 31, 2023 to ₱2.8 million in March 31, 2024 due to donation and other fees

Finance Cost, net

Finance cost, net increased from ₱109.4 million for the three months ended March 31, 2023 to ₱130.2 million for the three months ended March 31, 2024 due primarily to the increase in interest on loans payable and slightly offset by the decrease in interest expense from lease liability.

Tax Expense

Tax expense decreased by 34% from ₱70.7 million for the three months ended March 31, 2023 to ₱46.7 million for the three months ended March 31, 2024 due to lower taxable income for the period.

Net Profit

As a result of the foregoing, our net income decreased by 33.8% from ₱212.3 million net profit for the three months ended March 31, 2023 to ₱140.4 million net profit for the three months ended March 31, 2024.

FINANCIAL CONDITION

	Unaudited March 31, 2024	Audited December 31, 2023	Horizontal Analysis	Vertical Analysis	
	(In millions of ₱)		% Change	% of Total Assets	
				1Q2024	FY2023
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	1,895.3	1,657.5	14%	7%	6%
Trade and other receivables – net	739.1	690.4	7%	3%	3%
Merchandise inventories	7,283.9	7,279.1	0%	27%	27%
Other current assets	3,601.7	3,546.7	2%	13%	13%
Total current assets	13,520.1	13,173.6	3%	50%	49%
NON-CURRENT ASSETS					
Property and equipment – net	13,045.6	13,116.7	0%	48%	49%
Other non-current assets	712.4	674.0	0%	3%	3%
Total non-current assets	13,758.0	13,790.7	0%	50%	51%
TOTAL ASSETS	27,278.2	26,964.3	3%	100%	100%
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade and other payables	1,063.4	940.3	13%	4%	3%
Loans payable – current portion	3,613.0	3,449.5	5%	13%	13%
Lease Liabilities – current portion	522.7	510.5	2%	2%	2%
Income tax payable	18.2	39.5	-54%	0%	0%
Total current liabilities	5,217.4	4,939.8	6%	19%	18%
NON-CURRENT LIABILITIES					
Lease Liabilities – net of current portion	2,669.4	2,804.0	0%	10%	10%
Loans payable – net of current portion	2,578.7	2,578.8	-5%	9%	10%
Deferred tax liabilities – net	623.6	598.8	4%	2%	2%
Retirement benefit obligation	132.9	127.4	4%	0%	0%
Total non-current liabilities	6,004.7	6,108.9	-2%	22%	23%
Total Liabilities	11,222.1	11,048.7	2%	41%	41%
EQUITY					
Capital stock	3,750.0	3,750.0	0%	14%	14%
Additional paid-in capital	7,209.3	7,209.3	0%	26%	27%
Revaluation reserves – net	(13.1)	(13.1)	0%	0%	0%
Retained earnings	5,109.8	4,969.4	3%	19%	18%
Total Equity	16,056.0	15,915.7	1%	59%	59%
TOTAL LIABILITIES AND EQUITY	27,278.2	26,964.3	1%	100%	100%

As of 31 March 2024 vs. 31 December 2023

Total assets amounting to ₱27,278.2 million as of March 31, 2024 recorded an increase of 3% from the reported amount of ₱26,964.3 million in December 31, 2023 due to the following:

- Cash amounting to ₱1,895.3 million as of March 31, 2024 recorded an increase of 14% from the reported amount of ₱1,657.5 million in December 31, 2023 profitable operations for the period.
- Trade and Other Receivables amounting to ₱739.1 million as of March 31, 2024 recorded an increase of 7% from the reported amount of ₱690.3 million reported in December 31, 2023 due to timing difference in collection.

- Merchandise Inventory amounting to ₱7,284.0 million as of March 31, 2024 recorded a slight increase of 0.1% from the ₱7,279.1 million reported in December 31, 2023 due to continuous replenishment and refresh of inventory.
- Property and Equipment amounting to ₱13,045.6 million as of March 31, 2024 recorded a slight decrease of 1% from the ₱13,116.7 million reported in December 31, 2023 primarily due to depreciation.
- Other Assets amounting to ₱4,314.1 million, as of March 31, 2024, recorded a slight decrease of 1% from the amount ₱4,334.2 million reported in December 31, 2023 due primarily to security deposit for new warehouse, and advances for purchases.

Total liabilities amounting to ₱11,222.1 million as of March 31, 2024 recorded an increase of 2% from the reported amount of ₱11,451.7 million in December 31, 2023. This was due to the following:

- Trade and other payables amounting to ₱1,063.4 million, as of March 31, 2024, recorded an increase of 13% from the ₱940.3 million reported in December 31, 2023 due to payments of payables for the purchase of inventories.
- Loans payable including non-current portion amounting to ₱6,191.8 million, as of March 31, 2024, recorded an increase of 2% from the ₱6,028.2 million reported in December 31, 2023 due to advance refinancing on maturing loans.
- Lease liability including non-current portion amounting to ₱3,192.2 million, as of March 31, 2024, recorded a decrease of 4% from the ₱3,314.4 million reported in December 31, 2023 due to lease payments made.
- Income tax payable amounting to ₱18.2 million, as of March 31, 2024, recorded a decrease of 54% from the ₱39.5 million reported in December 31, 2023 due to tax payments.
- Deferred Tax Liability amounting to ₱623.6 million, as of March 31, 2024, recorded an increase of 4% from the amount ₱598.8 million reported in December 31, 2023 due to the adjustment to temporary tax differences for the period.
- Retirement benefit obligation amounting to ₱132.9 million, as of March 31, 2024, recorded an increase of 4% from the ₱127.4 million reported in December 31, 2023 due to adjustment of provision for the retirement benefit.

Total stockholder's equity amounting to ₱16,056.0 million, as of March 31, 2024, recorded an increase of 1% from the ₱15,915.7 million reported in December 31, 2023 due to net income recorded for the period.

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

Key Performance Indicators	3/31/2024	3/31/2023
Revenue (₱ millions)	₱2,760.5	₱2,921.2
Gross Profit (₱ millions)	1,043.6	1,097.6
Gross Profit Margin (%) ^(a)	37.8%	37.6%
Net Profit or Loss (₱ millions)	140.3	212.3
Net Profit Margin (%) ^(b)	5.1%	7.3%

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

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

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

Revenues decreased for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 due to weakened sales in the hard categories as customers, who are primarily end-consumers, shift their spending of disposable income to travel / leisure / food, and entertainment to address their pent-up demands during the pandemic.

Gross Profit decreased for the three months ended March 31, 2024 compared to three months ended March 31, 2023 due to the decrease in sales.

Gross Profit Margin slightly increased for the three months ended March 31, 2024 compared to three months ended March 31, 2023 due to lower cost of goods sold as these were purchased in advance in the previous quarters at lower cost.

Net Profit or Loss, and Net Profit Margin decreased for the three months ended March 31, 2024 compared to three months ended March 31, 2023 due to lower sales and the increase in operating expenses

Material Changes to the Company's Balance Sheet as of 31 March 2024 compared to 31 December 2023 (increase/decrease of 5% or more)

- Cash amounting to ₱1,895.3 million as of March 31, 2024 recorded an increase of 14% from the reported amount of ₱1,657.5 million in December 31, 2023 profitable operations for the period.
- Trade and Other Receivables amounting to ₱739.1 million as of March 31, 2024 recorded an increase of 7% from the reported amount of ₱690.3 million reported in December 31, 2023 due to timing difference in collection.
- Trade and other payables amounting to ₱1,063.4 million, as of March 31, 2024, recorded an increase of 13% from the ₱940.3 million reported in December 31, 2023 due to payments of payables for the purchase of inventories.
- Income tax payable amounting to ₱18.2 million, as of March 31, 2024, recorded a decrease of 54% from the ₱39.5 million reported in December 31, 2023 due to tax payments

Material Changes to the Company's Statement of Income for the 3-month of 2024 compared to the 3-month of 2023 (increase/decrease of 5% or more)

- The company recorded sales of ₱2,761.0 million for the three months ended March 31, 2024, a decrease of about 5% from ₱2,921.2 million for the three months ended March 31, 2023. While the soft categories remained stable, the softening demand for the hard categories was significant.
- For the three months ended March 31, 2024, cost of merchandise sold was at ₱1,717.0 million, a decrease of 6% from the ₱1,823.6 million for the same period in 2023 corresponding to the decrease in sales as well as due to lower cost of goods as these were purchased in advance in the previous quarters at lower cost.

- Support, Fees, Rentals and Other Revenues decreased by 17% from ₱58.4 million for the three months ended March 31, 2023 to ₱48.3 million for the three months ended March 31, 2024, primarily due to the decrease in vendor's support with no new store opened during the period.
- Finance cost, net increased from ₱130.2 million for the three months ended March 31, 2023 to ₱109.2 million for the three months ended March 31, 2024 due primarily to the increase in interest on loans payable and slightly offset by the decrease in interest expense from lease liability.
- Tax expense decreased by 34% from ₱70.7 million for the three months ended March 31, 2023 to ₱46.7 million for the three months ended March 31, 2024 due to lower taxable income for the period.
- As a result of the foregoing, our net income decreased by 34% from ₱212.0 million net profit for the three months ended March 31, 2023 to ₱140.3 million net profit for the three months ended March 31, 2024.

COMMITMENTS AND CONTINGENCIES

There are no material commitment and contingency as of March 31, 2024 and as of March 31, 2023. For the 3-month of 2024, 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.

REVIEW OF FULL YEAR 2023 VS FULL YEAR 2022

RESULTS OF OPERATIONS

	FY2023	FY2022	Horizontal Analysis	Vertical Analysis	
	(In millions of ₱)		% Change	% of Total Assets	
				FY2023	FY2022
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	1,657.5	1,767.7	-6%	6%	7%
Trade and other receivables – net	690.4	655.3	5%	3%	2%
Merchandise inventories	7,279.1	6,629.8	10%	27%	25%
Other current assets	3,546.7	2,963.7	19%	13%	11%
Total current assets	13,173.6	12,016.4	10%	49%	45%
NON-CURRENT ASSETS					
Property and equipment – net	13,116.7	14,018.9	-6%	49%	52%
Other non-current assets	674.0	699.1	-4%	3%	3%
Total non-current assets	13,790.7	14,718.0	-6%	51%	55%
TOTAL ASSETS	26,964.3	26,734.4	1%	100%	100%
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade and other payables	940.3	1,246.3	-25%	3%	5%
Loans payable – current portion	3,449.5	2,931.4	-6%	13%	11%
Lease Liabilities – current portion	510.5	489.8	4%	2%	2%
Income tax payable	39.5	4.8	7%	0%	0%
Total current liabilities	4,939.8	4,672.2	-9%	18%	17%
NON-CURRENT LIABILITIES					
Lease Liabilities – net of current portion	2,804.0	3,256.1	-14%	10%	12%
Loans payable – net of current portion	2,578.8	2,256.3	14%	10%	11%
Deferred tax liabilities – net	598.8	448.0	34%	2%	2%
Retirement benefit obligation	127.4	65.5	95%	0%	0%
Total non-current liabilities	6,108.9	6,779.5	1%	23%	25%
Total Liabilities	11,048.7	11,451.7	-4%	41%	43%
EQUITY					
Capital stock	3,750.0	3,750.0	0%	14%	14%
Additional paid-in capital	7,209.3	7,209.3	0%	27%	27%
Revaluation reserves – net	(13.1)	10.9	-219%	0%	0%
Retained earnings	4,969.4	4,312.4	15%	18%	16%
Total Equity	15,915.7	15,282.7	4%	59%	57%
TOTAL LIABILITIES AND EQUITY	26,964.3	26,734.4	1%	100%	100%

Year ended March 31, 2022 compared to year ended March 31, 2021

Sales

The company recorded sales of ₱12,065.4 million for the year ended 31 December 2023, a decrease of 4% from ₱12,564.8 million for the year ended 31 December 2022. While the soft categories remained stable, the softening demand for the hard categories was significant.

The following table shows the key operating performance indicators relevant to the revenues for the period ended 31 December 2023 and 2022.

	As of and for the period ended 31 December		
	2023	2022	Percentage Change
Number of stores	72	60*	20.0%
Net Selling Area (in sqms)	296,933	295,303	0.5%
Net Sales (₱ millions)	12,065	12,565	-4.0%
SSSG	-4.7%	-13.0%	

**Excluding 3 Alabang stores*

Cost of Merchandise Sold

For the year ended December 31, 2023, cost of merchandise sold was at ₱7,486.5 million, a decrease of 6% from the ₱7,940.6 million for the same period in 2022 corresponding to the decrease in sales as well as due to lower cost of goods as these were purchased in advance in the previous quarters at lower cost.

Support, Fees, Rentals and Other Revenues

Support, fees, rentals, and other revenues decreased by 13% from ₱254.7 million for the year ended 31 December 2022 to ₱222.1 million for the year ended 31 December 2023, primarily due to the decrease in vendor's support with only small specialty stores opened during the period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 7% to ₱3,282.8 million for the year ended 31 December 2023 from ₱3,059.9 million for the same period in 2022, primarily due to the following reasons:

- Increase in depreciation and amortization from ₱1,399.2 million for the year ended 31 December 2022 to ₱1,450.4 million for the year ended 31 December 2023 primarily as a result of increase in the number of stores.
- Increase in salaries and wages from ₱384.4 million for the year ended 31 December 2022 to ₱413.3 million for the year ended 31 December 2023 due to the additional manpower for the new stores and inflationary effect.
- Decrease in rentals from ₱317.5 million for the year ended 31 December 2022 to ₱273.0 million for the year ended 31 December 2023 due to lower sales which is the basis for the rental computation.
- Increase in outside services from ₱281.7 million for the year ended 31 December 2022 to ₱282.1 million for the year ended 31 December 2023 due to more efficient staffing in our stores.
- Increase in communication and utilities from ₱267.6 million for the year ended 31 December 2022 to ₱370.4 million for the year ended 31 December 2023 due to significant hike in power rates in 2023
- Increase in merchant fee from ₱150.0 million for the year ended 31 December 2022 to ₱155.3 million for the year ended 31 December 2023 due to higher debit/credit card and installment sales for the period.
- Decrease in taxes and licenses from ₱105.6 million for the year ended 31 December 2022 to ₱101.0 million for the year ended 31 December 2023 due to lower sales.
- Increase in repairs and maintenance from ₱25.0 million for the year ended 31 December

2022 to ₱30.0 million for the year ended 31 December 2023 due to weatherproofing maintenance services done in the stores.

- Increase in office and store supplies from ₱25.0 million for the year ended 31 December 2022 to ₱27.0 million for the year ended 31 December 2023 due primarily to increasing cost of supplies driven by inflation.
- Increase in advertising and promotions from ₱17.0 million for the year ended 31 December 2022 to ₱20.0 million for the year ended 31 December 2023 on account of higher marketing campaigns spent in 2023 in line with the Company's 10th year anniversary
- Increase in transportation expense from ₱16.5 million for the year ended 31 December 2022 to ₱18.0 million for the year ended 31 December 2023 due to increasing fuel prices and increase in deliveries from distribution centers to stores as well as inter-stores stock transfer.
- Increase in insurance expense from ₱13.2 million for the year ended 31 December 2022 to ₱16.2 million for the year ended 31 December 2023 to cover the newly opened stores and a more comprehensive coverage in existing stores.
- Increase in dues and subscription from ₱12.9 million for the year ended 31 December 2022 to ₱13.4 million for the year ended 31 December 2023 due to increase in the number of stores.
- Increase in professional fees from ₱12.9 million for the year ended 31 December 2022 to ₱14.7 million for the year ended 31 December 2023 primarily due to appraisal fee this 2023.
- Commission expense remained flat from ₱7.1 million the year ended 31 December 2022 to ₱7.1 million for the year ended 31 December 2023.
- Increase in representation and entertainment from ₱6.8 million for the year ended 31 December 2022 to ₱7.1 million for the year ended 31 December 2023 due to activities held in line with the Company's 10th year anniversary.
- Decrease in impairment loss from ₱50.9 million for the year ended 31 December 2022 to nil for the year ended 31 December 2023 due to fire loss in 2022.
- Increase in miscellaneous from ₱17.4 million for the year ended 31 December 2022 to ₱85.0 million for the year ended 31 December 2023 due to one-time inventory write-off in 2023.

Finance Cost, net

Finance cost increased from ₱408.4 million for the year ended 31 December 2022 to ₱457.0 million for the year ended 31 December 2023. The increase was primarily attributable to the increase of ₱119.1 million interest expense on loans payable and ₱2.0 million interest expense on retirement funds.

Finance Income

Finance income slightly increased from ₱1.4 million for the year ended 31 December 2022 to ₱1.5 million for the year ended 31 December 2023. The increase was primarily attributable to the interest income on time deposits.

Tax Expense

Tax expense decreased by 14% from ₱311.0 million for the year ended 31 December 2022 to ₱265.6 million for the year ended 31 December 2023 due to lower taxable income for the period.

Net Profit

As a result of the foregoing, our net income decreased by about 21% from ₱933.8 million for the year ended 31 December 2022 to ₱797.2 million for the year ended 31 December 2023.

For the 12-month of 2023, 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.

FINANCIAL CONDITION

	FY2023	FY2022	Horizontal Analysis	Vertical Analysis	
	(In millions of ₱)		% Change	% of Total Sales FY2023	FY2022
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	1,657.5	1,767.7	-6%	6%	7%
Trade and other receivables – net	690.4	655.3	5%	3%	2%
Merchandise inventories	7,279.1	6,629.8	10%	27%	25%
Other current assets	3,546.7	2,963.7	19%	13%	11%
Total current assets	13,173.6	12,016.4	10%	49%	45%
NON-CURRENT ASSETS					
Property and equipment – net	13,116.7	14,018.9	-6%	49%	52%
Other non-current assets	674.0	699.1	-4%	3%	3%
Total non-current assets	13,790.7	14,718.0	-6%	51%	55%
TOTAL ASSETS	26,964.3	26,734.4	1%	100%	100%
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade and other payables	940.3	1,246.3	-25%	3%	5%
Loans payable – current portion	3,449.5	2,931.4	-6%	13%	11%
Lease Liabilities – current portion	510.5	489.8	4%	2%	2%
Income tax payable	39.5	4.8	7%	0%	0%
Total current liabilities	4,939.8	4,672.2	-9%	18%	17%
NON-CURRENT LIABILITIES					
Lease Liabilities – net of current portion	2,804.0	3,256.1	-14%	10%	12%
Loans payable – net of current portion	2,578.8	2,256.3	14%	10%	11%
Deferred tax liabilities – net	598.8	448.0	34%	2%	2%
Retirement benefit obligation	127.4	65.5	95%	0%	0%
Total non-current liabilities	6,108.9	6,779.5	1%	23%	25%
Total Liabilities	11,048.7	11,451.7	-4%	41%	43%
EQUITY					
Capital stock	3,750.0	3,750.0	0%	14%	14%
Additional paid-in capital	7,209.3	7,209.3	0%	27%	27%
Revaluation reserves – net	(13.1)	10.9	-219%	0%	0%
Retained earnings	4,969.4	4,312.4	15%	18%	16%
Total Equity	15,915.7	15,282.7	4%	59%	57%
TOTAL LIABILITIES AND EQUITY	26,964.3	26,734.4	1%	100%	100%

As of 31 December 2023 vs. 31 December 2022

Total assets as of 31 December 2023 were ₱26,964.3 million compared to ₱26,734.4 million as of 31 December 2022, or a slight increase due to the following:

- Cash decreased by 6% from ₱1,767.7 million as of 31 December 2022 to ₱1,657.5 million as of 31 December 2023 as the cash generated were used primarily for the purchase of inventory, capital expenditures of new stores, repairs and maintenance, and refresh of mature stores.
- Trade and other receivables increased by 5% from ₱655.3 million as of 31 December 2022 to ₱690.3 million as of 31 December 2023 due to timing difference in collection of corporate sales towards the end of the year.
- Merchandise inventories increased by 10% from ₱6,629.8 million as of 31 December 2022 to ₱7,379.1 million as of 31 December 2023 due primarily to the low sales during the period and remaining inventory for the holiday buys.
- Property and equipment decreased by 6% from ₱14,018.9 million as of 31 December 2022 to ₱13,116.7 million as of 31 December 2023 due primarily to capital expenditures spent for new stores and refresh of mature stores and software upgrades.
- Other assets increased by 15% from ₱3,662.8 million as of 31 December 2022 to ₱4,220.6 million as of 31 December 2023 due primarily to advances for purchases of imported items.

Total liabilities as of 31 December 2022 were ₱11,451.7 million compared to ₱11,048.6 million as of 31 December 2023, or a 3.5% decrease. This was due to the following:

- Loans payable including the non-current portion increased by 2% from ₱5,941.4 million as of 31 December 2022 to ₱6,028.2 million as of 31 December 2023 due to additional borrowings to fund for newly stores opened during the period.
- Lease liability including the non-current portion decreased by 12% from ₱3,745.8 million as of 31 December 2022 to ₱3,314.4 million as of 31 December 2023 due to lease payments made.
- Income tax payable increased by 734% from ₱4.8 million as of December 31, 2022 to ₱39.4 million as of 31 December 2023 due to eligibility for regular corporate income tax rate in the 4th quarter from minimum corporate income tax rate as of the 3rd quarter.
- Deferred tax liabilities increased by 34% from ₱448.0 million as of December 31, 2022 to ₱598.8 million as of 31 December 2023 due to adjustments to temporary tax differences for the period.
- Retirement benefit obligation increased by 95% from ₱65.5 million as of 31 December 2022 to ₱127.4 million as of 31 December 2023 due to adjustment of provision for the retirement benefit.

Total stockholder's equity increased by 4% from ₱15,282.7 million as of 31 December 2022 to

₱15,915.7 million as of 31 December 2023 due to net income recorded primarily for the period.

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

Key Performance Indicators	12/31/2023	12/31/2022
Revenues (₱ millions)	₱12,065.4	₱12,564.8
Gross Profit (₱ millions)	4,579.0	4,624.1
Gross Profit Margin (%) (a)	38.0%	36.8%
Net Profit or Loss (₱ millions)	797.2	933.8
Net Profit Margin (%) (b)	6.6%	7.4%

(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*

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

Revenues decreased for the year ended 31 December 2023 compared to year ended 31 December 2022 due to the weakened sales in the hard categories.

Gross Profit decreased for the year ended 31 December 2023 compared to year ended 31 December 2022 due to the decrease in sales.

Gross Profit Margin increased for the year ended 31 December 2023 compared to year ended 31 December 2022 due to strategic pricing and lower acquisition cost.

Net Profit and Net Profit Margin decreased for the year ended 31 December 2023 compared to year ended 31 December 2022 due to lower sales; lower support, fees, rentals and other revenues and higher finance costs.

Material Changes to the Company's Balance Sheet as of 31 December 2023 compared to 31 December 2022 (increase/decrease of 5% or more)

- Cash decreased by 6% from ₱1,767.7 million as of 31 December 2022 to ₱1,657.5 million as of 31 December 2023 cash generated were used primarily for the purchase of inventory, capital expenditures of new stores, repairs and maintenance, and refresh of mature stores.
- Trade and other receivables increased by 5% from ₱655.3 million as of 31 December 2022 to ₱590.4 million as of 31 December 2023 due to timing difference in collection of corporate sales towards the end of the year.
- Merchandise inventories increased by 10% from ₱6,629.8 million as of 31 December 2022 to ₱7,279.1 million as of 31 December 2023 due primarily to the low sales during the period and remaining inventory for the holiday buys.
- Property and equipment decreased by 6% from ₱14,019.0 million as of 31 December 2022 to ₱13,116.7 million as of 31 December 2023 due to depreciation for the period.
- Other Assets increased by 15% from ₱3,663.0 million as of 31 December 2022 to ₱4,220.6 million as of 31 December 2023 due primarily to advances for purchases of imported items.

- Lease liability including the non-current portion decreased by 11% from ₱3,745.8 million as of 31 December 2022 to ₱3,314.4 million as of 31 December 2023 due to lease payments made.
- Deferred tax liabilities increased by 34% from ₱448.0 million as of December 31, 2022 to ₱598.8 million as of 31 December 2023 due to adjustments to temporary tax differences for the period.
- Income tax payable increased by 724% from ₱4.8 million as of December 31, 2022 to ₱39.5 million as of 31 December 2023 due to eligibility for regular corporate income tax rate in the 4th quarter from minimum corporate income tax rate as of the 3rd quarter.
- Retirement benefit obligation increased by 95% from ₱65.5 million as of 31 December 2022 to ₱127.4 million as of 31 December 2023 due to adjustment of provision for the retirement benefit.

Material Changes to the Company's Statement of Income for the 12-month of 2023 compared to the 12-month of 2022 (increase/decrease of 5% or more)

- For the year ended 31 December 2023, cost of merchandise sold was at ₱7,486.5 million, a decrease of 6% from the ₱7,940.6 level for the same period in 2022 corresponding to the decrease in sales as well as due to lower cost of goods as these were purchased in advance at lower cost.
- Selling, general and administrative expenses increased from ₱3,059.8 for the year ended 31 December 2022 to ₱3,282.8, an increase of 7%
- Support, fees, rentals, and other revenues decreased by 13% from ₱254.7 million for the year ended 31 December 2022 to ₱222.1 million for the year ended 31 December 2023, primarily due to the decrease in vendor's support only small specialty stores opened during the period.
- Tax expense decreased by 14% from ₱311.0 million for the year ended 31 December 2022 to ₱265.6 million for the year ended 31 December 2023 due to lower taxable income for the period.
- As a result of the foregoing, our net income decreased by about 14% from ₱933.8 million for the year ended 31 December 2022 to ₱797.2 million for the year ended 31 December 2023.
- 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 2023 and as of 31 December 2022.

REVIEW OF YEAR END 2022 VS YEAR END 2021

RESULTS OF OPERATIONS

Year Ended December 31, 2022 compared to year ended December 31, 2021

	FY2022	FY2021	Horizontal Analysis	Vertical Analysis	
	(in millions of ₱)		% Change	% of Total Sales	
				FY2022	FY2021
Sales	12,564.8	14,324.9	-12%	100%	100%
Cost of Merchandise Sold	7,940.6	9,306.1	-15%	63%	65%
Gross Profit	4,624.1	5,018.7	-8%	37%	35%
Support, Fess, Rentals and Other Revenues	254.7	355.9	-28%	2%	2%
Gross Profit including Other Revenues	4,878.8	5,374.7	-9%	39%	38%
Total Operating Expenses	3,059.9	3,156.4	-3%	24%	22%
Operating Profit	1,819.0	2,218.3	-18%	14%	15%
Other Income (Charges) - Net					
Finance costs	408.4	393.7	4%	3%	3%
Losses from fire - net	233.6	-	0%	2%	0%
Finance income	(1.5)	(1.2)	24%	0%	0%
Other gains	(66.3)	-	0%	1%	0%
	574.2	392.5	46%	5%	3%
Profit Before Tax	1,244.8	1,825.8	-32%	10%	13%
Tax Expense					
Current	177.7	373.9	-52%	1%	3%
Deferred	133.3	7.5	1669%	1%	0%
	311.0	381.4	-18%	2%	3%
NET PROFIT	933.8	1,444.3	-35%	7%	10%

Revenues

The company recorded sales of ₱12,564.8 million for the year ended 31 December 2022, a decrease of 12% from ₱14,324.9 million for the year ended 31 December 2021. This was brought about by the weakened sales in the hard categories since the 2nd quarter this year, Omicron surge in the 1st quarter, lower foot traffic due to heavy rains and strong typhoons in August and September, and the shift in consumer spending to travel/leisure/entertainment.

The following table shows the key operating performance indicators relevant to the revenues for the period ended 31 December 2022 and 2021.

	As of and for the period ended 31 December		Percentage Change
	2022	2021	
Number of stores	60*	57	5.26%
Net Selling Area (in sqms)	295,303	297,469	-0.73%
Net Sales (₱ millions)	12,565	14,325	-12.29%
SSSG**	-13.0%	8.1%	

*63 stores less 3 Alabang stores

***SSSG excludes Alabang stores*

Cost of Merchandise Sold

For the year ended 31 December 2022, cost of merchandise sold was at ₱7,940.6 million, a decrease of 15% from the ₱9,306.1 level for the same period in 2021 corresponding to the decrease in sales as well as due to lower cost of goods as these were purchased in advance at lower cost.

Support, Fees, Rentals and Other Revenues

Support, fees, rentals, and other revenues decreased by 28% from ₱355.9 million for the year ended 31 December 2021 to ₱254.7 million for the year ended 31 December 2022, primarily due to the decrease in vendor's support with less number of large stores opened during the period.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased by 3% to ₱3,059.9 million for the year ended 31 December 2022 from ₱3,156.4 million for the same period in 2021, primarily due to the following reasons:

- Increase in depreciation and amortization from ₱1,200.7 million for the year ended 31 December 2021 to ₱1,399.2 million for the year ended 31 December 2022 primarily as a result of increase in the number of stores.
- Increase in salaries and wages from ₱363.7 million for the year ended 31 December 2021 to ₱384.4 million for the year ended 31 December 2022 due to the additional manpower for the new stores.
- Decrease in rentals from ₱467.4 million for the year ended 31 December 2021 to ₱317.5 million for the year ended 31 December 2022 due to lower sales which is used for the rental computation and the closure of Alabang stores.
- Decrease in outside services from ₱363.4 million for the year ended 31 December 2021 to ₱281.7 million for the year ended 31 December 2022 due to the manpower rationalization being implemented as well as due to the decline in customers' delivery charges due to lower sales for the period.
- Decrease in communication and utilities from ₱333.4 million for the year ended 31 December 2021 to ₱267.6 million for the year ended 31 December 2022 due to cost-saving measures being implemented.
- Increase in merchant fee from ₱120.9 million for the year ended 31 December 2021 to ₱149.9 million for the year ended 31 December 2022 due to higher debit/credit card and installment sales for the period.
- Decrease in taxes and licenses from ₱107.1 million for the year ended 31 December 2021 to ₱105.6 million for the year ended 31 December 2022 due to lower sales.
- Increase in repairs and maintenance from ₱19.1 million for the year ended 31 December 2021 to ₱25.0 million for the year ended 31 December 2022 due to the additional disinfection and sanitation protocols implemented in the stores as well as due to weatherproofing maintenance services done in the stores.

- Increase in office and store supplies from ₱23.1 million for the year ended 31 December 2021 to ₱25.0 million for the year ended 31 December 2022 due primarily to timing of purchases of supplies in the head office and due to increase in the number of stores.
- Decrease in advertising and promotions from ₱19.2 million for the year ended 31 December 2021 to ₱17.0 million for the year ended 31 December 2022 on account of cost-saving measures implemented and usage of online digital and social media platforms for marketing purposes.
- Increase in transportation expense from ₱9.6 million for the year ended 31 December 2021 to ₱16.5 million for the year ended 31 December 2022 due to increasing fuel prices and increase in deliveries from distribution centers to stores as well as inter-stores stock transfer.
- Increase in insurance expense from ₱9.2 million for the year ended 31 December 2021 to ₱13.2 million for the year ended 31 December 2022 to cover the newly opened stores and adjustment in coverages.
- Increase in dues and subscription from ₱11.8 million for the year ended 31 December 2021 to ₱12.9 million for the year ended 31 December 2022 due to increase in the number of stores.
- Decrease in professional fees from ₱18.0 million for the year ended 31 December 2021 to ₱12.9 million for the year ended 31 December 2022 primarily because of the one-time credit rating fee paid in 2021.
- Increase in commission expense from ₱4.5 million the year ended 31 December 2021 to ₱7.1 million for the year ended 31 December 2022 as most corporate sales during the period were generated by external or third party sales teams.
- Representation and entertainment was maintained at ₱6.8 million for the years ended 31 December 2021 and 31 December 2022.
- Decrease in impairment loss from ₱50.9 million for the year ended 31 December 2021 to nil for the year ended 31 December 2022 as recognized allowance for impairment is sufficient.
- Decrease in miscellaneous from ₱27.7 million for the year ended 31 December 2021 to ₱17.4 million for the year ended 31 December 2022 due to cost-saving measures implemented.

Finance Cost

Finance cost increased from ₱393.7 million for the year ended 31 December 2021 to ₱408.4 million for the year ended 31 December 2022. The increase was primarily attributable to the increase of ₱45.7 million interest expense on loans payable and ₱0.8 million interest expense on retirement funds but slightly offset by the decrease of ₱31.8 million interest expense from lease liability.

Losses from Fire

On January 8, 2022, the Company's store outlets located at Alabang, Muntinlupa City, were severely damaged by fire. As a result, the Company wrote-off certain inventories, and property and equipment with net carrying value amounting to P83.8 million and P219.3 million, respectively. The Company received total insurance claims amounting to P69.5 million, which was offset against the losses incurred from the fire incident. Thus, the related net losses from fire

amounted to P233.6 million.

Finance Income

Finance income increased from ₱1.2 million for the year ended 31 December 2021 to ₱1.5 million for the year ended 31 December 2022. The increase was primarily attributable to the interest income on time deposits.

Other gains

All of the Company's trade and other receivables have been assessed for ECL in 2022, 2021 and 2020. In 2021 and 2020, the Company recognized an impairment loss amounting to P50.9 million and P5.6 million, respectively. The impairment loss recognized is presented as Impairment loss under General and Administrative Expenses in the statements of comprehensive income. In 2022, the Company recognized a gain on reversal of impairment loss amounting to P34.0 million.

In 2022, the Company derecognized right-of-use assets with total carrying amount of P235.1 million, as a result of the pre-termination of leases on certain store outlets and warehouse facilities, including the lease in Alabang store affected by the fire incident. The corresponding lease liabilities derecognized amounted to P267.3 million. Gain on lease modification amounting to P32.2 million was recognized.

As a result, Other gains is ₱66.3 million for the year ended 31 December 2022 from nil for the year ended 31 December 2021.

Tax Expense

Tax expense decreased by 18% from ₱381.4 million for the year ended 31 December 2021 to ₱311.0 million for the year ended 31 December 2022 due to lower taxable income for the period.

Net Profit

As a result of the foregoing, our net income decreased by about 35% from ₱1,444.3 million for the year ended 31 December 2021 to ₱933.8 million for the year ended 31 December 2022.

For the 12-month of 2022, 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.

FINANCIAL CONDITION

	FY2022	FY2021	Horizontal Analysis	Vertical Analysis	
	(in millions of ₱)		% Change	% of Total Assets FY2022	FY2021
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	1,767.7	1,885.5	-6%	7%	7%
Trade and other receivables - net	655.3	383.8	71%	2%	1%
Merchandise inventories	6,629.8	7,055.6	-6%	25%	27%
Other current assets	2,963.7	2,139.5	39%	11%	8%
Total Current Assets	12,016.4	11,464.5	5%	45%	44%
NON-CURRENT ASSETS					
Property and equipment - net	14,018.9	13,605.5	3%	52%	53%
Other non-current assets	699.1	742.7	-6%	3%	3%
Total Non-current Assets	14,718.0	14,348.2	3%	55%	56%
TOTAL ASSETS	26,734.4	25,812.7	4%	100%	100%
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade and other payables	1,246.3	1,229.7	1%	5%	5%
Loans payable - current portion	2,931.4	2,044.4	43%	11%	8%
Lease liabilities - current portion	489.8	613.8	-20%	2%	2%
Income tax payable	4.8	89.7	-95%	0%	0%
Total Current Liabilities	4,672.2	3,977.6	17%	17%	15%
NON-CURRENT LIABILITIES					
Lease liabilities - net of current portion	3,256.1	3,927.9	-17%	12%	15%
Loans payable - net of current portion	3,010.0	2,900.0	4%	11%	11%
Deferred tax liabilities - net	448.0	310.8	44%	2%	1%
Retirement benefit obligation	65.5	70.4	-7%	0%	0%
Total Non-current Liabilities	6,779.5	7,209.1	-6%	25%	28%
Total Liabilities	11,451.7	11,186.7	2%	43%	43%
EQUITY					
Capital stock	3,750.0	3,750.0	0%	14%	15%
Additional paid-in capital	7,209.3	7,209.3	0%	27%	28%
Revaluation reserves - net	10.9	(0.7)	-1667%	0%	0%
Retained earnings	4,312.4	3,667.4	18%	16%	14%
Total Equity	15,282.7	14,626.0	4%	57%	57%
TOTAL LIABILITIES AND EQUITY	26,734.4	25,812.7	4%	100%	100%

As of 31 December 2022 vs. 31 December 2021

Total assets as of 31 December 2022 were ₱26,734.4 million compared to ₱25,812.7 million as of 31 December 2021, or a 4% increase due to the following:

- Cash decreased by 6% from ₱1,885.5 million as of 31 December 2021 to ₱1,767.7 million as of 31 December 2022 as the cash generated were used primarily for the capital expenditures of new stores, setting up of new head offices and data centers as previous offices were damaged by fire, and refresh of mature stores and software upgrades.

- Trade and other receivables increased by 71% from ₱383.8 million as of 31 December 2021 to ₱655.3 million as of 31 December 2022 due to timing difference in collection for corporate sales.
- Merchandise inventories decreased by 6% from ₱7,055.6 million as of 31 December 2021 to ₱6,629.8 million as of 31 December 2022 due primarily to the flush out sales of slow-moving and non-moving inventories during the period.
- Property and equipment increased by 3% from ₱13,605.5 million as of 31 December 2021 to ₱14,018.9 million as of 31 December 2022 due primarily to capital expenditures spent for new stores, setting up of new head offices and data centers as previous offices were damaged by fire, refresh of mature stores and software upgrades.
- Other assets increased by 27% from ₱2,882.2 million as of 31 December 2021 to ₱3,662.8 million as of 31 December 2022 due primarily to advances to suppliers and contractors.

Total liabilities as of 31 December 2021 were ₱11,186.7 million compared to ₱11,451.7 million as of 31 December 2022, or a 2% increase. This was due to the following:

- Loans payable including the non-current portion increased by 20% from ₱4,944.4 million as of 31 December 2021 to ₱5,941.4 million as of 31 December 2022 due to additional borrowings to fund for newly stores opened during the period.
- Lease liability including the non-current portion decreased by 18% from ₱4,541.7 million as of 31 December 2021 to ₱3,745.8 million as of 31 December 2022 due to lease payments made.
- Income tax payable decreased by 95% from ₱89.7 million as of December 31, 2021 to ₱4.8 million as of 31 December 2022 due to lower tax payable for the period.
- Deferred tax liabilities decreased by 44% from ₱310.8 million as of December 31, 2021 to ₱448.0 million as of 31 December 2022 due to adjustments to temporary tax differences for the period.
- Retirement benefit obligation decreased by 7% from ₱70.4 million as of 31 December 2021 to ₱65.5 million as of 31 December 2022 due to adjustment of provision for the retirement benefit.

Total stockholder's equity increased by 4% from ₱14,626.0 million as of 31 December 2021 to ₱15,282.7 million as of 31 December 2022 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	12/31/2022	12/31/2021
Revenues (₱ millions)	₱12,564.8	₱14,324.9
Gross Profit (₱ millions)	4,624.1	5,018.7
Gross Profit Margin (%) ^(a)	36.8%	35.0%
Net Profit (₱ millions)	933.8	1,444.3
Net Profit Margin (%) ^(b)	7.4%	10.1%

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 decreased for the year ended 31 December 2022 compared to year ended 31 December 2021 due to the weakened sales in the hard categories since the second quarter this year, Omicron surge in the first quarter, lower foot traffic due to heavy rains and strong typhoons in August and September, and the shift in consumer spending to travel/leisure/entertainment.

Gross Profit decreased for the year ended 31 December 2022 compared to year ended 31 December 2021 due to the decrease in sales. Gross Profit Margin increased for the year ended 31 December 2022 compared to year ended 31 December 2021 due to lower cost of goods as these were purchased in advance at lower cost.

Net Profit and Net Profit Margin decreased for the year ended 31 December 2022 compared to year ended 31 December 2021 due to lower sales; lower support, fees, rentals and other revenues; higher finance costs; and incurrence of loss on damaged assets due to fire loss.

Material Changes to the Company's Balance Sheet as of 31 December 2022 compared to 31 December 2021 (increase/decrease of 5% or more)

Cash decreased by 6% from ₱1,885.5 million as of 31 December 2021 to ₱1,767.7 million as of 31 December 2022 as the cash generated were used primarily for the capital expenditures of new stores, setting up of new head offices and data centers as previous offices were damaged by fire, and refresh of mature stores and software upgrades.

Trade and other receivables increased by 71% from ₱383.8 million as of 31 December 2021 to ₱655.3 million as of 31 December 2022 due to timing difference in collection.

Merchandise inventories decreased by 6% from ₱7,055.6 million as of 31 December 2021 to ₱6,629.8 million as of 31 December 2022 due primarily to the flush out sales of slow-moving and non-moving inventories during the period.

Loans payable including the non-current portion increased by 20% from ₱4,944.4 million as of 31 December 2021 to ₱5,941.4 million as of 31 December 2022 due to additional borrowings to fund for newly stores opened during the period.

Lease liability including the non-current portion decreased by 18% from ₱4,541.7 million as of 31 December 2021 to ₱3,745.8 million as of 31 December 2022 due to lease payments made.

Income tax payable decreased by 95% from ₱89.7 million as of December 31, 2021 to ₱4.8 million as of 31 December 2022 due to lower tax payable for the period.

Deferred tax liabilities decreased by 44% from ₱310.8 million as of December 31, 2021 to ₱448.0 million as of 31 December 2022 due to adjustments to temporary tax differences for the period.

Retirement benefit obligation decreased by 7% from ₱70.4 million as of 31 December 2021 to ₱65.5 million as of 31 December 2022 due to adjustment of provision for the retirement benefit.

Material Changes to the Company's Statement of Income for the 12-month of 2022 compared to the 12-month of 20201 (increase/decrease of 5% or more)

The company recorded sales of ₱12,564.8 million for the year ended 31 December 2022, a decrease of 12% from ₱14,324.9 million for the year ended 31 December 2021. This was brought about by the weakened sales in the hard categories since the 2nd quarter this year, Omicron surge in the 1st quarter, lower foot traffic due to heavy rains and strong typhoons in August and September, and the shift in consumer spending to travel/leisure/entertainment.

For the year ended 31 December 2022, cost of merchandise sold was at ₱7,940.6 million, a decrease of 15% from the ₱9,306.1 level for the same period in 2021 corresponding to the decrease in sales as well as due to lower cost of goods as these were purchased in advance at lower cost.

Support, fees, rentals, and other revenues decreased by 28% from ₱355.9 million for the year ended 31 December 2021 to ₱254.7 million for the year ended 31 December 2022, primarily due to the decrease in vendor's support with less number of large stores opened during the period.

On January 8, 2022, the Company's store outlets located at Alabang, Muntinlupa City, were severely damaged by fire. As a result, the Company wrote-off certain inventories and property and equipment with net carrying value amounting to P83.8 million and P219.3 million, respectively. The Company received total insurance claims amounting to P69.5 million, which was offset against the losses incurred from the fire incident. Thus, the related net losses from fire amounted to P233.6 million.

Finance income increased from ₱1.2 million for the year ended 31 December 2021 to ₱1.5 million for the year ended 31 December 2022. The increase was primarily attributable to interest income from time deposits.

Other gains increased to ₱66.3 million for the year ended 31 December 2022 from nil for the year ended 31 December 2021 due to gain on reversal of impairment loss amounting to P34.0 million and gain on lease modification amounting to P32.2 million.

Tax expense decreased by 18% from ₱381.4 million for the year ended 31 December 2021 to ₱311.0 million for the year ended 31 December 2022 due to lower taxable income for the period.

As a result of the foregoing, our net income decreased by about 35% from ₱1,444.3 million for the year ended 31 December 2021 to ₱933.8 million for the year ended 31 December 2022.

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 2022 and as of 31 December 2021.

REVIEW OF YEAR END 2021 VS YEAR END 2020

RESULTS OF OPERATIONS

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

	FY2021	FY2020	Horizontal Analysis	Vertical Analysis	
	(in millions of ₱)		% Change	% of Total Sales	
				FY2021	FY2020
Sales	14,324.9	12,414.1	15%	100%	100%
Cost of Merchandise Sold	9,306.1	8,486.1	10%	65%	68%
Gross Profit	5,018.7	3,928.1	28%	35%	32%
Support, Fess, Rentals and Other Revenues	355.9	397.8	-11%	2%	3%
Gross Profit including Other Revenues	5,374.7	4,325.9	24%	38%	35%
Total Operating Expenses	3,156.4	2,539.7	24%	22%	20%
Operating Profit	2,218.3	1,786.2	24%	15%	14%
Finance Costs (Income) - Net					
Finance costs	393.7	377.8	4%	3%	3%
Finance income	(1.2)	(2.3)	-49%	0%	0%
	392.5	375.5	5%	3%	3%
Profit Before Tax	1,825.8	1,410.7	29%	13%	11%
Tax Expense					
Current	373.9	292.6	28%	3%	2%
Deferred	7.5	130.4	-94%	0%	1%
	381.4	423.0	-10%	3%	3%
Net Profit	1,444.3	987.7	46%	10%	8%

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 2021 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 2020 to ₱27.6 million for the year ended 31 December 2021 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.

Finance Cost

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.

Finance Income

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.

Support, Fees, Rentals and Other Revenues

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

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 Profit

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.

For the 12-month of 2021, 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

	FY2021	FY2020	Horizontal Analysis	Vertical Analysis	
	(in millions of ₱)		% Change	% of Total Assets FY2021 FY2020	
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	1,885.5	1,785.6	6%	7%	8%
Trade and other receivables - net	383.8	517.0	-26%	1%	2%
Merchandise inventories	7,055.6	6,288.8	12%	27%	29%
Other current assets	2,139.5	401.2	433%	8%	2%
Total Current Assets	11,464.5	8,992.6	27%	44%	41%
NON-CURRENT ASSETS					
Property and equipment - net	13,605.5	11,987.8	13%	53%	55%
Other non-current assets	742.7	794.6	-7%	3%	4%
Total Non-current Assets	14,348.2	12,782.4	12%	56%	59%
TOTAL ASSETS	25,812.7	21,775.0	19%	100%	100%
LIABILITIES AND EQUITY					
CURRENT LIABILITIES					
Trade and other payables	1,229.7	1,315.8	-7%	5%	6%
Loans payable - current portion	2,044.4	2,042.9	0%	8%	9%
Lease liabilities - current portion	613.8	384.8	60%	2%	2%
Income tax payable	89.7	111.9	-20%	0%	1%
Total Current Liabilities	3,977.6	3,855.4	3%	15%	18%
NON-CURRENT LIABILITIES					
Lease liabilities - net of current portion	3,927.9	4,180.7	-6%	15%	19%
Loans payable - net of current portion	2,900.0	-	0%	11%	0%
Deferred tax liabilities - net	310.8	299.6	4%	1%	1%
Retirement benefit obligation	70.4	68.3	3%	0%	0%
Total Non-current Liabilities	7,209.1	4,548.6	58%	28%	21%
Total Liabilities	11,186.7	8,404.1	33%	43%	39%
EQUITY					
Capital stock	3,750.0	3,750.0	0%	15%	17%
Additional paid-in capital	7,209.3	7,209.3	0%	28%	33%
Revaluation reserves - net	(0.7)	(9.1)	-92%	0%	0%
Retained earnings	3,667.4	2,420.7	51%	14%	11%
Total Equity	14,626.0	13,370.9	9%	57%	61%
TOTAL LIABILITIES AND EQUITY	25,812.7	21,775.0	19%	100%	100%

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%
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Notes:

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

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

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

Revenues increased for the year ended 31 December 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.

IV. NATURE AND SCOPE OF BUSINESS

AllHome Corp. (the “Company”) is a pioneering “one-stop shop” home improvement retailer in the Philippines. Since its incorporation on May 29, 2013, it has grown to 72 stores as of December 31, 2023, having an aggregate net selling space of approximately 296,933 sqm. The Company’s product offering spans seven key categories from over 1,000 local and international brands, including 45 in-house brands. These product categories are furniture, hardware, appliances, tiles and sanitary wares, homewares, linens and construction materials.

The Company’s principal office address is LGF Building B, Evia Lifestyle Center, Daanghari Road, Almanza Dos, Las Piñas City, Philippines, with contact number: (+63919) 081-5302 and (+632) 8880-1100, and its corporate website is www.allhome.com.ph.

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

Market Information

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

Quarter	2024			2023			2022			2021		
	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
1 st	1.00	0.95	0.99	3.34	1.64	2.45	9.00	7.40	7.60	9.15	7.61	8.00
2 nd				1.88	1.78	1.82	8.40	4.45	4.75	8.20	6.90	7.90
3 rd				1.75	1.71	1.74	5.36	3.29	3.29	9.29	7.23	9.10
4 th				1.12	1.10	1.12	3.29	1.37	1.65	10.98	8.18	8.39

The market capitalization of HOME as of December 31, 2023, based on the closing price of P1.12 per share, was approximately P4.2 billion.

As of March 31, 2024, HOME’s market capitalization stood at ₱3.71 billion based on the ₱0.99 per share closing price.

Price Information as of the Latest Practicable Trading Date

<u>Trading Date</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
31 May 2024	0.90	0.87	0.87

Stockholders

There are approximately 34 holders of common equity security of the Company as of March 31, 2024 (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 Nominee Corporation - Filipino	828,026,307	22.08%
3	PCD Nominee Corporation - Non Filipino	381,600,385	10.18%
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	Emmanuel Del Prado	38,000	0.00%
7	Myra P. Villanueva	25,000	0.00%
8	Jose Domingo Poblete Swann	20,000	0.00%
9	Mike Jerome Paulino Salazar	14,700	0.00%
10	Myrna P. Villanueva	10,000	0.00%
11	Milagros P. Villanueva	10,000	0.00%
12	Raul Galvante Coralde	10,000	0.00%
13	Cherrubin Den Tee Chua	10,000	0.00%
14	Arnold Santillan	5,000	0.00%
15	Joyce Anne malong Coralde	4,500	0.00%
16	Rachel P. Nacion	3,000	0.00%
17	Farida G. De Leon	3,000	0.00%
18	Mylene C. Arnigo	3,000	0.00%
19	Marietta V. Cabreza	2,500	0.00%
20	Juan Carlos V. Cabreza	2,500	0.00%
	TOTAL	3,749,990,892	
	Other Stockholders	9,110	0.00%
	Total issued and outstanding common shares as of March 31, 2024	3,750,000,002	100.00%

Dividends

P0.0374 per share Regular Cash Dividend

Declaration date: November 29, 2023

Record date: December 15, 2023

Payment date: December 29, 2023

P0.0770 per share Regular Cash Dividend

Declaration date: November 29, 2022

Record date: December 15, 2022

Payment date: December 29, 2022

P0.0527 per share Regular Cash Dividend

Declaration date: November 12, 2021

Record date: November 29, 2021

Payment date: December 14, 2021

P0.014 per share Regular Cash Dividend

Declaration date: November 25, 2020

Record date: December 14, 2020

Payment date: December 28, 2020

P1.2785 per share Regular Cash Dividend

Declaration Date: May 28, 2019

Record date: June 14, 2019

Payment date: June 28, 2019

Dividend Policy

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

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

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

Record Date

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

Dividends

Pursuant to the board approval on August 19, 2019, the Company intends to maintain an annual dividend payment ratio of 15% to 30% of net income after tax for the preceding fiscal year, payable primarily in cash. However, the Board of Directors, in its discretion, may decide to declare dividends to be payable in property or shares. The declaration of dividends shall also be subject to the requirements of applicable laws and regulations, compliance with the company's loan covenants and other circumstances which restrict the payment of dividends. Circumstances which could restrict its ability to pay cash dividends include, but are not limited to, when the company undertakes major projects and developments requiring substantial cash expenditures. The Board, may, at any time, modify such dividend payout ratio depending upon the results of operations and future projects and plans and other considerations.

Recent Sale of Unregistered Securities

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

Stock Options

None.

VI. COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

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

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

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

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

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

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

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

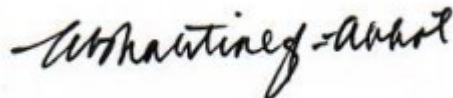
Attention: Robirose M. Abbot

PART III

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Las Piñas on June 3, 2024.

By:

A handwritten signature in black ink, appearing to read "RobiRose M. Abbot", written in a cursive style.

ROBIROSE M. ABBOT
CFO, CRO and Head of IR

AllHome

One-stop shop for *your* home

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

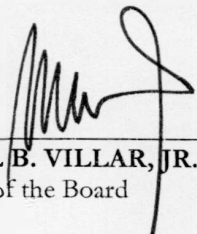
The management of **AllHome Corp.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2023, and 2022 in accordance with the prescribed financial reporting framework indicated therein, and for 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.

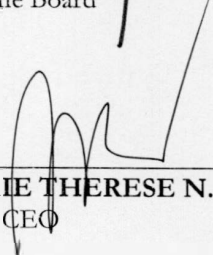
The Board of Directors is responsible for overseeing the Company's financial reporting process.

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

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



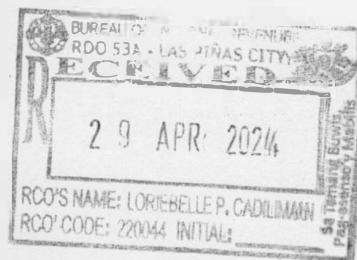
MANUEL B. VILLAR, JR.
Chairman of the Board



BENJAMARIE THERESE N. SERRANO
President and CEO



ROBIROSE M. ABBOT
Chief Finance Officer



AllHome

One-stop shop for *your* home

APR 26 2024

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

Name	Passport No.	Date and Place of Issue
Manuel B Villar, Jr.	P2529752B	12 JUL 2019 / DFA MANILA
Benjamie Therese N. Serrano	P7225892B	19 JUL 2021 / DFA MANILA
Robirose M. Abbot	Driver's License No. N26-05-005526	16 AUG 2019 / LTO ALABANG

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

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Book No. XXII
Series of 2024

ATTY. ARSIN OMAR P. CARINO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
r-SUL No. 57146

IBP Lifetime Member No. 018537
PTR No. 5415602 / 05 Jan. 2024 / Mandaluyong City
MCLE Compliance No. VII-GB10373 issued dated 03 June 2022
Notarial Commission Appointment No. 0368-23
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City



Report of Independent Certified Public Accountants to Accompany Income Tax Return

Punongbayan & Araullo

20th Floor, Tower 1
The Enterprise Center
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 the financial statements of AllHome Corp. (the Company) for the year ended December 31, 2023, on which we have rendered the attached report dated April 25, 2024.

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

PUNONGBAYAN & ARAULLO

By: **James Joseph Benjamin J. Araullo**
Partner

CPA Reg. No. 0111202

TIN 212-755-957

PTR No. 10076133, January 3, 2024, Makati City

SEC Group A Accreditation

Partner - No. 111202-SEC (until financial period 2026)

Firm - No. 0002 (until financial period 2024)

BIR AN 08-002511-039-2021 (until Nov. 9, 2024)

Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 25, 2024

Report of Independent Auditors

Punongbayan & Araullo

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

T +63 2 8988 2288

The Board of Directors

AllHome Corp.

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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, 2023 and 2022, 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, 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2023 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, 2023, the total revenues amounted to P12,065.4 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 revenue recognition policy are included in Notes 2, 3 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:

- updating our 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 design and implementation effectiveness of 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 examination of supporting documents;
- performing test of details of revenue transactions on a sampling basis during the year and performing sales cut-off test, including, among others, examining sales transactions near period end, and analyzing and reviewing sales returns to determine whether revenues are appropriately recognized in the proper period; 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 trends.

(b) Existence and Valuation of Inventories

Description of the Matter

The Company's total inventories amounting to P7,279.1 million as of December 31, 2023 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 design and implantation effectiveness of 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 design and implementation effectiveness of IT general controls and application controls over the automated system related to updating and changing of prices;
- performing test of design and operating effectiveness of controls on inventory costing process;
- performing test to ascertain appropriateness of inventory costing for selected inventory items by recomputing unit cost and comparing to unit cost per books, examining supplier invoices and other documents supporting the movements affecting the moving average unit cost; 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.

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, 2023 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, 2023 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.

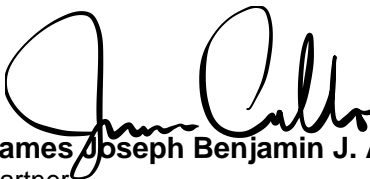
We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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, 2023 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 James Joseph Benjamin J. Araullo.

PUNONGBAYAN & ARAULLO

By: **James Joseph Benjamin J. Araullo**
Partner

CPA Reg. No. 0111202
TIN 212-755-957
PTR No. 10076133, January 3, 2024, Makati City
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Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 25, 2024

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(With Corresponding Figures as of January 1, 2022)
(Amounts in Philippine Pesos)

	Notes	December 31, 2023	December 31, 2022 (As Restated – see Note 2)	January 1, 2022 (As Restated – see Note 2)
<u>ASSETS</u>				
CURRENT ASSETS				
Cash and cash equivalents	5	P 1,657,495,156	P 1,767,714,968	P 1,885,542,985
Trade and other receivables - net	6	690,371,484	655,270,290	383,798,106
Merchandise inventories	7	7,279,106,747	6,629,751,113	7,055,642,001
Other current assets	8	3,546,715,210	2,963,691,220	2,139,480,702
Total Current Assets		13,173,688,597	12,016,427,591	11,464,463,794
NON-CURRENT ASSETS				
Property and equipment - net	9	13,116,739,588	14,018,904,640	13,605,500,637
Other non-current assets	8	673,913,285	699,086,110	742,744,255
Total Non-current Assets		13,790,652,873	14,717,990,750	14,348,244,892
TOTAL ASSETS		P 26,964,341,470	P 26,734,418,341	P 25,812,708,686
<u>LIABILITIES AND EQUITY</u>				
CURRENT LIABILITIES				
Trade and other payables	10	P 940,299,943	P 1,246,259,998	P 1,229,678,273
Loans payable	11	3,449,496,491	3,685,138,027	2,334,418,931
Lease liabilities	12	510,463,801	489,770,878	613,792,986
Income tax payable		39,492,484	4,794,161	89,718,351
Total Current Liabilities		4,939,752,719	5,425,963,064	4,267,608,541
NON-CURRENT LIABILITIES				
Loans payable	11	2,578,750,000	2,256,250,000	3,637,898,004
Lease liabilities	12	2,803,963,351	3,256,050,192	2,900,000,000
Deferred tax liabilities - net	17	598,790,243	447,993,801	310,803,000
Retirement benefit obligation	16	127,398,117	65,481,009	70,385,602
Total Non-current Liabilities		6,108,901,711	6,025,775,002	6,919,086,606
Total Liabilities		11,048,654,430	11,451,738,066	11,186,695,147
EQUITY				
Capital stock	19	3,750,000,002	3,750,000,002	3,750,000,002
Additional paid-in capital		7,209,298,114	7,209,298,114	7,209,298,114
Revaluation reserves		(13,052,352)	10,949,114	(698,851)
Retained earnings		4,969,441,276	4,312,433,045	3,667,414,274
Net Equity		15,915,687,040	15,282,680,275	14,626,013,539
TOTAL LIABILITIES AND EQUITY		P 26,964,341,470	P 26,734,418,341	P 25,812,708,686

See Notes to Financial Statements.

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
SALES	13	P 12,065,428,801	P 12,564,760,820	P 14,324,858,249
COST OF MERCHANDISE SOLD	14	7,486,478,117	7,940,627,825	9,306,108,486
GROSS PROFIT		4,578,950,684	4,624,132,995	5,018,749,763
SUPPORT, FEES, RENTALS AND OTHER REVENUES	13	222,051,248	254,715,152	355,909,344
GROSS PROFIT INCLUDING OTHER REVENUES		4,801,001,932	4,878,848,147	5,374,659,107
OTHER OPERATING EXPENSES				
Selling expenses	14	1,989,105,721	1,844,664,177	1,946,627,457
General and administrative expenses	14	1,293,770,811	1,215,189,914	1,209,781,380
		3,282,876,532	3,059,854,091	3,156,408,837
OPERATING PROFIT		1,518,125,400	1,818,994,056	2,218,250,270
OTHER INCOME (CHARGES) - Net				
Finance costs	15	(456,832,526)	(408,366,914)	(393,694,939)
Finance income	5	1,540,234	1,482,701	1,196,741
Losses from fire - net	15	-	(233,605,568)	-
Other gains	6, 12	-	66,253,972	-
		(455,292,292)	(574,235,809)	(392,498,198)
PROFIT BEFORE TAX		1,062,833,108	1,244,758,247	1,825,752,072
TAX EXPENSE	17			
Current		106,777,947	177,681,330	373,915,538
Deferred		158,796,930	133,308,146	7,534,437
		265,574,877	310,989,476	381,449,975
NET PROFIT		797,258,231	933,768,771	1,444,302,097
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss:				
Remeasurements of retirement benefit plan	16	(32,001,955)	15,530,620	12,063,408
Deferred tax income (expense)	17	8,000,489	(3,882,655)	(3,665,613)
		(24,001,466)	11,647,965	8,397,795
TOTAL COMPREHENSIVE INCOME		P 773,256,765	P 945,416,736	P 1,452,699,892
Basic and Diluted Earnings per Share	20	P 0.21	P 0.25	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, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Note	Capital Stock	Additional Paid-in Capital	Retained Earnings	Revaluation Reserves	Total Equity
Balance at January 1, 2023		P 3,750,000,002	P 7,209,298,114	P 4,312,433,045	P 10,949,114	P 15,282,680,275
Dividends declared	19	-	-	(140,250,000)	-	(140,250,000)
Total comprehensive income (loss) for the year		-	-	797,258,231	(24,001,466)	773,256,765
Balance at December 31, 2023		<u>P 3,750,000,002</u>	<u>P 7,209,298,114</u>	<u>P 4,969,441,276</u>	<u>(P 13,052,352)</u>	<u>P 15,915,687,040</u>
Balance at January 1, 2022		P 3,750,000,002	P 7,209,298,114	P 3,667,414,274	(P 698,851)	P 14,626,013,539
Dividends declared	19	-	-	(288,750,000)	-	(288,750,000)
Total comprehensive income for the year		-	-	933,768,771	11,647,965	945,416,736
Balance at December 31, 2022		<u>P 3,750,000,002</u>	<u>P 7,209,298,114</u>	<u>P 4,312,433,045</u>	<u>P 10,949,114</u>	<u>P 15,282,680,275</u>
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
Dividends 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		<u>P 3,750,000,002</u>	<u>P 7,209,298,114</u>	<u>P 3,667,414,274</u>	<u>(P 698,851)</u>	<u>P 14,626,013,539</u>

See Notes to Financial Statements.

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 1,062,833,108	P 1,244,758,247	P 1,825,752,072
Adjustments for:				
Depreciation and amortization	9	1,450,382,737	1,399,223,674	1,200,742,371
Interest expense	15	456,832,526	408,363,414	393,694,939
Interest income	5	(1,540,234)	(1,482,701)	(1,196,741)
Losses from fire - net	15	-	233,605,568	-
Impairment loss (gain on reversal) on trade receivables	6	-	(34,032,353)	50,900,369
Gain on lease modification	12	-	(32,221,619)	-
Loss on retirement of assets	9	-	-	6,481,449
Operating profit before working capital changes		2,968,508,137	3,218,214,230	3,476,374,459
Decrease (increase) in trade and other receivables		(35,101,194)	(237,439,831)	81,546,175
Decrease (increase) in merchandise inventories		(649,355,634)	342,064,482	(766,877,533)
Increase in other current assets		(583,023,990)	(824,210,518)	(1,738,263,682)
Decrease in trade and other payables		(279,203,457)	(64,013,589)	(100,259,337)
Increase in retirement benefit obligation		24,410,090	7,120,698	12,175,509
Cash generated from operations		1,446,233,952	2,441,735,472	964,695,591
Cash paid for income taxes		(72,079,624)	(262,605,520)	(396,119,760)
Proceeds from fire insurance	15	-	69,524,513	-
Net Cash From Operating Activities		1,374,154,328	2,248,654,465	568,575,831
CASH FLOWS FROM INVESTING ACTIVITIES				
Advances paid to contractors	8	(135,266,833)	(25,779,047)	(165,078,744)
Additions to property and equipment	9	(81,718,248)	(1,940,420,971)	(1,796,962,779)
Derecognition (payment) of security deposits	12	5,188,547	(60,400,941)	(176,385,614)
Interest received		1,540,234	1,482,701	1,196,741
Net Cash Used in Investing Activities		(210,256,300)	(2,025,118,258)	(2,137,230,396)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loans	11	3,771,996,491	3,331,388,027	6,777,505,782
Repayment of loans	11	(3,685,138,027)	(2,334,418,931)	(3,876,000,000)
Repayment of lease liabilities	12	(747,280,998)	(809,033,942)	(780,566,981)
Interest paid for loans payable	11	(438,445,306)	(275,549,378)	(254,722,692)
Dividends paid	19	(175,250,000)	(253,750,000)	(197,625,000)
Net Cash From (Used in) Financing Activities		(1,274,117,840)	(341,364,224)	1,668,591,109
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(110,219,812)	(117,828,017)	99,936,544
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		1,767,714,968	1,885,542,985	1,785,606,441
CASH AND CASH EQUIVALENTS AT END OF YEAR		P 1,657,495,156	P 1,767,714,968	P 1,885,542,985

Supplemental Information on Non-cash Investing and Financing Activities is disclosed in Note 25 to Financial Statements.

See Notes to Financial Statements.

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021
(With Corresponding Figures as of January 1, 2022)
(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, 2023 (including the comparative financial statements as of December 31, 2022 and for the years ended December 31, 2022 and 2021) were authorized for issue by the Company's Board of Directors (BOD) on April 25, 2024. The Company's owners and BOD have the power to amend the financial statements after issuance.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information 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 and Sustainability Reporting Standards Council (FSRSC) 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.

In 2023, the Company reclassified a portion of its long-term loans amounting to P753.8 million and P290.0 million previously presented as part of the Non-current section of Loans Payable account to the Current section of the 2022 and 2021 statements of financial position, respectively. Accordingly, the Company presented a third statement of financial position as January 1, 2022, in accordance with the requirement under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

The reclassification did not result in any adjustment to the Company's statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended December 31, 2022 and 2021.

(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 mended PFRS

(a) Effective in 2023 that are Relevant to the Company

The Company adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice Statement 2 (Amendments):	Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	: Definition of Accounting Estimates
PAS 12 (Amendments)	: Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below and on the succeeding page are the relevant information about these amendments.

- (i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Company's financial statements under Note 2.

- (ii) PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Company's financial statements.

- (iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Company's financial statements.

(b) *Effective in 2023 that is not Relevant to the Company*

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, *International Tax Reform – Pillar Two Model Rules*, is not relevant to the Company's financial statements.

(c) *Effective Subsequent to 2023 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Company's financial statements:

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)
- (iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)
- (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)
- (v) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

2.3 Financial Instruments

(a) *Financial Assets*

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Company commits to purchase or sell the asset).

(i) *Classification and Measurement of Financial Assets*

The Company's financial assets include only financial assets at amortized cost and 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.

(ii) *Impairment of Financial Assets*

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)].

(b) *Financial Liabilities*

Financial liabilities include trade and other payables (except tax-related liabilities), lease liabilities and loans payable, are recognized when the Company becomes a party to the contractual terms of the instrument.

2.5 Merchandise Inventories

The cost of inventories is determined using the moving average method.

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.

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.

2.7 Revenue and Expense Recognition

Revenue arises mainly from the sale of merchandise.

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.

The Company also assesses its revenue agreements against the specific criteria enumerated below in order to determine if it is acting as principal or agent. Both the legal form and the substance of the agreement are considered to determine each party's respective roles in the agreement. In all revenue agreements, the Company is acting as a principal. Revenue is recorded at gross when acting as a principal while only net revenues are considered if only an agency service exists.

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 have been transferred to the customer, being the point when 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 income is recognized at a point in time when support is received from the 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 is 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.

2.8 Leases

The Company accounts for its leases as follows:

(a) Company as Lessee

Subsequent to initial recognition, 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 which is from 2 to 16 years, inclusive of reasonably certain extension period.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. 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 on a straight-line basis over the lease term.

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.

(b) Company as Lessor

The Company applies judgment in determining whether a lease contract is a finance or operating lease.

2.9 Impairment of Non-financial Assets

The Company's property and equipment and other non-financial assets are subject to impairment testing.

2.10 Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits.

The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

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*

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.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosure of provisions and contingencies are discussed in Note 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, 2023 and 2022, 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. 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 2023, 2022 and 2021.

(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, 2023 and 2022 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**

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 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.

The Company has only one reportable segment, which is the trading business. Further, the Company has only one geographical segment as all 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. The Company has no significant customer which contributed to 10% or more to the revenue of the Company.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

	<u>2023</u>	<u>2022</u>
Cash in banks	P 1,569,920,156	P 1,682,384,968
Short-term placements	80,000,000	80,000,000
Cash on hand	<u>7,575,000</u>	<u>5,330,000</u>
	<u>P 1,657,495,156</u>	<u>P 1,767,714,968</u>

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

Short-term placements earn effective interest rates of 2.0% in 2023, 0.55% in 2022 and ranging from 0.41% to 1.65% in 2021.

Interest income amounting to P1.5 million, P1.5 million and P1.2 million in 2023, 2022 and 2021, respectively, are presented as Finance income under Other Income (Charges) – Net section of the statements of comprehensive income.

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Trade receivables	18.1	P 313,171,545	P 456,870,429
Non-trade receivables		398,464,548	221,614,570
Others		<u>1,129,315</u>	<u>629,749</u>
		712,765,408	679,114,748
Allowance for impairment losses		<u>(22,393,924)</u>	<u>(23,844,458)</u>
		<u>P 690,371,484</u>	<u>P 655,270,290</u>

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.

All of the Company's trade and other receivables have been assessed for ECL in 2023, 2022 and 2021. In 2021, the Company recognized an impairment loss amounting to P50.9 million. The impairment loss recognized is presented as Impairment loss under General and Administrative Expenses in the 2021 statement of comprehensive income (see Note 14.2).

In 2022, the Company recognized a gain on reversal of impairment loss amounting to P34.0 million and is presented as part of Other gains under Other Income (Charges) – Net account in the 2022 statement of comprehensive income.

In 2023 and 2021, the Company wrote off certain receivables that are fully provided with allowance amounting to P1.5 million and P9.6 million, respectively, as the management assessed that those receivables are no longer collectible.

A reconciliation of the allowance for impairment of trade receivables at beginning and end of 2023 and 2022 is shown below.

	<u>2023</u>		<u>2022</u>
Balance at beginning of year	P 23,844,458	P	57,876,811
Write-off	(1,450,534)		-
Reversal of impairment loss	<u>-</u>	(<u>34,032,353</u>)
	<u>P 22,393,924</u>	P	<u>23,844,458</u>

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 P7,279.1 million and P6,629.8 million as of December 31, 2023 and 2022, 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, 2023 and 2022.

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

In 2023 and 2021, the Company wrote off merchandise inventories amounting to P63.4 million and P3.7 million, respectively, which were obsolete. This is presented as Loss on inventory disposals under Other Operating Expenses in the 2023 and 2021 statements of comprehensive income (see Note 14.2).

As a result of the fire incident in its Alabang store on January 8, 2022, the Company wrote off certain inventories amounting to P83.8 million (see Note 15.2). There was no similar event in 2023 and 2021.

8. OTHER ASSETS

The composition of this account is shown below.

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Current:			
Advances for purchases		P 3,347,662,771	P 2,885,712,043
Prepaid rent		65,976,269	42,051,683
Deferred input value-added taxes (VAT)		5,496,807	7,436,856
Others		<u>127,579,363</u>	<u>28,490,638</u>
		<u>3,546,715,210</u>	<u>2,963,691,220</u>
Non-current:			
Materials and supplies	9	290,180,044	334,986,840
Security deposits	12	231,598,008	236,786,555
Advances to contractors		<u>152,135,233</u>	<u>127,312,715</u>
		<u>673,913,285</u>	<u>699,086,110</u>
		<u>P 4,220,628,495</u>	<u>P 3,662,777,330</u>

Advances for purchases pertain to payments made to various third party suppliers which are primarily used in the purchase of merchandise inventories subsequent to December 31, 2023 and 2022.

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.

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

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 2023 and 2022 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, 2023								
Cost	P 3,454,178,124	P 1,879,888,702	P 157,841,169	P 8,440,768,088	P 4,676,928,712	P 101,469,882	P 93,059,039	P 18,804,133,716
Accumulated depreciation and amortization	(1,088,212,398)	(748,207,026)	(100,054,750)	(1,526,638,105)	(2,192,838,514)	(31,443,335)	-	(5,687,394,128)
Net carrying amount	<u>P 2,365,965,726</u>	<u>P 1,131,681,676</u>	<u>P 57,786,419</u>	<u>P 6,914,129,983</u>	<u>P 2,484,090,198</u>	<u>P 70,026,547</u>	<u>P 93,059,039</u>	<u>P 13,116,739,588</u>
December 31, 2022								
Cost	P 3,449,979,760	P 1,772,464,582	P 151,989,912	P 8,044,058,302	P 4,673,328,612	P 264,792,594	P 131,545,136	P 18,488,158,898
Accumulated depreciation and amortization	(881,671,190)	(495,615,809)	(86,843,884)	(1,077,978,126)	(1,738,629,173)	(188,516,076)	-	(4,469,254,258)
Net carrying amount	<u>P 2,568,308,570</u>	<u>P 1,276,848,773</u>	<u>P 65,146,028</u>	<u>P 6,966,080,176</u>	<u>P 2,934,699,439</u>	<u>P 76,276,518</u>	<u>P 131,545,136</u>	<u>P 14,018,904,640</u>
January 1, 2022								
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	<u>P 2,383,052,724</u>	<u>P 838,975,649</u>	<u>P 77,021,895</u>	<u>P 5,987,767,986</u>	<u>P 3,466,352,227</u>	<u>P 375,317,826</u>	<u>P 477,012,330</u>	<u>P 13,605,500,637</u>

The reconciliation of the net carrying amount of property and equipment at the beginning and end of 2023, 2022 and 2021 is 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
Balance at January 1, 2023, net of accumulated depreciation and amortization	P 2,568,308,570	P 1,276,848,773	P 65,146,028	P 6,966,080,176	P 2,934,699,439	P 76,276,518	P 131,545,136	P 14,018,904,640
Additions:								
Other property and equipment	4,251,684	107,459,390	5,851,256	-	-	-	358,223,689	475,786,019
Right-of-use assets (see Note 12)	-	-	-	-	3,600,100	68,831,566	-	72,431,666
Reclassifications	-	-	-	396,709,786	-	-	(396,709,786)	-
Depreciation and amortization charges for the year	(206,594,528)	(252,626,487)	(13,210,865)	(448,659,979)	(454,209,341)	(75,081,537)	-	(1,450,382,737)
Balance at December 31, 2023, net of accumulated depreciation and amortization	<u>P 2,365,965,726</u>	<u>P 1,131,681,676</u>	<u>P 57,786,419</u>	<u>P 6,914,129,983</u>	<u>P 2,484,090,198</u>	<u>P 70,026,547</u>	<u>P 93,059,039</u>	<u>P 13,116,739,588</u>
Balance at January 1, 2022, 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
Additions -								
Other property and equipment	402,924,232	643,704,165	3,429,433	673,472,546	-	-	543,472,271	2,267,002,647
Reclassifications	39,546,189	9,998,698	-	839,394,578	-	-	(888,939,465)	-
Disposals	(73,142,270)	(5,492,493)	(1,662,485)	(139,006,427)	-	-	-	(219,303,675)
Lease pretermination	-	-	-	-	(75,800,915)	(159,270,380)	-	(235,071,295)
Depreciation and amortization charges for the year	(184,072,305)	(210,337,246)	(13,642,815)	(395,548,507)	(455,851,873)	(139,770,928)	-	(1,399,223,674)
Balance at December 31, 2022, net of accumulated depreciation and amortization	<u>P 2,568,308,570</u>	<u>P 1,276,848,773</u>	<u>P 65,146,028</u>	<u>P 6,966,080,176</u>	<u>P 2,934,699,439</u>	<u>P 76,276,518</u>	<u>P 131,545,136</u>	<u>P 14,018,904,640</u>
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	<u>P 2,383,052,724</u>	<u>P 838,975,649</u>	<u>P 77,021,895</u>	<u>P 5,987,767,986</u>	<u>P 3,466,352,227</u>	<u>P 375,317,826</u>	<u>P 477,012,330</u>	<u>P 13,605,500,637</u>

The gross carrying amounts and accumulated depreciation of racks and gondola, which are part of store equipment, subject to operating lease at the beginning and end of 2023, 2022 and 2021 are shown below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Cost	P 1,276,774,147	P 1,276,774,147	P 1,203,830,607
Accumulated depreciation and amortization	(316,851,475)	(247,286,983)	(190,394,042)
Net carrying amount	<u>P 959,922,672</u>	<u>P 1,029,487,164</u>	<u>P 1,013,436,565</u>

A reconciliation of the carrying amounts of store equipment subject to operating lease at the beginning and end of 2023 and 2022 is shown below.

	<u>2023</u>	<u>2022</u>
Beginning, net of accumulated depreciation	P 1,029,487,164	P 1,013,436,565
Depreciation and amortization charges for the year	(69,564,492)	(63,073,656)
Additions	-	107,607,439
Disposals	-	(42,073,041)
Reclassifications from materials and supplies	<u>-</u>	<u>13,990,857</u>
Balance, net of accumulated amortization at end of year	<u>P 959,922,672</u>	<u>P 1,029,487,164</u>

Construction-in-progress pertains to accumulated costs incurred on the construction of new stores. The ongoing projects as of December 31, 2022 were fully completed in 2023 while the remaining ongoing projects as of December 31, 2023 are expected to be completed by 2024. Other than the remaining capital expenditures, there are no other capital commitments relating to the ongoing projects.

In 2023, 2022 and 2021, certain construction materials and supplies under Non-current Assets amounting to P44.8 million, P49.8 million and (P90.1 million), respectively, were reclassified to (from) Construction-in-progress under Property and Equipment 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 2 to 16 years, inclusive of reasonably certain extension period [refer also to Note 3.1(a)], and an average remaining lease term of five years as of December 31, 2023 (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 2022, the Company wrote off certain property and equipment as a result of the fire incident in its Alabang store outlets on January 8, 2022, with total cost and accumulated depreciation of P279.5 million and P60.2 million, respectively (see Note 15.2). The details of the related pretermination of lease due to fire incident is discussed in Note 12.1.

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).

In 2023, 2022 and 2021, borrowing costs amounting to P238.8 million, P196.7 million and P190.1 million, respectively, based on capitalization rate ranging from 5.00% to 8.50% in 2023, 5.00% to 7.09% in 2022 and 5.50% to 6.75% in 2021 for specific borrowing in those years, were capitalized as part of construction-in-progress (see Note 11).

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, 2023 and 2022, the gross carrying amount of the Company's fully depreciated property and equipment that are still used in operations is P116.2 million and P95.9 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 P15.6 million, P18.1 million and P24.8 million in 2023, 2022 and 2021, 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:

	Notes	2023	2022
Trade payables		P 682,692,592	P 962,426,065
Non-trade payables	19.3	149,454,904	178,477,327
Accrued expenses	11	44,974,465	58,743,224
VAT payable		37,828,659	18,118,286
Withholding taxes payable		16,226,670	17,985,483
Others		9,122,653	10,509,613
		<u>P 940,299,943</u>	<u>P 1,246,259,998</u>

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

Non-trade payables include payables from the Company's capital asset acquisitions and other operating expenditures not yet paid and any outstanding dividends payable as of the end of the year (see Note 19.3).

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

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 2023 and 2022, the Company recognized deferred revenue for the unredeemed points amounting to P5.9 million and P7.2 million, respectively, which is presented as part of Others.

11. LOANS PAYABLE

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

	<u>Note</u>	<u>2023</u>	<u>2022</u> [As Restated – see Note 2.1 (b)]
Current:			
Short-term loans	11.1	P 2,271,996,491	P 2,931,388,027
Current portion of long-term loans	11.2	<u>1,177,500,000</u> 3,449,496,491	<u>753,750,000</u> 3,685,138,027
Non-current – Long-term loans	11.2	<u>2,578,750,000</u>	<u>2,256,250,000</u>
		<u>P 6,028,246,491</u>	<u>P 5,941,388,027</u>

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 2.00% to 8.25% in 2023 and 4.87% to 9.50% in 2022, and with terms of 150 to 360 days. The short-term loans in 2023 and 2022 are rolled over upon maturity. There are no loan covenants on the Company's short-term loans. As of December 31, 2023 and 2022, the outstanding balance of short-term loans amounted to P2,272.0 million and P2,931.4 million, respectively

11.2 Long-term Loans

In 2023, the Company obtained five-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 2.00% to 8.50% and is payable in quarterly installments. As of December 31, 2023, the outstanding balance from these loan amounts to P1,500.0 million.

In 2022, the Company obtained a four-year corporate loan, from a local bank, to partially finance the construction and expansion of the Company's stores and refinance existing loan obligation, with a fixed interest rate of 7.09% and is payable in quarterly installments. As of December 31, 2023 and 2022, the outstanding balance from this loan amounts to P360.0 million and P400.0 million, respectively.

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% and is payable in quarterly installments. The outstanding balance from these loans was P1,896.3 million and P2,610.0 million as of December 31, 2023 and 2022, respectively.

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, 2023 and 2022 (see Note 24).

The total finance costs attributable to all the loans of the Company amounted to P446.7 million, P321.1 million and P268.8 million in 2023, 2022 and 2021, respectively. Of these amounts, portion charged as expense amounted to P207.9 million, P124.4 million and P78.7 million in 2023, 2022 and 2021, respectively, and is presented as part of Finance costs under Other Income (Charges) – Net section of the statements of comprehensive income (see Note 15). The Company capitalized the interest on loans amounting to P238.8 million, P196.7 million and P190.1 million in 2023, 2022 and 2021, respectively, based on capitalization rate ranging from 5.00% to 8.50% in 2023, 5.00% to 7.09% in 2022 and 5.00% to 6.75% in 2021 for specific borrowing in those periods, were included as part of construction-in-progress (see Note 9).

Interest payable from these loans amounted to P34.5 million, P26.3 million and P19.3 million as of December 31, 2023, 2022 and 2021, 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, 2023, 2022 and 2021 is presented below and in the succeeding page.

	<u>Short-term Loans</u>	<u>Long-term Loans</u>	<u>Total</u>
Balance as of January 1, 2023	P 2,931,388,027	P 3,010,000,000	P 5,941,388,027
Cash flows from financing activities:			
Additional borrowings	2,271,996,491	1,500,000,000	3,771,996,491
Repayment of borrowings	(2,931,388,027)	(753,750,000)	(3,685,138,027)
Balance as of December 31, 2023	<u>P 2,271,996,491</u>	<u>P 3,756,250,000</u>	<u>P 6,028,246,491</u>

	Short-term Loans	Long-term Loans	Total
Balance as of January 1, 2022	P 2,044,418,931	P 2,900,000,000	P 4,944,418,931
Cash flows from financing activities:			
Additional borrowings	2,931,388,027	400,000,000	3,331,388,027
Repayment of borrowings	(2,044,418,931)	(290,000,000)	(2,334,418,931)
Balance as of December 31, 2022	<u>P 2,931,388,027</u>	<u>P 3,010,000,000</u>	<u>P 5,941,388,027</u>
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	<u>P 2,044,418,931</u>	<u>P 2,900,000,000</u>	<u>P 4,944,418,931</u>

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 P231.6 million and P236.8 million as of December 31, 2023 and 2022, respectively, is presented as Security deposits under Other Non-current Assets in the statements 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:

	2023	2022
Current	P 510,463,801	P 489,770,878
Non-current	<u>2,803,963,351</u>	<u>3,256,050,192</u>
	<u>P 3,314,427,152</u>	<u>P 3,745,821,070</u>

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

	<u>2023</u>	<u>2022</u>
Balance as of January 1	P 3,745,821,070	P 4,541,690,990
Cash flows from financing activities –		
Repayment of lease liabilities	(747,280,998)	(809,033,942)
Non-cash financing activities:		
Accretion of interest	243,455,414	280,456,937
Additional lease liabilities	72,431,666	-
Lease pre-termination	<u>-</u>	<u>(267,292,915)</u>
Balance as of December 31	<u>P 3,314,427,152</u>	<u>P 3,745,821,070</u>

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 five years as of December 31, 2023.

In 2022, the Company derecognized right-of-use assets with total carrying amount of P235.1 million, as a result of the pre-termination of leases on certain store outlets and warehouse facilities, including the lease in Alabang store affected by the fire incident (see Note 9). The corresponding lease liabilities derecognized amounted to P267.3 million. Gain on lease pre-termination amounting to P32.2 million was recognized and is presented as part of Other gains under Other Income (Charges) – Net in the 2022 statement of comprehensive income.

As of December 31, 2023, the Company has no commitments for leases entered into which had not yet commenced.

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

		<u>2023</u>			
		<u>Lease Payments</u>		<u>Finance Charges</u>	<u>Net Present Values</u>
Within 1 year	P	723,649,837	P	213,186,036	P 510,463,801
1 to 2 years		718,447,115		176,741,538	541,705,577
2 to 3 years		712,568,581		138,949,520	573,619,061
3 to 4 years		700,507,250		97,941,745	602,565,505
4 to 5 years		620,181,280		57,170,154	563,011,126
5 to 16 years		<u>562,143,256</u>		<u>39,081,174</u>	<u>523,062,082</u>
Total	P	<u>4,037,497,319</u>	P	<u>723,070,167</u>	<u>P 3,314,427,152</u>

		2022		
		Lease Payments	Finance Charges	Net Present Values
Within 1 year	P	731,052,135	P 241,281,257	P 489,770,878
1 to 2 years		682,658,467	209,721,118	472,937,349
2 to 3 years		697,100,554	176,245,485	520,855,069
3 to 4 years		712,568,581	138,949,520	573,619,061
4 to 5 years		700,507,251	97,941,745	602,565,506
5 to 16 years		<u>1,182,324,535</u>	<u>96,251,328</u>	<u>1,086,073,207</u>
Total	P	<u>4,706,211,523</u>	<u>P 960,390,453</u>	<u>P 3,745,821,070</u>

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 P272.8 million, P317.5 million and P467.4 million in 2023, 2022 and 2021, 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 +/- P2.0 million, +/- P2.4 million and +/- P3.3 million in 2023, 2022 and 2021, 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 P1,020.1 million, P1,126.5 million and P1,248.0 million in 2023, 2022 and 2021, respectively.

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

	Notes	2023	2022	2021
Depreciation expense of right-of-use assets	9	P 529,290,878	P 595,622,801	P 576,338,630
Variable lease payments	12.2, 14.2	272,810,860	317,482,870	467,391,457
Interest expense on lease liabilities	15	<u>243,455,414</u>	<u>280,456,937</u>	<u>312,222,849</u>
		<u>P 1,045,557,152</u>	<u>P 1,193,562,608</u>	<u>P 1,355,952,936</u>

13. REVENUES

The Company's main revenues arise from sale transactions with individual and corporate customers in the Philippines totaling to P12,065.4 million, P12,564.8 million and P14,324.9 million in 2023, 2022 and 2021, respectively.

The 2023, 2022, and 2021 disaggregation on revenue recognition whether point in time or over time, excluding rental income subject to PFRS 16, is shown in the succeeding page.

	<u>Note</u>		<u>Point in time</u>		<u>Over time</u>		<u>Total</u>
<u>2023:</u>							
Sales	18.1	P	12,065,428,801	P	-	P	12,065,428,801
Vendor's support			-		165,948,348		165,948,348
Delivery fees			-		12,603,951		12,603,951
Marketing fees			-		17,300,464		17,300,464
Miscellaneous			<u>10,571,729</u>		<u>-</u>		<u>10,571,729</u>
			<u>P 12,076,000,530</u>		<u>P 195,852,763</u>		<u>P 12,271,853,293</u>
<u>2022:</u>							
Sales	18.1	P	12,564,760,820	P	-	P	12,564,760,820
Vendor's support			-		171,152,464		171,152,464
Delivery fees			-		15,580,119		15,580,119
Marketing fees			-		25,596,962		25,596,962
Miscellaneous			<u>24,238,569</u>		<u>-</u>		<u>24,238,569</u>
			<u>P 12,588,999,389</u>		<u>P 212,329,545</u>		<u>P 12,801,328,934</u>
<u>2021:</u>							
Sales	18.1	P	14,324,858,249	P	-	P	14,324,858,249
Vendor's support			-		246,047,552		246,047,552
Delivery fees			-		46,990,832		46,990,832
Marketing fees			-		33,941,251		33,941,251
Miscellaneous			<u>4,143,250</u>		<u>-</u>		<u>4,143,250</u>
			<u>P 14,329,001,499</u>		<u>P 326,979,635</u>		<u>P 14,655,981,134</u>

The Company also recognized rental income from its operating leases as lessor amounting to P15.6 million, P18.1 million and P24.8 million in 2023, 2022 and 2021, 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 comprises 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.

	<u>Note</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Merchandise inventories				
at beginning of year	7	P 6,629,751,113	P 7,055,642,001	P 6,288,764,468
Purchases during the year		<u>8,135,833,751</u>	<u>7,514,736,937</u>	<u>10,072,986,019</u>
Cost of goods available for sale		14,765,584,864	14,570,378,938	16,361,750,487
Merchandise inventories at end of year	7	<u>7,279,106,747</u>	<u>6,629,751,113</u>	<u>7,055,642,001</u>
		<u>P 7,486,478,117</u>	<u>P 7,940,627,825</u>	<u>P 9,306,108,486</u>

14.2 Other Operating Expenses

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

	Notes	2023	2022	2021
Depreciation and amortization	9	P 1,450,382,737	P 1,399,223,674	P 1,200,742,371
Salaries, wages and employee benefits	16.1	413,308,251	384,428,180	363,650,663
Communications and utilities		370,429,675	267,561,206	333,380,774
Outside services		282,078,656	281,742,157	363,357,600
Rentals	12.2, 12.3	272,810,860	317,482,870	467,391,457
Merchant fee		155,254,079	149,904,728	120,940,971
Taxes and licenses		100,728,809	105,621,879	107,109,986
Loss on inventory disposals	7	63,437,763	-	3,693,649
Repairs and maintenance		29,540,364	25,040,365	19,120,266
Office and store supplies		26,842,160	24,967,000	23,097,193
Advertising and promotions		20,046,433	17,046,433	19,177,276
Transportation expense		18,012,911	16,526,909	9,555,468
Insurance expense		16,167,886	13,167,886	9,219,369
Professional fees		14,672,577	12,893,647	18,016,299
Dues and subscription		13,395,480	12,895,480	11,759,732
Commission expense		7,102,609	7,102,609	4,492,859
Representation and entertainment		7,077,447	6,810,931	6,809,386
Impairment loss	6	-	-	50,900,369
Miscellaneous	9	21,587,835	17,438,137	23,993,149
		P 3,282,876,532	P 3,059,854,091	P 3,156,408,837

These expenses are classified as follows:

	2023	2022	2021
Selling	P 1,989,105,721	P 1,844,664,177	P 1,946,627,457
General and administrative	<u>1,293,770,811</u>	<u>1,215,189,914</u>	<u>1,209,781,380</u>
	P 3,282,876,532	P 3,059,854,091	P 3,156,408,837

15. OTHER INCOME (CHARGES)

15.1 Finance Costs

Finance costs include the following:

	Notes	2023	2022	2021
Interest expense from:				
Lease liabilities	12.3	P 243,455,414	P 280,456,937	P 312,222,849
Loans payable	11	207,872,049	124,401,148	78,742,890
Retirement benefit obligation	16.2	5,505,063	3,505,329	2,729,200
Others		-	3,500	-
		<u>P 456,832,526</u>	<u>P 408,366,914</u>	<u>P 393,694,939</u>

15.2 Losses from Fire

On January 8, 2022, the Company's store outlets located at Alabang, Muntinlupa City were severely damaged by fire. As a result, the Company wrote off certain inventories and property and equipment with net carrying value amounting to P83.8 million and P219.3 million, respectively (see Notes 7 and 9). The Company received total insurance claims amounting to P69.5 million, which was offset against the losses incurred from the fire incident. The related net loss amounting to P233.6 million is presented as Losses from fire under Other Income (Charges) – Net in the 2022 statement of comprehensive income.

16. SALARIES, WAGES AND EMPLOYEE BENEFITS

16.1 Salaries, Wages and Employee Benefits

Expenses recognized for salaries, wages and employee benefits in 2023, 2022 and 2021 are presented below.

	Notes	2023	2022	2021
Salaries and wages		P 340,282,961	P 331,564,980	P 312,634,814
Post-employment benefit	16.2	24,410,090	10,920,698	12,175,509
Others employee benefits		<u>48,615,200</u>	<u>41,942,502</u>	<u>38,840,340</u>
	14.2	<u>P 413,308,251</u>	<u>P 384,428,180</u>	<u>P 363,650,663</u>

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 2023 and 2022 dated April 8, 2024 and March 31, 2023, 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:

	<u>2023</u>		<u>2022</u>
Balance at beginning of year	P 65,481,009	P	70,385,602
Current service cost	13,086,307		10,920,698
Past service cost	11,323,783		-
Interest expense	5,505,063		3,505,329
Benefits paid from operating funds	-	(3,800,000)
Actuarial losses (gains) arising from:			
Charges in financial assumptions	20,469,009		736,217
Experience adjustments	<u>11,532,946</u>	(<u>16,266,837</u>)
Balance at end of year	<u>P 127,398,117</u>	P	<u>65,481,009</u>

In 2021, the Company transferred certain employees to related parties under common ownership. This resulted in a reduction of the net obligation amounting to P0.8 million in 2021. The outstanding receivable is presented as part of Others under Trade and Other Receivables in the 2021 statement of financial position (see Note 18). There was no similar transaction in 2023 and 2022.

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):

	<u>2023</u>		<u>2022</u>		<u>2021</u>
<i>Reported in profit or loss:</i>					
Current service cost	P 13,086,307	P	10,920,698	P	12,175,509
Past service cost	11,323,783		-		-
Interest expense	<u>5,505,063</u>		<u>3,505,329</u>		<u>2,729,200</u>
	<u>P 29,915,153</u>	P	<u>14,426,027</u>	P	<u>14,904,709</u>

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in other comprehensive loss (income):</i>			
Actuarial losses (gains) arising from:			
Experience adjustments	P 11,532,946	(P 16,266,837)	(P 886,785)
Changes in financial assumptions	<u>20,469,009</u>	<u>736,217</u>	<u>(11,176,623)</u>
	<u>P 32,001,955</u>	<u>(P 15,530,620)</u>	<u>(P 12,063,408)</u>

The interest expense is included as part of Finance costs under Other Income (Charges) – 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:

	<u>2023</u>	<u>2022</u>
Discount rates	6.14%	7.37%
Expected rate of salary increases	10.00%	10.00%

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 33 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, 2023 and 2022 are discussed below and in the succeeding page.

(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, 2023 and 2022:

	Impact on Retirement Benefit Obligation		
	<u>Change in assumption</u>	<u>Increase in assumption</u>	<u>Decrease in assumption</u>
2023:			
Discount rate	+/- 1%	(P 17,099,527)	P 20,716,282
Salary growth rate	+/- 1%	20,369,670	(17,168,105)
2022:			
Discount rate	+/- 1%	(P 8,595,720)	P 10,372,352
Salary growth rate	+/- 1%	10,317,126	(8,716,765)

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 2023 statement of financial position.

(ii) *Funding Arrangements and Expected Contributions*

The plan is currently unfunded by P127.4 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:

	<u>2023</u>		<u>2022</u>
Within five years	P 17,590,806	P	8,708,897
More than five years to 10 years	60,454,890		35,006,257
More than 10 years	<u>1,521,735,003</u>		<u>1,063,616,434</u>
	<u>P 1,599,780,699</u>	P	<u>1,107,331,588</u>

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 19.22 years.

17. INCOME TAXES

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in profit or loss:</i>			
Current tax expense:			
Regular corporate income tax (RCIT) at 25%	P 106,603,301	P 177,510,740	(P 398,020,810)
Final tax at 20%	174,646	170,590	239,348
Effect of the change in income tax rate	<u>-</u>	<u>-</u>	<u>(24,344,620)</u>
	<u>106,777,947</u>	<u>177,681,330</u>	<u>373,915,538</u>
Deferred tax expense:			
arising from:			
Origination and reversal of temporary differences	158,796,930	133,308,146	58,118,023
Effect of the change in income tax rate	<u>-</u>	<u>-</u>	<u>(50,583,586)</u>
	<u>158,796,930</u>	<u>133,308,146</u>	<u>7,534,437</u>
	<u>P 265,574,877</u>	<u>P 310,989,476</u>	<u>P 381,449,975</u>
<i>Reported in other comprehensive income:</i>			
Deferred tax income (expense):			
arising from:			
Origination and reversal of temporary differences	P 8,000,489	(P 3,882,655)	(P 3,015,852)
Effect of the change in income tax rate	<u>-</u>	<u>-</u>	<u>(649,761)</u>
	<u>P 8,000,489</u>	<u>(P 3,882,655)</u>	<u>(P 3,665,613)</u>

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

	2023	2022	2021
Tax on pretax profit at 25%	P 265,708,277	P 311,189,562	(P 456,438,018)
Adjustment for income subjected to lower tax rate	(210,412)	(200,086)	(59,837)
Tax effect on non-deductible expenses	77,012	-	-
Effect of the change in income tax rate	-	-	(74,928,206)
Tax expense	P 265,574,877	P 310,989,476	P 381,449,975

The Company is subject to minimum corporate income tax (MCIT) computed at 1.5% in 2023 and 1% in 2022 and 2021, of gross income, net of allowable deductions as defined under the tax regulations, or to RCIT, whichever is higher. The Company reported RCIT in 2023, 2022 and 2021 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 Income			
	2023	2022	2023	2022	2021	2023	2022	2021	
Deferred tax assets:									
Leases - PFRS 16	P 198,374,314	P 192,007,991	(P 6,366,323)	(P 8,706,044)	P 4,262,040	P -	P -	P -	
Impairment loss	5,961,115	5,961,115	-	8,508,088	(9,507,317)	-	-	-	
Post-employment defined obligation	26,765,146	11,285,869	(7,478,788)	(3,606,507)	(2,205,600)	(8,000,489)	3,882,655	3,665,613	
Reward liability	1,485,367	1,801,805	316,438	(1,654,672)	29,427	-	-	-	
	<u>232,585,942</u>	<u>211,056,780</u>	<u>(13,528,673)</u>	<u>(5,459,135)</u>	<u>(7,421,450)</u>	<u>(8,000,489)</u>	<u>3,882,655</u>	<u>3,665,613</u>	
Deferred tax liabilities:									
Tax depreciation	(581,424,616)	(456,542,361)	124,882,254	127,740,440	73,644,249	-	-	-	
Borrowing costs	(240,148,316)	(192,704,967)	47,443,349	39,657,619	18,163,530	-	-	-	
Uncollected income	(9,803,253)	(9,803,253)	-	(28,630,778)	(76,851,892)	-	-	-	
	<u>(831,376,185)</u>	<u>(659,050,581)</u>	<u>172,325,603</u>	<u>138,767,281</u>	<u>14,955,887</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Deferred tax liabilities - net	(P 598,790,243)	(P 447,993,801)	P 158,796,930	P 133,308,146	P 7,534,437	(P 8,000,489)	P 3,882,655	P 3,665,613	
Deferred tax expense (income)									

The Company claimed itemized deductions for 2023, 2022 and 2021 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.

Based on the requirement of SEC Memorandum Circular 2019-10, *Rules of Material Related Party Transactions of Publicly-listed Companies*, transactions amounting to 10% or more of the total assets based on its latest consolidated financial statements that were entered into with related parties are considered material. In 2023 and 2022, there were no transactions with related parties that exceeds the 10% threshold to be considered material.

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Company's board of directors, 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-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the consolidated total assets based on the latest financial statements, the same board approval would be required for the transactions that meet and exceeds the materiality threshold covering the same related party.

The summary of the Company's transactions with its related parties and the related outstanding balances as of December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 are discussed below.

Notes	Amount of Transactions			Outstanding Balances Receivables (Payables)	
	2023	2022	2021	2023	2022
Related Parties Under Common Ownership:					
Lease liability	12	P -	P -	P -	(P2,660,909,225) (P3,049,982,309)
Right-of-use asset	9, 12	-	-	-	2,061,316,758 2,515,697,287
Depreciation	9, 12	422,185,134	404,977,243	412,097,079	-
Interest	12, 15	184,093,610	226,125,154	252,861,046	-
Sale of merchandise	6, 18.1	94,033,075	97,510,230	96,819,297	48,060,151 43,953,695
Transferred retirement benefit obligation	16.2	-	-	(774,563)	-
Rentals	12	72,243,854	316,198,441	454,157,242	-
Key Management Personnel – Compensation					
18.2	56,755,227	48,846,000	40,860,000	-	-

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, 2023 and 2022 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 2023, 2022 and 2021.

18.1 Sale of Merchandise

The Company sells various merchandise items to its related parties with similar transaction price and terms under exact business circumstance with third parties. These transactions are presented as part of Revenues in the statements of comprehensive income (see Note 13). The related receivables are presented as part of Trade receivables under Trade and Other Receivables in the statements of financial position (see Note 6).

18.2 Key Management Personnel Compensation

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

	2023	2022	2021
Short-term benefits	P 52,389,440	P 44,938,320	P 39,195,142
Post-employment defined benefits	4,365,787	3,907,680	1,664,858
	<u>P 56,755,227</u>	<u>P 48,846,000</u>	<u>P 40,860,000</u>

19. EQUITY

19.1 Capital Stock

Details of this account for years 2023, 2022 and 2021 are shown below.

	<u>Shares</u>		<u>Amount</u>
Authorized - par value:			
Common – P1.00 par value	5,900,000,000	P	5,900,000,000
Preferred – P0.10 par value	1,000,000,000		1,000,000,000
Issued and outstanding –			
Common shares–			
Balance at beginning and			
end of year	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 P2,000.0 million to P6,000.0 million 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.

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 (see Note 19.2).

As of December 31, 2023, 2022 and 2021, 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 P1.12 in 2023. The total number of stockholders is 32 as of December 31, 2023 and 2022, with the shares held in the name of PCD Nominee Corporation belonging to 128 participants. 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 2023, the Company's BOD approved the declaration of cash dividends amounting to P140.3 million (P0.0374 per share) on November 14, 2023, and payable to stockholders of record as of November 30, 2023. The cash dividends were settled on December 15, 2023.

In 2022, the Company's BOD approved the declaration of cash dividends amounting to P288.8 million (P0.0770 per share) on November 29, 2022, payable to stockholders of record as of December 15, 2022. The outstanding dividends payable amounting to P35.0 million is presented as part of Non-trade payables under Trade and Other Payables in the 2022 statement of financial position (see Note 10). The cash dividends were settled in 2023.

In 2021, the Company's BOD approved the declaration of cash dividends amounting to P197.6 million (P0.0527 per share) on November 12, 2021, and payable to stockholders of record as of November 19, 2021. The cash dividends were settled on December 14, 2021.

19.4 Revaluation Reserves

The Company's Revaluation Reserves pertains to the remeasurement of retirement benefit obligation. The reconciliation of the Revaluation Reserves account in the statements of financial position are shown below.

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year		P 10,949,114	(P 698,851)
Remeasurement on post-employment defined benefit obligation	16.2	(32,001,955)	15,530,620
Tax income (expense)	17	<u>8,000,489</u>	(<u>3,882,655</u>)
Balance at end of year		(P 13,052,352)	<u>P 10,949,114</u>

20. 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.

EPS were computed as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net profit	P 797,258,231	P 933,768,771	P 1,444,302,097
Divided by weighted average number of outstanding common shares	<u>3,750,000,002</u>	<u>3,750,000,002</u>	<u>3,750,000,000</u>
Basic and diluted EPS	P 0.21	P 0.25	P 0.39

The Company has no potential dilutive common shares as of December 31, 2023, 2022 and 2021.

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, 2023 and 2022.

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, 2023 and 2022, 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 2023, 2022 and 2021, 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.

Cash and cash equivalents which are subject to repricing are tested on a reasonably possible change (weighted average) of +/-1.42% and +/-1.06% Philippine peso in 2023 and 2022, respectively. The percentages have been determined based on the average market volatility of interest rates, using standard deviation, in the previous 12 months estimated at 99% level of confidence. The sensitivity analysis is based on the Company's financial instruments held at the end of each reporting period, with the effect estimated from the beginning of the year. All other variables are held constant.

The changes in percentages would affect profit or loss before tax by +/-P23.5 million and +/-P18.8 million in 2023 and 2022, respectively.

On the other hand, the Company's long-term bank loans are subject to fixed rates ranging from 2.00% to 8.50% per annum in 2023 and 5.00% to 7.09% per annum in 2022 (see Note 11). Accordingly, management assessed that the Company is not significantly exposed to changes in market interest rates for its bank borrowings in 2023 and 2022.

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.

	Notes	2023	2022
Cash and cash equivalents	5	P 1,657,495,156	P 1,767,714,968
Trade and other receivables	6	712,765,408	679,114,748
Security deposits	8	231,598,008	236,786,555
		<u>P 2,601,858,572</u>	<u>P 2,683,616,271</u>

Except for cash in banks, none of the Company's financial assets are secured by collateral or other credit enhancements.

(a) Cash and Cash Equivalents

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 five years before December 31, 2023 and 2022, 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 2023 and 2022 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 and non-trade receivables:

		Not yet due/ Within 1 year		1 to 2 years		2 to 3 years		More than 3 years		Total
2023:										
Expected loss rate		0.00%		55.57%		68.75%		84.69%		
Gross carrying amount	P	672,235,048	P	36,043,069	P	3,005,853	P	352,123	P	711,636,093
Loss allowance		-		20,029,187		2,066,524		298,213		22,393,924
2022:										
Expected loss rate		0.00%		27.18%		35.86%		53.93%		
Gross carrying amount	P	594,341,007	s P	76,174,377	P	6,396,772	P	1,572,843	P	678,484,999
Loss allowance		-		20,702,096		2,294,059		848,303		23,844,458

On the other hand, based on the analysis, there is no loss allowance provided as at December 31, 2023 and 2022, 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, 2023 the Company's financial liabilities have contractual maturities which are summarized below.

		Notes	Current		Non-current	
			Upon demand/ Within Six Months	Six to 12 Months	One to Three Years	Later than Three Years
Trade and other payables	10	P	886,244,614	-	-	-
Loan payables	11		3,192,109,672	476,920,313	1,306,492,160	1,616,201,389
Lease liabilities	12		359,233,756	364,416,081	1,431,015,696	1,882,831,786
			<u>P 4,437,588,042</u>	<u>P 841,336,394</u>	<u>P 2,737,507,856</u>	<u>P 3,499,033,175</u>

This compares to the contractual maturities of the Company's financial liabilities as of December 31, 2022 as follows:

		Notes	Current		Non-current	
			Upon demand/ Within Six Months	Six to 12 Months	One to Three Years	Later than Three Years
Trade and other payables	10	P	1,210,156,229	-	-	-
Loan payables	11		3,674,117,181	246,622,500	2,187,740,000	416,454,556
Lease liabilities	12		393,995,173	337,056,962	1,379,759,021	2,595,400,367
			<u>P 5,278,268,583</u>	<u>P 583,679,462</u>	<u>P 3,567,499,021</u>	<u>P 3,011,864,923</u>

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, 2023 and 2022, 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.

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 2023 and 2022. 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, 2023 and 2022, 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, 2023 and 2022. 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).

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2023</u>				
<i>Financial assets:</i>				
Cash and cash equivalents	P 1,657,495,156	P -	P -	P 1,657,495,156
Trade and other receivables	-	-	690,371,484	690,371,484
Security deposits	-	-	161,349,959	161,349,959
	<u>P 1,657,495,156</u>	<u>P -</u>	<u>P 851,721,443</u>	<u>P 2,509,216,599</u>
<i>Financial liabilities:</i>				
Trade and other payables	P -	P -	P 886,244,614	P 886,244,614
Loans payable	-	-	5,634,207,662	5,634,207,662
Lease liabilities	-	-	3,314,427,152	3,314,427,152
	<u>P -</u>	<u>P -</u>	<u>P 9,834,879,428</u>	<u>P 9,834,879,428</u>
<u>December 31, 2022</u>				
<i>Financial assets:</i>				
Cash and cash equivalents	P 1,767,714,968	P -	P -	P 1,767,714,968
Trade and other receivables	-	-	655,270,290	655,270,290
Security deposits	-	-	154,040,705	154,040,705
	<u>P 1,767,714,968</u>	<u>P -</u>	<u>P 809,310,995</u>	<u>P 2,577,025,963</u>
<i>Financial liabilities:</i>				
Trade and other payables	P -	P -	P 1,210,156,229	P 1,210,156,229
Loans payable	-	-	5,703,039,845	5,703,039,845
Lease liabilities	-	-	3,745,821,070	3,745,821,070
	<u>P -</u>	<u>P -</u>	<u>P10,659,017,144</u>	<u>P10,659,017,144</u>

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:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Total liabilities	P 11,048,654,430	P 11,451,738,066	P 11,186,695,147
Total equity	<u>15,915,687,040</u>	<u>15,282,680,275</u>	<u>14,626,013,539</u>
Debt-to-equity ratio	<u>P 0.69 : 1.00</u>	<u>P 0.75 : 1.00</u>	<u>P 0.76 : 1.00</u>

The Company monitors capital on the debt-to-equity ratio on its covenants with certain financial institutions. In 2023 and 2022, 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, 2023 and 2022 (see Note 11).

25. SUPPLEMENTAL INFORMATION ON NON-CASH ACTIVITIES

The following discusses the supplemental information on non-cash investing and financing activities as presented in the statements of cash flows for the years ended December 31, 2023, 2022 and 2021:

- In 2023, 2022 and 2021, the Company capitalized borrowing costs amounting to P238.8 million, P196.7 million and P190.1 million, respectively, to property and equipment (see Notes 9 and 11).
- In 2023, 2022 and 2021, the Company has unpaid interest arising from loans payable amounting to P34.5 million, P26.3 million and P19.3 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).
- In 2023, 2022 and 2021, certain construction materials and supplies under Non-current Assets amounting to P44.8 million, P49.8 million and (P90.1 million), respectively, were reclassified to (from) Construction-in-progress under Property and Equipment in the statements of financial position (see Notes 8 and 9).
- In 2023, the Company recognized additional right-of-use assets amounting to P72.4 million and the corresponding lease liability of the same amount (see Notes 9 and 12). In 2022, the Company pre-terminated some of its lease contracts which resulted to the derecognition of right-of-use assets and lease liabilities with remaining carrying amounts of P235.1 million and P267.3 million, respectively, and recognition of gain on lease pre-termination amounting to P32.2 million (see Notes 9 and 12).
- In 2023, 2022 and 2021, certain advances to contractors under Non-current Assets amounting to P110.4 million, P80.0 million and P483.4 million, respectively, were reclassified to Construction-in-progress under Property and Equipment in the statements of financial position (see Notes 8 and 9).

- In 2022, the Company recorded dividends payable to its parent company amounting P35.0 million which is presented as part of Non-trade Payables under Trade and Other Payables in the 2022 statement of financial position (see Note 10). There was no outstanding payable in 2023 and 2021.
- In 2021, the Company transferred certain employees to related parties under common ownership, which resulted in a reduction of the net obligation amounting to P0.8 million in 2021. The outstanding receivable as at December 31, 2021 is presented as part of Others under Trade and Other Receivables in the 2021 statement of financial position (see Note 16). There was no similar transaction in 2023 and 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 2023, the Company declared output VAT as follows:

	<u>Tax Base</u>	<u>Output VAT</u>
Sale of merchandise	P 12,065,428,801	P 1,447,851,456
Other income:		
Vendors' support	165,948,348	19,913,802
Marketing fees	12,603,951	1,512,474
Delivery fees	17,300,464	2,076,056
Rentals	15,626,756	1,875,211
Miscellaneous	<u>10,571,729</u>	<u>1,268,607</u>
	<u>P 12,287,480,049</u>	<u>P 1,474,497,606</u>

The tax bases are included as part of Sales and Support, Fees, Rentals and Other Revenues in the 2023 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 2023 statement of comprehensive income.

The outstanding output VAT payable amounting to P37,828,659 as of December 31, 2023 is presented as part of Trade and Other Payables in the 2023 statement of financial position.

(b) *Input VAT*

The movements in input VAT in 2023 are summarized below.

	<u>Tax Base</u>
Balance at beginning of year	P -
Goods for resale/manufacture or further processing	1,061,527,586
Services lodged under other accounts	246,749,619
Capital goods subject to amortization	26,115,236
Capital goods not subject to amortization	563,660
Applied against output VAT	(<u>1,334,956,101</u>)
	<u>P -</u>

(c) *Excise Tax*

The Company did not have any transactions subject to excise tax in 2023.

(d) *Documentary Stamp Tax (DST)*

In 2023, the Company paid documentary stamp tax amounting to P13,291,737 pertaining to the interest-bearing loans availed during the year.

(e) *Taxes and Licenses*

The details of taxes and licenses account in 2023 are shown below.

Municipal license and permits	P 86,983,219
DST	13,291,737
Real property tax	<u>453,853</u>
	<u>P 100,728,809</u>

The amount of taxes and licenses are presented as part of General and Administrative Expenses in the 2023 statement of comprehensive income.

(f) *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2023 are shown below.

Expanded	P	100,829,022
Compensation and benefits		16,019,978
Final		<u>4,348,606</u>
	P	<u>121,197,606</u>

The outstanding balances of expanded withholding tax, withholding tax on compensation and final withholding tax amounting to P10.8 million, P1.1 million and P4.3 million, respectively, are recorded as Withholding taxes payable under Trade and Other Payables in the 2023 statement of financial position.

(g) *Deficiency Tax Assessments*

As of December 31, 2023, the Company does not have any final deficiency tax assessment from the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

Report of Independent Auditors to Accompany Supplementary Information Required by the Securities and Exchange Commission Filed Separately from the Basic Financial Statements

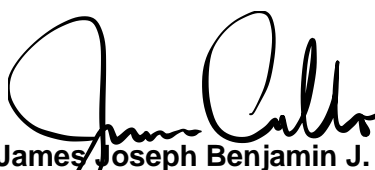
Punongbayan & Araullo
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6766 Ayala Avenue
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The Board of Directors
AllHome Corp.
(A Subsidiary of AllValue Holdings Corp.)
Lower Ground Floor, Building B
EVIA Lifestyle Center, Vista City
Daang Hari, Almanza II
Las Piñas City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of AllHome Corp. (the Company) for the year ended December 31, 2023, on which we have rendered our report dated April 25, 2024. 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: James Joseph Benjamin J. Araullo
Partner

CPA Reg. No. 0111202
TIN 212-755-957
PTR No. 10076133, January 3, 2024, Makati City
SEC Group A Accreditation
Partner - No. 111202-SEC (until financial period 2026)
Firm - No. 0002 (until financial period 2024)
BIR AN 08-002511-039-2021 (until Nov. 9, 2024)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 25, 2024

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
List of Supplementary Information
December 31, 2023

Schedule	Content	Page No.
Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68		
A	Financial Assets	N/A
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	N/A
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	N/A
D	Long-term Debt	1
E	Indebtedness to Related Parties (Long-term Loans from Related Companies)	N/A
F	Guarantees of Securities of Other Issuers	N/A
G	Capital Stock	2
Others Required Information		
	Reconciliation of Retained Earnings Available for Dividend Declaration	3
	Map Showing the Relationship Between the Company and its Related Entities	4

ALLHOME CORP.
(A Wholly Owned Subsidiary of AllValue Holdings Corp.)
SCHEDULE D - LONG TERM DEBT
December 31, 2023
(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 <u>3,449,496,491</u>	P <u>2,578,750,000</u>

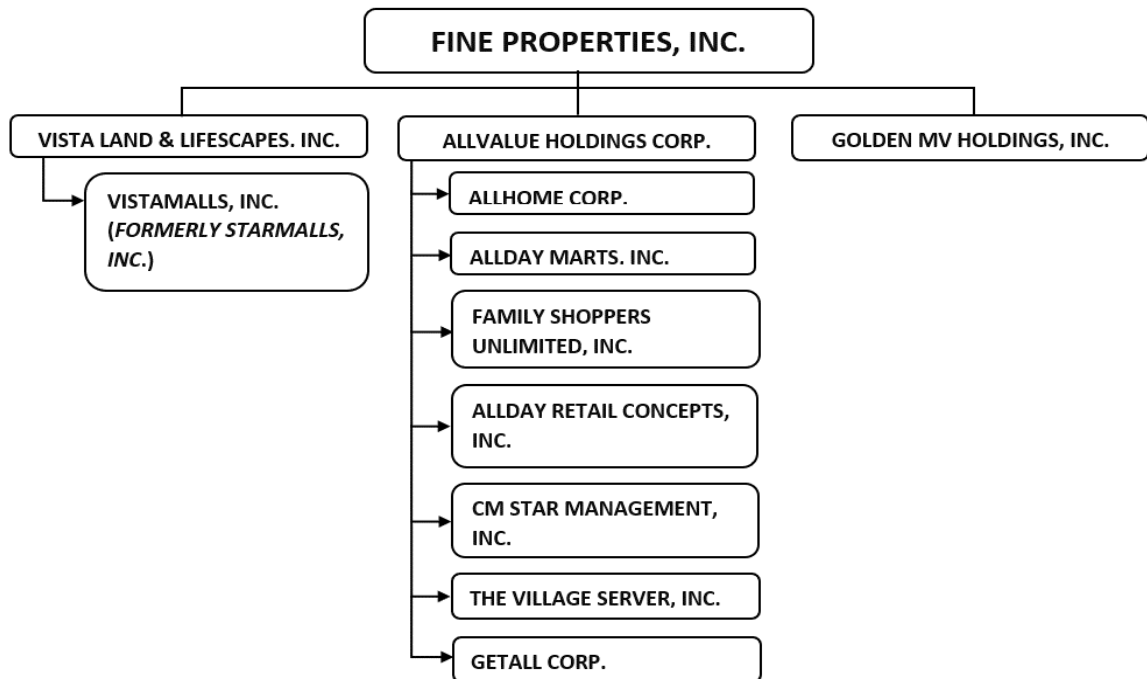
ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2023

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	<u>5,900,000,000</u>	<u>3,750,000,002</u>	<u>-</u>	<u>2,540,108,000</u>	<u>502</u>	<u>1,209,891,500</u>
Preferred Shares at P0.10 par value	<u>1,000,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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, 2023

Unappropriated Retained Earnings, beginning of reporting period		P 4,312,433,045
Less: Item that is directly debited to Unappropriated Retained Earnings		
Deferred tax income from deferred tax assets	P 214,706,485	
Dividend declaration during the year	(<u>140,250,000</u>)	74,456,485
Unappropriated Retained Earnings, as adjusted		4,386,889,529
Net Profit for the Current Year		797,258,231
Less: Other items that should be excluded from the determination of the amount of available for dividends declaration		
Net movement in deferred tax assets and deferred tax liabilities related to right-of-use assets and lease liabilities		(6,366,323)
Net movement in deferred tax assets not considered in the reconciling items under the previous categories		(<u>7,478,788</u>)
Total Retained Earnings, end of the reporting period available for dividend		<u>P 5,170,302,649</u>

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



Report of Independent Auditors on Components of Financial Soundness Indicators

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of AllHome Corp. (the Company) for the years ended December 31, 2023 and 2022, on which we have rendered our report dated April 25, 2024. 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, 2023 and 2022 and for each of the two years in the period ended December 31, 2023 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO


By: James Joseph Benjamin J. Araullo
Partner

CPA Reg. No. 0111202
TIN 212-755-957
PTR No. 10076133, January 3, 2024, Makati City
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BIR AN 08-002511-039-2021 (until Nov. 9, 2024)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 25, 2024

ALLHOME CORP.
Supplemental Schedule of Financial Soundness Indicators
December 31, 2023 and 2022

Ratio	Formula	2023	Formula	2022
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets P 13,173,688,597 Divide by: Total Current Liabilities 4,939,752,719 Current ratio 2.67	2.67	Total Current Assets divided by Total Current Liabilities Total Current Assets P 12,016,427,591 Divide by: Total Current Liabilities 5,425,963,064 Current ratio 2.21	2.21
Acid test ratio	Quick assets (Total Current Assets less Merchandise Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 13,173,688,597 Less: Merchandise Inventories (7,279,106,747) Other Current Assets (3,546,715,210) Quick Assets 2,347,866,640 Divide by: Total Current Liabilities 4,939,752,719 Acid test ratio 0.48	0.48	Quick assets (Total Current Assets less Merchandise Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 12,016,427,591 Less: Merchandise Inventories (6,629,751,113) Other Current Assets (2,963,691,220) Quick Assets 2,422,985,258 Divide by: Total Current Liabilities 5,425,963,064 Acid test ratio 0.45	0.45
Solvency ratio	Total Liabilities divided by Total Assets Total Liabilities P 11,048,654,430 Divide by: Total Assets 26,964,341,470 Solvency ratio 0.41	0.41	Total Liabilities divided by Total Assets Total Liabilities P 11,451,738,066 Divide by: Total Assets 26,734,418,341 Solvency ratio 0.43	0.43
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities P 11,048,654,430 Divide by: Total Equity 15,915,687,040 Debt-to-equity ratio 0.69	0.69	Total Liabilities divided by Total Equity Total Liabilities P 11,451,738,066 Divide by: Total Equity 15,282,680,275 Debt-to-equity ratio 0.75	0.75
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets P 26,964,341,470 Divide by: Total Equity 15,915,687,040 Assets-to-equity ratio 1.69	1.69	Total Assets divided by Total Equity Total Assets P 26,734,418,341 Divide by: Total Equity 15,282,680,275 Assets-to-equity ratio 1.75	1.75
Interest rate coverage	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 1,518,125,400 Divide by: Interest expense 456,832,526 Interest rate coverage ratio 3.32	3.32	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 1,818,994,056 Divide by: Interest expense 408,366,914 Interest rate coverage ratio 4.45	4.45
Return on equity	Net Profit divided by Total Equity Net Profit P 797,258,231 Divide by: Total Equity 15,915,687,040 Return on equity 0.05	0.05	Net Profit divided by Total Equity Net Profit P 933,768,771 Divide by: Total Equity 15,282,680,275 Return on equity 0.06	0.06
Return on assets	Net Profit divided by Total Assets Net Profit P 797,258,231 Divide by: Total Assets 26,964,341,470 Return on assets 0.03	0.03	Net Profit divided by Total Assets Net Profit P 933,768,771 Divide by: Total Assets 26,734,418,341 Return on assets 0.03	0.03
Net profit margin	Net Profit divided by Total Revenue Net Profit P 797,258,231 Divide by: Total Revenue 12,065,428,801 Net profit margin 0.07	0.07	Net Profit divided by Total Revenue Net Profit P 933,768,771 Divide by: Total Revenue 12,564,760,820 Net profit margin 0.07	0.07

COVER SHEET

C	S	2	0	1	3	1	0	1	7	9
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[illegible]

(Company's Full Name)

[illegible]

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

Robirose M. Abbot
Contact Person

09190815302
Company Telephone Number

1	2
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3	1
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Month *Day*
 Calendar Year

17-Q FORM TYPE

Month Day
 Annual Meeting

Secondary License Type, If
Applicable

Dept.	Requiring this
Doc.	

Amended Articles Number/Section

of Total Amount of Borrowings
 Total No. of Domestic Foreign
 Stockholders

To be accomplished by SEC Personnel concerned

File Number									
Document I.D.									

LCU
Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: March 31, 2024
2. SEC Identification number: CS-201310179
3. BIR Tax Identification No: 008-541-952
4. AllHome Corp.
Exact name of issuer as specified in its charter:
5. Philippines
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. LGF Bldg B, EVIA Lifestyle Center, Daanghari, Almanza Dos, Las Piñas City 1747
Address of issuer's principal office Postal Code
8. +63 (919) 081-5302
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 Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding And amount of debt outstanding
Common stock (as of 03/31/2024 net of nil treasury shares)	3,750,000,002

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

Yes ☒ No ☐

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

Philippine Stock Exchange Common Stock

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Securities Regulation Code and SRC Rule 17 thereunder, and Section 25 and 177 of the Revised Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period of the registrant was required to file such reports.)

Yes ☒ No ☐

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

Yes ☒ No ☐

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AllHome Corp.
Statements of Financial Position
As of March 31, 2024 and December 31, 2023
(Amounts in Philippine Peso)

	Note	Unaudited Mar 31, 2024	Audited Dec 31, 2023
ASSETS			
Current Assets			
Cash and cash equivalents	5	₱1,895,339,964	₱1,657,495,156
Trade and other receivables - net	6	739,148,041	690,371,484
Merchandise inventories	7	7,283,961,713	7,279,106,747
Other current assets	8	3,601,700,047	3,546,715,210
Total Current Assets		13,520,149,765	13,173,688,597
Non-current Assets			
Property and equipment - net	9	13,045,599,145	13,116,739,588
Other non-current assets	8	712,405,130	673,913,285
Total Non-current Assets		13,758,004,275	13,790,652,873
TOTAL ASSETS		27,278,154,040	26,964,341,470
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	10	1,063,413,749	940,299,943
Loans payable	11	3,613,024,455	3,449,496,491
Lease liability	12	522,741,775	510,463,801
Income tax payable		18,237,360	39,492,484
Total Current Liabilities		5,217,417,339	4,939,752,719
Non-current Liabilities			
Loans payable	11	2,578,750,000	2,578,750,000
Lease liability	12	2,669,439,159	2,803,963,351
Deferred tax liabilities - net	17	623,632,228	598,790,243
Retirement benefit obligation	16	132,876,905	127,398,117
Total Non-current Liabilities		6,004,698,292	6,108,901,711
Total liabilities		11,222,115,631	11,048,654,430
Equity			
Capital stock	19	3,750,000,002	3,750,000,002
Additional paid-in capital		7,209,298,114	7,209,298,114
Revaluation reserves		(13,052,352)	(13,052,352)
Retained earnings		5,109,792,645	4,969,441,276
Total Equity		16,056,038,409	15,915,687,040
TOTAL LIABILITIES AND EQUITY		₱27,278,154,040	₱26,964,341,470

See accompanying Notes to Financial Statements.



AllHome Corp.
Statements of Comprehensive Income
For the three months ended March 31, 2024 and 2023
(Amounts in Philippine Peso)

	Note	Unaudited Jan-Mar Q1-2024	Unaudited Jan-Mar 2024	Unaudited Jan-Mar Q1-2023	Unaudited Jan-Mar 2023
SALES	13	P2,760,520,854	P2,760,520,854	P2,921,186,089	P2,921,186,089
COST OF MERCHANDISE SOLD	14	(1,717,043,971)	(1,717,043,971)	(1,823,571,089)	(1,823,571,089)
GROSS PROFIT		1,043,476,883	1,043,476,883	1,097,615,001	1,097,615,001
SUPPORT FEES, RENTALS AND OTHER REVENUES	13	48,309,115	48,309,115	58,423,722	58,423,722
GROSS PROFIT INCLUDING OTHER REVENUES		1,091,785,998	1,091,785,998	1,156,038,722	1,156,038,722
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	14	(774,963,840)	(774,963,840)	(763,852,003)	(763,852,003)
OPERATING PROFIT		316,822,158	316,822,158	392,186,720	392,186,720
FINANCE INCOME (COSTS)					
Finance costs	15	(130,190,899)	(130,190,899)	(109,413,263)	(109,413,263)
Finance income	5	397,814	397,814	247,951	247,951
		(129,793,085)	(129,793,085)	(109,165,312)	(109,165,312)
PROFIT BEFORE TAX		187,029,073	187,029,073	283,021,048	283,021,048
TAX EXPENSE (INCOME)	17				
Current		(21,835,720)	(21,835,720)	(32,124,217)	(32,124,217)
Deferred		(24,841,985)	(24,841,985)	(38,618,738)	(38,618,738)
		(46,677,705)	(46,677,705)	(70,742,954)	(70,742,954)
NET PROFIT (LOSS)		140,351,367	140,351,367	212,278,453	212,278,453
OTHER COMPREHENSIVE INCOME		—	—	—	—
TOTAL COMPREHENSIVE INCOME (LOSS)		P140,351,367	P140,351,367	P212,278,453	P212,278,453
Basic and Diluted earnings (loss) per share		P0.04	P0.04	P0.06	P0.06

See accompanying Notes to Financial Statements.



AllHome Corp.
Statements of Changes in Equity
For the three months ended March 31, 2024 and 2023
(Amounts in Philippine Peso)

	Note	Unaudited Mar 31, 2024	Unaudited Mar 31, 2023
CAPITAL STOCK	19	₱3,750,000,002	₱3,750,000,002
ADDITIONAL PAID-IN CAPITAL	19	7,209,298,114	7,209,298,114
REVALUATION RESERVES	19	(13,052,353)	(10,949,114)
RETAINED EARNINGS			
Balance at beginning of period		4,969,441,278	4,312,433,045
Net profit (loss) for the period		140,351,367	212,278,453
Balance at end of period		5,109,792,645	4,524,711,498
TOTAL EQUITY		₱16,056,038,409	₱15,494,958,729



AllHome Corp.
Statements of Cash Flows
For the three months ended March 31, 2024 and 2023
(Amounts in Philippine Peso)

	Notes	Unaudited Jan-Mar Q1-2024	Unaudited Jan to Mar 2024	Unaudited Jan-Mar Q1-2023	Unaudited Jan to Mar 2023
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		₱ 187,029,073	₱ 187,029,073	₱283,021,408	₱283,021,408
Adjustments for:					
Losses due to fire		-	-	-	-
Depreciation and amortization	9	361,058,529	361,058,529	371,295,006	371,295,006
Finance costs	12, 15, 16	130,190,899	130,190,899	109,413,263	109,413,263
Gain on lease modification	17	-	-	-	-
Finance income	5	(397,814)	(397,814)	(247,951)	(247,951)
Operating profit before working capital changes		677,880,687	677,880,687	763,481,726	763,481,726
Decrease/(Increase) in:					
Trade and other receivables		(48,776,557)	(48,776,557)	167,502,970	167,502,970
Inventories		(4,854,966)	(4,854,966)	132,505,893	132,505,893
Other current assets		(54,808,281)	(54,808,281)	(143,873,492)	(143,873,492)
Increase/(Decrease) in:					
Trade and other payables		123,113,806	123,113,806	(130,788,740)	(130,788,740)
Retirement benefit obligation	16	4,102,523	4,102,523	2,730,175	2,730,175
Cash generated from operations		696,657,212	696,657,212	791,558,532	791,558,532
Cash paid for income taxes		(43,090,844)	(43,090,844)	(9,299,655)	(9,299,655)
Net cash from Operating activities		653,566,368	653,566,368	782,258,877	782,258,877
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to property and equipment	9	(247,620,522)	(247,620,522)	(218,601,270)	(218,601,270)
Increase in other non-current assets		(38,668,401)	(38,668,401)	(39,652,332)	(39,652,332)
Interest received		397,814	397,814	247,951	247,951
Net cash used in Investing activities		(285,891,109)	(285,891,109)	(258,005,651)	(258,005,651)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from availment of loans	11	1,876,689,085	1,876,689,085	1,102,869,141	1,102,869,141
Repayment of loans payable	11	(1,755,458,680)	(1,755,458,680)	(1,466,500,000)	(1,466,500,000)
Payments of principal portion of lease liability	12	(122,246,219)	(122,246,219)	(132,642,701)	(132,642,701)
Interest paid for lease liabilities	12	(55,188,547)	(55,188,547)	(63,577,664)	(63,577,664)
Interest paid for loans payable	11	(73,626,091)	(73,626,091)	(95,643,765)	(95,643,765)
Net cash (used in) from financing activities		(129,830,452)	(129,830,452)	(655,494,989)	(655,494,989)
NET DECREASE IN CASH		237,844,808	237,844,808	(131,241,763)	(131,241,763)
CASH AT BEGINNING OF PERIOD		1,657,495,156	1,657,495,156	1,767,714,969	1,767,714,969
CASH AT END OF PERIOD		₱1,895,339,964	₱1,895,339,964	₱1,636,473,207	₱1,636,473,207

See accompanying Notes to Financial Statements.

ALLHOME CORP. NOTES TO FINANCIAL STATEMENTS

1. Corporate 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, 2023 (including the comparative financial statements as of December 31, 2022 and for the years ended December 31, 2022 and 2021) were authorized for issue by the Company's Board of Directors (BOD) on April 25, 2024. The Company's owners and BOD have the power to amend the financial statements after issuance.

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information 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 and Sustainability Reporting Standards Council (FSRSC) 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.

In 2023, the Company reclassified a portion of its long-term loans amounting to P753.8 million and P290.0 million previously presented as part of the Non-current section of Loans Payable account to the Current section of the 2022 and 2021 statements of financial position, respectively. Accordingly, the Company presented a third statement of financial position as January 1, 2022, in accordance with the requirement under PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

The reclassification did not result in any adjustment to the Company's statements of comprehensive income, statements of changes in equity, and statements of cash flows for the years ended December 31, 2022 and 2021.

(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 Amended PFRS*

(a) Effective in 2023 that are Relevant to the Company

The Company adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023:

PAS 1 and PFRS Practice	
Statement 2 (Amendments)	: Presentation of Financial Statements – Disclosure of Accounting Policies
PAS 8 (Amendments)	: Definition of Accounting Estimates
PAS 12 (Amendments)	: Deferred Tax Related to Assets and Liabilities from a Single Transaction

Discussed below and on the succeeding page are the relevant information about these amendments.

- (i) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies*. The amendments replaced the requirement for entities to disclose their significant accounting policies with the requirement to disclose their material accounting policy information. The amendments also include guidance to help entities apply the definition of material in making decisions about accounting policy disclosures.

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Company's financial statements under Note 2.

- (ii) PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Company's financial statements.

- (iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component. (and interest expense). Management assessed that the application of such amendments had no significant impact on the Company's financial statements.

(b) Effective in 2023 that is not Relevant to the Company

Among the amendments to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2023, the amendments to PAS 12, International Tax Reform – Pillar Two Model Rules, is not relevant to the Company's financial statements.

(c) Effective Subsequent to 2023 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2023, which are adopted by the FSRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Company's financial statements:

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)
- (iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)
- (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)
- (v) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

2.3 Financial Instruments

(a) Financial Assets

Regular purchases and sales of financial assets are recognized on their trade date (i.e., the date that the Company commits to purchase or sell the asset).

(i) *Classification and Measurement of Financial Assets*

The Company's financial assets include only financial assets at amortized cost and 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.

(ii) *Impairment of Financial Assets*

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)].

(b) *Financial Liabilities*

Financial liabilities include trade and other payables (except tax-related liabilities), lease liabilities and loans payable, are recognized when the Company becomes a party to the contractual terms of the instrument.

2.5 *Merchandise Inventories*

The cost of inventories is determined using the moving average method.

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.

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.

2.7 *Revenue and Expense Recognition*

Revenue arises mainly from the sale of merchandise.

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.

The Company also assesses its revenue agreements against the specific criteria enumerated below in order to determine if it is acting as principal or agent. Both the legal form and the substance of the agreement are considered to determine each party's respective roles in the agreement. In all revenue agreements, the Company is acting as a principal. Revenue is recorded at gross when acting as a principal while only net revenues are considered if only an agency service exists.

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 have been transferred to the customer, being the point when 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 income is recognized at a point in time when support is received from the 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 is 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.

2.8 *Leases*

The Company accounts for its leases as follows:

(a) Company as Lessee

Subsequent to initial recognition, 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 which is from 2 to 16 years, inclusive of reasonably certain extension period.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. 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 on a straight-line basis over the lease term.

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.

(b) Company as Lessor

The Company applies judgment in determining whether a lease contract is a finance or operating lease.

2.9 *Impairment of Non-financial Assets*

The Company's property and equipment and other non-financial assets are subject to impairment testing.

2.10 *Employee Benefits*

The Company provides post-employment benefits to employees through a defined benefit plan and defined contribution plans, and other employee benefits.

The Company's defined benefit post-employment plan covers all regular full-time employees. The pension plan is tax-qualified, non-contributory and administered by a trustee.

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

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

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.

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosure of provisions and contingencies are discussed in Note 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, 2023 and 2022, 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. 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 2023, 2022 and 2021.

(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, 2023 and 2022 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.

4. 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 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.

The Company has only one reportable segment, which is the trading business. Further, the Company has only one geographical segment as all 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. The Company has no significant customer which contributed to 10% or more to the revenue of the Company.

5. Cash and Cash Equivalents

Cash and cash equivalents includes the following components:

	Unaudited Mar 31, 2024	Audited Dec 31, 2023
Cash in banks	₱ 1,807,714,964	₱1,569,920,156
Cash on hand	7,625,000	7,575,000
Short-term placements	80,000,000	80,000,000
	<u>₱1,895,339,964</u>	<u>₱1,767,714,968</u>

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

Short-term placements have maturity of 1 to 180 days and earn effective interest rates ranging from 1.65% to 2.0% in 2024 and 2023.

Finance income on these bank deposits and short-term placements for the three months ended March 31, 2024 and 2023, amounted to ₱0.4 million and ₱0.2 million, respectively.

6. Trade and Other Receivables - net

This account is composed of the following:

	Note	Unaudited Mar 31, 2024	Audited Dec 31, 2023
Trade receivables- third parties		₱277,384,093	₱313,171,545
Non-trade receivables		482,630,742	398,464,548
Others	18	1,527,129	1,129,315
		761,541,964	712,765,408
Allowance for impairment losses		(22,393,924)	(22,393,924)
		₱739,148,041	₱690,371,484

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, miscellaneous income.

Others pertain to accrued interest receivable.

All of the Company's trade and other receivables have been assessed for ECL. The Company assessed that the existing allowance for impairment losses is sufficient as of March 31, 2024.

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 ₱7.3 billion as of March 31, 2024 and December 31, 2023, respectively (see Note 14.1).

The Company did not provide any allowance for inventory obsolescence as the inventories are deemed saleable. Merchandise inventories were all stated at cost, which is lower than net realizable value, as of March 31, 2024 and December 31, 2023. Cost of inventories charged to operations are presented as Cost of Merchandise Sold in the statements of comprehensive income (see Note 14.1)

8. Other Assets

The composition of this account is shown below:

	Note	Unaudited Mar 31, 2024	Audited Dec 31, 2023
Current:			
Advances for purchases		₱3,353,713,887	₱3,347,662,771
Prepaid rent		70,649,491	65,976,269
Deferred input value-added taxes (VAT)		5,496,807	5,496,807
Others		171,839,863	127,579,363
		3,601,700,047	3,546,715,210
Non-current:			
Advances to suppliers		185,782,098	152,135,233
Materials and supplies	9	290,180,044	290,180,044
Security deposit		236,442,989	231,598,008
		712,405,131	673,913,285
		₱4,314,105,177	₱4,220,628,495

Advances for purchases pertain to payments made to various third party suppliers which are primarily used in the purchase of merchandise inventories subsequent to March 31, 2024 and 2023.

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.

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

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

9. Property and Equipment

The roll forward analyses of this account are as follows:

	Store Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvement	Right-of-use Assets	Construction- in-Progress	Total
Balance at January 1, 2024, net of accumulated depreciation and amortization	₱2,365,965,726	₱1,131,681,676	₱57,786,419	₱6,914,129,983	₱2,554,116,745	₱93,059,039	₱13,116,739,588
Additions - Other property and Equipment	75,336,869	53,804,802	—	61,279,686	—	—	190,421,357
Disposals (Note 21)	—	—	—	—	—	—	—
Reclassification	—	—	—	—	—	99,496,729	99,496,729
Lease modifications (Note 12)	—	—	—	—	—	—	—
Depreciation and amortization changes for the period	(51,699,065)	(66,083,298)	(3,301,196)	(116,829,522)	(123,145,448)	—	(361,058,529)
Balance at March 31, 2024, net of accumulated depreciation	₱2,389,603,530	₱1,119,403,180	₱54,485,223	₱6,858,580,147	₱2,430,971,297	₱192,555,768	₱13,045,599,145
	Store Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvement	Right-of-use Assets	Construction- in-Progress	Total
Balance at January 1, 2023, net of accumulated depreciation and amortization	₱2,568,308,570	₱1,276,848,773	₱65,146,028	₱6,966,080,176	₱3,010,975,957	₱131,545,136	₱14,018,904,640
Additions							
Other property and equipment	4,251,684	107,459,390	5,851,256	—	—	358,223,689	475,786,019
Right-of-use asset	—	—	—	—	72,431,666	—	72,431,666
Reclassification	—	—	—	396,709,786	—	—	—
Disposals	—	—	—	—	—	(396,709,786)	—
Depreciation and amortization changes for the year	(206,594,528)	(252,626,487)	(13,210,865)	(448,659,979)	(529,290,878)	—	(1,450,382,737)
Balance at December 31, 2023, net of accumulated depreciation	₱2,365,965,726	₱1,131,681,676	₱57,786,419	₱6,914,129,983	₱2,554,116,745	₱93,059,039	₱13,116,739,588

Construction-in-progress pertains to accumulated costs incurred on the construction of new stores.

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

As of March 31, 2024 and December 31, 2023, borrowing cost amounting to ₱42.3 million and ₱238.8 million, respectively, based on capitalization rate ranging from 5.00% to 8.5%, were capitalized as part of construction-in-progress (see Note 11).

As of March 31, 2024 and December 31, 2023, the gross carrying amount of the Company's fully depreciated property and equipment that are still used in operations is ₱ 121 million and ₱116.2 million.

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

10. Trade and Other Payables

This account consists of:

	Unaudited Mar 31, 2024	Audited Dec 31, 2023
Trade payables	₱810,710,224	₱682,692,592
Non-trade payables	156,749,034	149,454,904
Accrued expenses	51,352,837	44,974,465
VAT payable	25,621,453	37,828,659
Withholding tax payable	10,035,613	16,226,670
Others	8,944,588	9,122,653
	₱1,063,413,749	₱940,299,943

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

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

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

Others consist of payable to government agencies, retention payable and rewards liability.

11. Loans and Borrowings

The account consists of:

	Unaudited Mar 31, 2024	Audited Dec 31, 2023
Current	₱3,613,024,455	₱3,449,496,491
Non-current	2,578,750,000	2,578,750,000
	₱6,191,774,455	₱6,028,246,491

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 of 8.75% in 2024 and 2.00% to 8.25% in 2023, and with terms of 150 to 360 days. These loans are rolled-over upon maturity. There are no loan covenants on the Company's short-term loans.

11.2 Long-term Loans

In 2023, the Company obtained five-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 2.00% to 8.50%.

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 March 31, 2024 and December 31, 2023. The Company monitors capital on the debt-to-equity ratio on its covenants with certain financial institutions.

Interest expense incurred on these loans, which is presented as part of Finance costs under Other Income (Charges) in the statements of comprehensive income, amounted to ₱73.6 million and ₱45 million for the three months period ended March 31, 2024 and 2023, respectively (see Note 15). On the other hand, capitalized borrowing costs amounting to ₱42.3 million and ₱238.8 million, respectively, as of March 31, 2024 and December 31, 2023, were included as part of construction-in-progress based on capitalization rate ranging from 5.00% to 8.50% for specific borrowing in this period (see Note 9).

Interest payable from these loans amounted to ₱39.3 million and ₱23.1 million as of March 31, 2024 and December 31, 2023, respectively, and is presented as part of Accrued expenses under Trade and Other Payables in the statement of financial position (see Note 10).

12. Leases

12.1 Lease Liability

Lease liability is presented in the statement of financial position as of March 31, 2024 and December 31, 2023 as follows:

	Unaudited Mar 31, 2024	Audited Dec 31, 2023
Current	₱522,741,774	₱510,463,801
Non-current	2,669,439,159	2,803,963,351
	₱3,192,180,933	₱3,314,427,152

12.2 Additional Profit or Loss

Expenses recognized for the period are as follows:

	Note	Unaudited Mar 31, 2024	Audited Mar 31, 2023
Depreciation expense of right-of-use assets	9	₱123,145,448	₱143,110,775
Interest expense on lease liabilities	15	55,188,543	63,577,660
Variable lease payments	14.2	53,849,390	75,099,836
		₱232,183,381	₱281,788,271

The total cash outflow in respect of leases, including payment in lease agreements that contain variable payment linked to sales as mentioned in Note 12.2, amounted to P227.6 million, P249.8 million, and P304.5 million in March 31, 2024, 2023 and 2022, respectively.

13. Revenues

The Company's revenues arise from sale transactions with individual and corporate customers in the Philippines totaling to ₱2.8 billion and ₱2.9 billion for the three-months period ended March 31, 2024 and 2023, respectively.

The disaggregation on revenue recognition whether point in time or over time for period ended March 31, 2024 is shown below:

	Point in time	Over time	Total
Sale of merchandise (Note 18.1)	₱2,760,520,854	₱—	₱2,760,520,854
Vendors' support	—	38,995,991	38,995,991
Marketing fees	—	3,091,497	3,091,497
Delivery fees	—	2,421,327	2,421,327
Miscellaneous	2,062,300	—	2,062,300
	₱2,762,583,154	₱44,508,815	₱2,807,091,969

This compares to the disaggregation on revenue recognition whether point in time or over time for period ended March 31, 2023 as follows:

	Point in time	Over time	Total
Sale of merchandise (Note 18.1)	P2,921,186,089	P—	P2,921,186,089
Vendors' support	—	45,070,182	45,070,182
Marketing fees	—	4,540,250	4,540,250
Delivery fees	—	3,178,777	3,178,777
Miscellaneous	1,386,757	—	1,386,757
	P2,922,572,846	P52,789,209	P2,975,362,055

The Company also recognized rental income from its operating lessor amounting to P1.7 million and P4.2 million in 2024 and 2023, respectively

Vendors' support, marketing fees, delivery fees, rentals and miscellaneous are presented as part of Support fees, rentals and other revenues account in the statements of comprehensive income.

Miscellaneous revenues represent supports received from suppliers 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	Unaudited Mar 31, 2024	Unaudited Mar 31, 2023
Inventories at beginning of period	7	P7,279,106,747	P6,629,751,113
Purchases during the period		1,721,898,937	1,691,065,196
Cost of goods available for sale		9,001,005,685	8,320,816,309
Inventories at end of period	7	7,283,961,713	6,497,245,220
		P1,717,043,971	P1,823,571,089

14.2 Other Operating Expenses

	Note	Unaudited Mar 31, 2024	Unaudited Mar 31, 2023
Depreciation and amortization	9	P361,058,529	P371,295,005
Salaries, wages and employee benefits	16	111,316,169	91,296,203
Outside services		65,311,561	64,860,664
Rentals	12.2	53,849,390	75,099,836
Communication and utilities		87,545,458	71,817,679
Merchant fee		35,987,876	31,593,895
Taxes and licenses		18,598,406	23,023,504
Office and store supplies		4,956,198	5,537,613
Repairs and maintenance		8,368,016	9,399,621
Professional fees		2,899,300	3,206,143
Advertising and promotions		4,810,282	2,958,949
Dues and subscriptions		3,658,080	2,077,162
Transportation expense		5,706,444	3,112,213
Insurance expense		5,318,115	3,710,381
Representation and entertainment		1,727,592	1,204,822
Commission expense		1,091,902	1,203,535
Miscellaneous		2,760,521	2,454,777
		P774,963,840	P763,852,003

15. Finance Costs

Finance costs include the following:

	Note	Unaudited Mar 31, 2024	Unaudited Mar 31, 2023
Interest expense from:			
Lease liability	12.2	P55,188,543	P63,577,660
Loans payable	11	73,625,756	44,959,271
Retirement benefit obligation	16.2	1,376,266	876,332
Bank service charge		-	-
		P130,190,899	P109,413,263

16. Salaries, Wages and Employee Benefits

Expenses recognized for salaries, wages and employee benefits in 2024 and 2023 are presented below.

16.1 Salaries, Wages and Employee Benefits

	Note	Unaudited Mar 31, 2024	Unaudited Mar 31, 2023
Salaries and wages		P93,317,217	P78,986,224
Post-employment benefit	16.2	4,102,523	2,730,175
Other employee benefits		13,896,430	9,579,805
		P111,316,169	P91,296,203

16.2 *Post-employment Defined Benefit Plan*

- *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.

- *Explanation of Amounts Presented in the Financial Statements*

The most recent actuarial valuation dated April 8, 2024 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:

	Unaudited Mar 31, 2024	Audited Dec 31, 2023
Balance at beginning of the period	P127,398,117	P65,481,009
Current service cost	4,102,523	13,086,307
Past Service Cost	—	11,323,783
Interest expense	1,376,266	5,505,063
Benefits paid from Company operating fund		—
Transferred liability	—	—
Actuarial losses (gains) arising from:	—	—
Changes in financial Assumptions		20,469,009
Experience adjustments		11,532,946
Balance at the end of the period	P132,876,905	P127,398,117

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

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

In determining the amount of the retirement benefit obligation, the following significant actuarial assumptions were used for the period ended March 31, 2024 and December 31, 2023:

Discount rate	6.14%
Expected rate of salary increases	10.00%

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

Interest Rate Risk

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

Longevity and Salary Risks

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

The information on the sensitivity analysis for certain significant actuarial assumptions and the timing and uncertainty of future cash flows related to the retirement plan as of March 31, 2024 and December 31, 2023 are discussed below risk.

Impact on Retirement Benefit Obligation			
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/-1%	(17,099,527)	20,716,282
Salary growth rate	+/-1%	20,369,670	(17,168,105)

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

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous years.

The plan is currently unfunded by ₱127.4 million based on the latest actuarial valuation. While there is no minimum funding requirement in the country, the size of the underfunding may pose a cash flow risk that the Company may be exposed to if several employees retire within the same year. The Company has yet to determine when to establish a retirement fund and how much to contribute.

The maturity profile of the undiscounted expected benefit payments as of March 31, 2024 and December 31, 2023 from the plan follows:

Within five years	₱17,590,806
More than five years to 10 years	60,454,890
More than 10 years	<u>1,521,735,003</u>
	<u>₱1,599,780,699</u>

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 19.32 years.

17. Income Taxes

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

	Unaudited Mar 31, 2024	Unaudited Mar 31, 2023
Regular corporate income tax (RCIT)	P17,294,851	P30,074,626
Final tax at 20%	79,563	49,590
Excess of minimum corporate income tax (MCIT) at 1% over RCIT	4,540,869	-
	21,915,283	32,124,216
Deferred tax expense relating to originating and reversal of other temporary differences	24,841,985	38,618,738
	P46,757,268	P70,742,954

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

	Unaudited Mar 31, 2024	Unaudited Mar 31, 2023
Tax on pretax profit at statutory rate	P46,757,268	P70,755,352
Adjustment for income subjected to lower tax rate	(19,891)	(12,398)
Tax effects of non-deductible expense	19,891	-
Tax expense	P46,757,268	P70,742,954

The Company is subject to the Minimum Corporate Income Tax (MCIT) as defined under the tax regulations, or RCIT, whichever is higher. The Company reported MCIT for the period ended March 31, 2024 and RCIT for the period ended March 31, 2023.

The deferred tax liabilities as of March 31, 2024 and December 31, 2023 relate to the following:

	Statements of Financial Position		Statements of Comprehensive Income	
	Unaudited Mar 31, 2024	Audited Dec 31, 2023	Unaudited Mar 31, 2024	Unaudited Mar 31, 2023
Deferred tax assets:				
Leases - PFRS 16	₱199,110,653	₱198,374,314	₱199,110,653	(₱2,617,018)
Retirement obligation	24,284,057	26,765,146	24,284,057	(901,627)
Impairment loss	5,961,115	5,961,115	5,961,115	—
Uncollected Income	4,350,786		4,350,786	
Excess MCIT	4,540,869		4,540,869	
Reward liability	1,485,367	1,485,367	1,485,367	—
	239,732,846	232,585,942	239,732,846	(3,518,645)
Deferred tax liabilities:				
Depreciation	(606,733,543)	(581,424,616)	(606,733,543)	33,962,769
Borrowing costs	(246,828,279)	(240,148,316)	(246,828,279)	8,174,614
Uncollected income	(9,803,253)	(9,803,253)	(9,803,253)	—
	(863,365,075)	(831,376,185)	(853,561,822)	42,137,383
Deferred tax liabilities – net	(₱623,632,228)	(₱598,790,243)	(₱623,632,228)	₱38,618,738

The Company claimed itemized deductions for 2024 and 2023 in computing for its income tax due.

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.

18. Related Party Transactions

The Company's related parties include its ultimate parent company, parent company, related parties under common ownership, key management personnel and others. The summary of the Company's transactions with its related parties for the three months ended March 31, 2024 and 2023, and the related outstanding balances as of March 31, 2024 and December 31, 2023 are discussed in the succeeding pages.

Related Party Category	Amount of Transactions		Outstanding Balance	
	For the three months period		Unaudited	Audited
	Mar 31, 2024	Mar 31, 2023	Mar 31, 2024	Dec 31, 2023
Common Ownership:				
Depreciation (PFRS 16)	101,694,323	101,244,311	—	—
Interest (PFRS 16)	44,511,759	52,451,628	—	—
Sale of merchandise	10,217,309	6,297,525	—	48,060,151
Rentals	50,183,404	67,335,427	—	—
Common Ownership:				
Lease liability	57,692,062	94,424,342	-2,557,063,063	(P2,660,909,225)
Right-of-use Asset (PFRS 16)	—	—	2,366,823,347	2,061,316,758
Transferred retirement obligation	—	—	—	—
Key Management Personnel –				
Compensation	14,188,806	12,211,500	—	—

All outstanding balances from related parties are noninterest-bearing, unsecured and payable/collectible in cash on demand, unless otherwise stated.

18.1 Sale of Merchandise

The Company sells various merchandise items to its related parties with similar transaction price and terms under exact business circumstance with third parties. These transactions are presented as part of Sales in the statements of comprehensive income (see Note 13). The related receivables are presented as part of Trade Receivables under Trade and Other Receivables in the statements of financial position (see Note 6).

18.2 Key Management Personnel Compensation

For the period ended March 31, 2024, the total key management personnel compensation which includes short-term and post-employment benefits amounted to ₱14.2 million.

19. Equity

19.1 Capital Stock

The details of the Company's capital stocks as of March 31, 2024 and December 31, 2023 are as follows:

	Unaudited Mar 31, 2024		Audited Dec 31, 2023	
	No. of Shares	Amount	No. of Shares	Amount
Authorized shares:				
Common	5,900,000,000	5,900,000,000	5,900,000,000	5,900,000,000
Preferred	1,000,000,000	100,000,000	1,000,000,000	100,000,000
Issued and outstanding shares:				
Common - Par value of P1 per share	3,750,000,002	3,750,000,002	3,750,000,002	3,750,000,002
Balance at the end of the period	3,750,000,002	3,750,000,002	3,750,000,002	3,750,000,002

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 Dividend Declaration

In 2023, the Company's BOD approved the declaration of cash dividends amounting to P140.3 million (P0.0374 per share) on November 14, 2023, and payable to stockholders of record as of November 30, 2023. The cash dividends were settled on December 15, 2023.

In 2022, the Company's BOD approved the declaration of cash dividends amounting to P288.8 million (P0.0770 per share) on November 29, 2022, payable to stockholders of record as of December 15, 2022. The outstanding dividends payable amounting to P35.0 million is presented as part of Non-trade payables under Trade and Other Payables in the 2022 statement of financial position (see Note 10). The cash dividends were settled in 2023.

In 2021, the Company's BOD approved the declaration of cash dividends amounting to P197.6 million (P0.0527 per share) on November 12, 2021, and payable to stockholders of record as of November 19, 2021. The cash dividends were settled on December 14, 2021.

19.4 Revaluation Reserves

The component and reconciliation of items under Revaluation Reserves account in the statement of financial position are shown below.

	Unaudited Mar 31, 2024	Audited Dec 31, 2023
Balance at beginning of period	₱13,052,353	10,949,114
Remeasurement on post-employment defined benefit obligation	—	(32,001,955)
Tax expense	—	8,000,489
Effect of the change in income tax rate	—	—
Balance at the end of the period	₱13,052,353	(₱13,052,352)

20. Earnings (Loss) Per Share

Earnings (loss) per share were computed as follows:

	Unaudited Mar 31, 2024	Unaudited Mar 31, 2023
Net (loss) profit	P140,351,367	P212,278,453
Divided by weighted average number of outstanding common shares	3,750,000,002	3,750,000,002
Basic and diluted EPS	<u>P0.04</u>	<u>P0.06</u>

The Company has no potential dilutive common shares as of March 31, 2024 and 2023.

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 March 31, 2024 and 2023.

21.2 Others

There are other commitments, guarantees and contingent liabilities that may arise in the normal course of operations of the Company which are not reflected in the financial statements. As of March 31, 2024 and December 31, 2023, management is of the opinion that losses, if any, from these items will not have any material effect on the Company's financial statements, taken as a whole.

22. Risk Management Objectives and Policies

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

The Company does not normally engage in the trading of financial assets for speculative purposes nor does it write options. The most significant operational and financial risks to which the Company is exposed to are described below.

22.1 Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on short-term financing. The Company is exposed to changes in market interest rates through its cash in banks, which are subject to variable interest rates. However, due to its short-duration, management believes that the interest rate sensitivity and its effect on the net result for the period and equity are not significant (see Note 5).

222 Credit Risk

Credit risk is the risk that counterparty may fail to discharge an obligation to the Company. The Company is exposed to this risk for various financial instruments, for example by granting receivables to customers and related parties, and placing deposits.

The Company continuously monitors defaults of other counterparties, identified individually, and incorporates this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

Except for cash in banks, none of the Company's financial assets are secured by collateral or other credit enhancements.

(a) Cash

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of ₱0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables

The Company applies the PFRS 9 simplified approach in measuring ECL which uses a lifetime expected loss allowance for all trade and other receivables.

The expected loss rates on trade receivables are based on the payment profiles of sales over a period of 60 months before March 31, 2024 and December 31, 2023, and the corresponding historical actual default losses experienced within such period.

The Company identifies a default when the receivables become credit-impaired or when the customer is not able to settle the receivables within the normal credit terms of 30 to 60 days, depending on the terms with customers; hence, these receivables were already considered as past due on its contractual payment. In addition, the Company considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty.

On that basis, the loss allowance as at March 31, 2024 and December 31, 2023 was determined based on months past due, for trade receivables, excluding advances to officers and employees, as follows:

Unaudited Mar 31, 2024	Within 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Expected loss rate	0.00%	55.57%	68.75%	84.69%	
Gross carrying amount	720,895,275	35,790,855	1,970,728	1,357,976	760,014,835
Loss allowance	—	19,888,978	1,354,876	1,150,070	22,393,924
Audited Dec 31, 2023	Within 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Expected loss rate	0.00%	55.57%	68.75%	84.69%	
Gross carrying amount	672,235,048	36,043,069	3,005,853	352,123	711,636,093
Loss allowance	—	20,029,187	2,066,524	298,213	22,393,924

(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.

23. Categories and Fair Value Measurements

Management considers that the carrying values of the Company's financial assets and financial liabilities, measured at amortized costs, approximate their fair values either because these instruments are short-term in nature or the effect of discounting for those with maturities of more than one year is not material.

See Note 2 for a description of the accounting policies for each category of financial instrument. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 22.

23.1 *Fair Value Hierarchy*

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and liabilities and non-financial assets which are measured at fair value on a recurring or non-recurring basis and those assets and liabilities not measured at fair value but for which fair value is disclosed in accordance with other relevant PFRS, are categorized into three levels based on the significance of inputs used to measure the fair value. The fair value hierarchy has the following levels:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The level within which the asset or liability is classified is determined based on the lowest level of significant input to the fair value measurement.

For purposes of determining the market value at Level 1, a market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

There are no financial assets and financial liabilities measured at fair value as of March 31, 2024 and December 31, 2023. Neither was there transfers among fair value levels in those years.

24. Capital Management Objectives, Policies and Procedures

The Company's capital management objective is to ensure the Company's ability to continue as a going concern entity. Essentially, the Company, in coordination with its parent company, monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position.

The Company manages the capital structure and makes adjustments to consider changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

The Company monitors capital on the ratios on its covenants with certain financial institutions. Capital for the reporting periods is summarized as follows:

	Unaudited Mar 31, 2024	Audited Dec 31, 2023
Total liabilities	₱11,222,115,632	₱10,884,000,340
Total equity	16,056,038,409	15,915,687,040
Debt-to-equity ratio	0.70 : 1.00	0.69 : 1.00

25. Supplemental Information on Non-cash Activities

The following discusses the supplemental information on non-cash investing and financing activities as presented in the statements of cash flows for the years ended March 31, 2024, and December 2023:

- In March 31, 2024 and December 2023, the Company capitalized borrowing costs amounting to P42.3 million and P238.8 million respectively, to property and equipment (see Notes 9 and 11).
- In March 31, 2024 and December 2023, the Company has unpaid interest arising from loans payable amounting to P39.3 million and P34.5 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).
- In 2023, the Company recognized additional right-of-use assets amounting to P72.4 million. The corresponding lease liability of the same amount (see Notes 9 and 12).

ALLHOME CORP.**Supplemental Schedule of Financial Soundness Indicators**

March 31, 2024 and March 31, 2023

Ratio	Formula	2024	Formula	2023
Current ratio	Total Current Assets divided by Total Current Liabilities	2.59	Total Current Assets divided by Total Current Liabilities	2.78
	Total Current Assets ₱13,520,149,766		Total Current Assets ₱11,729,050,462	
	Divide by:		Divide by:	
	Total Current Liabilities 5,217,417,339		Total Current Liabilities 4,220,392,361	
	Current Ratio 2.59		Current Ratio 2.78	
Acid test ratio	Quick Assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities	0.50	Quick Assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities	0.50
	Total Current Assets ₱13,520,149,766		Total Current Assets ₱11,729,050,462	
	Less: Merchandise Inventories (7,283,961,713)		Less: Merchandise Inventories (6,497,245,220)	
	Other Current Assets (3,601,700,048)		Other Current Assets (3,107,564,714)	
	Quick Assets 2,634,488,004		Quick Assets 2,124,240,528	
	Divide by:		Divide by:	
	Total Current Liabilities 5,217,417,339		Total Current Liabilities 4,220,392,361	
	Acid Test Ratio 0.50		Acid Test Ratio 0.50	
Solvency ratio	Total Liabilities divided by Total Assets	0.41	Total Liabilities divided by Total Assets	0.41
	Total Liabilities ₱11,222,115,632		Total Liabilities ₱10,884,000,352	
	Divide by: Total Assets 27,278,154,040		Divide by: Total Assets 26,378,959,079	
	Solvency Ratio 0.41		Solvency Ratio 0.41	
Debt-to-equity ratio	Total Liabilities divided by Total Equity	0.70	Total Liabilities divided by Total Equity	0.70
	Total Liabilities ₱11,222,115,632		Total Liabilities ₱10,884,000,352	
	Divide by: Total Equity 16,056,038,409		Divide by: Total Equity 15,494,958,729	
	Debt-to-Equity Ratio 0.70		Debt-to-Equity Ratio 0.70	
Asset-to-equity ratio	Total Assets divided by Total Equity	1.70	Total Assets divided by Total Equity	1.70
	Total Assets ₱27,278,154,040		Total Assets ₱26,378,959,079	
	Divide by: Total Equity 16,056,038,409		Divide by: Total Equity 15,494,958,729	
	Asset-to-equity ratio 1.70		Asset-to-equity ratio 1.70	
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest Expense	2.43	Earnings before interest and taxes (EBIT) divided by Interest Expense	3.58
	EBIT ₱316,822,158		EBIT ₱392,186,720	
	Divide by: Interest Expense 130,190,899		Divide by: Interest Expense 109,413,263	
	Interest Coverage Ratio 2.43		Interest Coverage Ratio 3.58	
Return on equity	Net Profit divided by Total Equity	0.01	Net Profit divided by Total Equity	0.01
	Net Profit ₱140,351,367		Net Loss ₱212,278,453	
	Divide by: Total Equity 16,056,038,409		Divide by: Total Equity 15,494,958,729	
	Return on equity 0.01		Return on equity 0.01	
Return on assets	Net Profit divided by Total Assets	0.005	Net Profit divided by Total Assets	0.008
	Net Profit ₱140,351,367		Net Loss ₱212,278,453	
	Divide by: Total Assets 27,278,154,040		Divide by: Total Assets 26,378,959,079	
	Return on assets 0.005		Return on assets 0.008	
Net profit margin	Net profit divided by Total Revenue	0.05	Net profit divided by Total Revenue	0.07
	Net Profit ₱140,351,367		Net Loss ₱212,278,453	
	Divide by: Total Revenue 2,760,520,854		Divide by: Total Revenue 2,921,186,089	
	Net Profit Margin 0.05		Net Profit Margin 0.07	

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

REVIEW OF FIRST QUARTER END 2024 VS FIRST QUARTER END 2023

RESULTS OF OPERATIONS

Three Months ended March 31, 2024 compared to Three Months ended March 31, 2023

Sales

The company recorded sales of ₱2,760.5 million for the three months ended March 31, 2024, a decrease of about 5% from ₱2,921.2 million for the three months ended March 31, 2023. While the soft categories remained stable, the softening demand for the hard categories was significant.

The following table shows the key operating performance indicators relevant to the revenues for the period ended March 31, 2024 and 2023.

	As of and for the period ended 31 March		
	2024	2023	% change
Number of Stores	72	60	20.0%
Net Selling Area (in sqm)	296,933	295,303	0.5%
Net Sales (Php millions)	2,760.5	2,921.2	-5.5%
SSSG	-6.3%	-12.1%	

Cost of Merchandise Sold

For the three months ended March 31, 2024, cost of merchandise sold was at ₱1,717.0 million, a decrease of 6% from the ₱1,823.6 million for the same period in 2023 corresponding to the decrease in sales as well as due to lower cost of goods as these were purchased in advance in the previous quarters at lower cost.

Support, Fees, Rentals and Other Revenues

Support, Fees, Rentals and Other Revenues decreased by 17% from ₱58.4 million for the three months ended March 31, 2023 to ₱48.3 million for the three months ended March 31, 2024, primarily due to the decrease in vendor's support with no store opened during the period.

Selling, General and Administrative Expenses

Selling, General and Administrative Expenses increased by 2% to ₱775.0 million for the three months ended March 31, 2024 from ₱763.9 million for the same period in 2023, primarily due to the following reason:

- Decrease in depreciation and amortization from ₱371.3 million in March 31, 2023 to ₱361.1 million in March 31, 2024 attributed to the closure of a rented warehouse.

- Increase in salaries, wages, and employee benefits from ₱91.3 million in March 31, 2023 to ₱111.3 million in March 31, 2023 due to the additional manpower for the new stores and inflationary effect.
- Slight increase in outside services from ₱64.9 million in March 31, 2023 to ₱65.3 million in March 31, 2024 due to more efficient staffing in our stores.
- Decrease in rentals from ₱75.1 million in March 31, 2023 to ₱54.0 million in March 31, 2024 due to lower sales which is the basis for the rental computation.
- Increase in communication and utilities from ₱71.8 million in March 31, 2023 to ₱88.0 million in March 31, 2024 primarily due to significant hike in power rates in 2023
- Increase in merchant fee from ₱31.6 million in March 31, 2023 to ₱36.0 million in March 31, 2024 due to higher debit/credit card and installment sales for the period.
- Decrease in taxes and licenses from ₱23.0 million in March 31, 2023 to ₱19.0 million in March 31, 2024 due to lower sales.
- Decrease in repairs and maintenance from ₱9.4 million in March 31, 2023 to ₱8.3 million in March 31, 2024 due to weatherproofing maintenance services done in the stores.
- Decrease in office and store supplies from ₱5.5 million in March 31, 2023 to ₱5.0 million in March 31, 2024 due primarily to timing of purchases of supplies in the head office.
- Decrease in professional fees from ₱3.2 million in March 31, 2023 to ₱3.0 million in March 31, 2024 due to timing difference in the payment of audit fees, BOD fees, and consultancy fees.
- Increase in advertising and promotions from ₱3.0 million in March 31, 2023 to ₱5.0 million in March 31, 2024 due to social media boostings as well as flyer/banner print-outs for marketing purposes.
- Increase in dues and subscriptions from ₱2.1 million in March 31, 2023 to ₱4.0 million in March 31, 2024 due to increase in the number of stores.
- Increase in transportation expense from ₱3.1 million in March 31, 2023 to ₱6.0 million in March 31, 2024 due to increasing fuel prices and also due to increase in deliveries from distribution centers to stores as well as inter-stores stock transfer.
- Increase in insurance expense from ₱3.7 million in March 31, 2023 to ₱5.3 million in March 31, 2024 to cover the newly opened stores and adjustment in coverages.
- Increase in representation and entertainment from ₱1.2 million in March 31, 2023 to ₱1.7 million in March 31, 2024 due to the increase in the number of physical meetings during the period.

- Decrease in commission expense from ₱1.2 million in March 31, 2023 to ₱1.1 million in March 31, 2024 as most corporate sales during the period were generated by external or third-party sales teams.
- Increase in miscellaneous expense from ₱2.5 million in March 31, 2023 to ₱2.8 million in March 31, 2024 due to donation and other fees

Finance Cost, net

Finance cost, net increased from ₱109.4 million for the three months ended March 31, 2023 to ₱130.2 million for the three months ended March 31, 2024 due primarily to the increase in interest on loans payable and slightly offset by the decrease in interest expense from lease liability.

Tax Expense

Tax expense decreased by 34% from ₱70.7 million for the three months ended March 31, 2023 to ₱46.7 million for the three months ended March 31, 2024 due to lower taxable income for the period.

Net Profit

As a result of the foregoing, our net income decreased by 33.8% from ₱212.3 million net profit for the three months ended March 31, 2023 to ₱140.4 million net profit for the three months ended March 31, 2024.

FINANCIAL CONDITION

As of 31 March 2024 vs. 31 December 2023

Total assets amounting to ₱27,278.2 million as of March 31, 2024 recorded an increase of 3% from the reported amount of ₱26,964.3 million in December 31, 2023 due to the following:

- Cash amounting to ₱1,895.3 million as of March 31, 2024 recorded an increase of 14% from the reported amount of ₱1,657.5 million in December 31, 2023 profitable operations for the period.
- Trade and Other Receivables amounting to ₱739.1 million as of March 31, 2024 recorded an increase of 7% from the reported amount of ₱690.3 million reported in December 31, 2023 due to timing difference in collection.
- Merchandise Inventory amounting to ₱7,284.0 million as of March 31, 2024 recorded a slight increase of 0.1% from the ₱7,279.1 million reported in December 31, 2023 due to continuous replenishment and refresh of inventory.
- Property and Equipment amounting to ₱13,045.6 million as of March 31, 2024 recorded a slight decrease of 1% from the ₱13,116.7 million reported in December 31, 2023 primarily due to depreciation.
- Other Assets amounting to ₱4,314.1 million, as of March 31, 2024, recorded a slight decrease of 1% from the amount ₱4,334.2 million reported in December 31, 2023 due primarily to security deposit for new warehouse, and advances for purchases.

Total liabilities amounting to ₱11,222.1 million as of March 31, 2024 recorded an increase of 2% from the reported amount of ₱11,451.7 million in December 31, 2023. This was due to the following:

- Trade and other payables amounting to ₱1,063.4 million, as of March 31, 2024, recorded an increase of 13% from the ₱940.3 million reported in December 31, 2023 due to payments of payables for the purchase of inventories.
- Loans payable including non-current portion amounting to ₱6,191.8 million, as of March 31, 2024, recorded an increase of 2% from the ₱6,028.2 million reported in December 31, 2023 due to advance refinancing on maturing loans.
- Lease liability including non-current portion amounting to ₱3,192.2 million, as of March 31, 2024, recorded a decrease of 4% from the ₱3,314.4 million reported in December 31, 2023 due to lease payments made.
- Income tax payable amounting to ₱18.2 million, as of March 31, 2024, recorded a decrease of 54% from the ₱39.5 million reported in December 31, 2023 due to tax payments.

- Deferred Tax Liability amounting to ₱623.6 million, as of March 31, 2024, recorded an increase of 4% from the amount ₱598.8 million reported in December 31, 2023 due to the adjustment to temporary tax differences for the period.
- Retirement benefit obligation amounting to ₱132.9 million, as of March 31, 2024, recorded an increase of 4% from the ₱127.4 million reported in December 31, 2023 due to adjustment of provision for the retirement benefit.

Total stockholder's equity amounting to ₱16,056.0 million, as of March 31, 2024, recorded an increase of 1% from the ₱15,915.7 million reported in December 31, 2023 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	<i>3/31/2024</i>	3/31/2023
Revenue (₱ millions)	₱2,760.5	₱2,921.2
Gross Profit (₱ millions)	1,043.6	1,097.6
Gross Profit Margin (%) ^(a)	37.8%	37.6%
Net Profit or Loss (₱ millions)	140.3	212.3
Net Profit Margin (%) ^(b)	5.1%	7.3%

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

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

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

Revenues decreased for the three months ended March 31, 2024 compared to the three months ended March 31, 2023 due to weakened sales in the hard categories as customers, who are primarily end-consumers, shift their spending of disposable income to travel / leisure / food, and entertainment to address their pent-up demands during the pandemic.

Gross Profit decreased for the three months ended March 31, 2024 compared to three months ended March 31, 2023 due to the decrease in sales.

Gross Profit Margin slightly increased for the three months ended March 31, 2024 compared to three months ended March 31, 2023 due to lower cost of goods sold as these were purchased in advance in the previous quarters at lower cost.

Net Profit or Loss, and Net Profit Margin decreased for the three months ended March 31, 2024 compared to three months ended March 31, 2023 due to lower sales and the increase in operating expenses

Material Changes to the Company's Balance Sheet as of 31 March 2024 compared to 31 December 2023 (increase/decrease of 5% or more)

- Cash amounting to ₱1,895.3 million as of March 31, 2024 recorded an increase of 14% from the reported amount of ₱1,657.5 million in December 31, 2023 profitable operations for the period.
- Trade and Other Receivables amounting to ₱739.1 million as of March 31, 2024 recorded an increase of 7% from the reported amount of ₱690.3 million reported in December 31, 2023 due to timing difference in collection.
- Trade and other payables amounting to ₱1,063.4 million, as of March 31, 2024, recorded an increase of 13% from the ₱940.3 million reported in December 31, 2023 due to payments of payables for the purchase of inventories.
- Income tax payable amounting to ₱18.2 million, as of March 31, 2024, recorded a decrease of 54% from the ₱39.5 million reported in December 31, 2023 due to tax payments

Material Changes to the Company's Statement of Income for the 3-month of 2024 compared to the 3-month of 2023 (increase/decrease of 5% or more)

- The company recorded sales of ₱2,761.0 million for the three months ended March 31, 2024, a decrease of about 5% from ₱2,921.2 million for the three months ended March 31, 2023. While the soft categories remained stable, the softening demand for the hard categories was significant.
- For the three months ended March 31, 2024, cost of merchandise sold was at ₱1,717.0 million, a decrease of 6% from the ₱1,823.6 million for the same period in 2023 corresponding to the decrease in sales as well as due to lower cost of goods as these were purchased in advance in the previous quarters at lower cost.
- Support, Fees, Rentals and Other Revenues decreased by 17% from ₱58.4 million for the three months ended March 31, 2023 to ₱48.3 million for the three months ended March 31, 2024, primarily due to the decrease in vendor's support with no new store opened during the period.
- Finance cost, net increased from ₱130.2 million for the three months ended March 31, 2023 to ₱109.2 million for the three months ended March 31, 2024 due primarily to the increase in interest on loans payable and slightly offset by the decrease in interest expense from lease liability.
- Tax expense decreased by 34% from ₱70.7 million for the three months ended March 31, 2023 to ₱46.7 million for the three months ended March 31, 2024 due to lower taxable income for the period.

- As a result of the foregoing, our net income decreased by 34% from ₱212.0 million net profit for the three months ended March 31, 2023 to ₱140.3 million net profit for the three months ended March 31, 2024.

COMMITMENTS AND CONTINGENCIES

There are no material commitment and contingency as of March 31, 2024 and as of March 31, 2023.

For the 3-month of 2024, 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.

PART II – OTHER INFORMATION

Item 3. 3-month of 2024 Development

A. New Projects or Investments in another line of business or comparison.

None

B. Composition of Board of Directors.

Manuel B. Villar, Jr.	Chairman of the Board
Camille A. Villar	Vice Chairman of the Board
Benjamarie Therese N. Serrano	Director and President
Frances Rosalie T. Coloma	Director and Treasurer
Manuel Paolo A. Villar	Director
Jessie D. Cabaluna	Independent Director
Raul Juan N. Esteban	Independent Director

C. Performance of the corporation or result/progress of operation.

Please see unaudited Financial Statements and Management's Discussion and Analysis.

D. Declaration of Dividends.

P0.0374 per share Regular Cash Dividend

Declaration date: November 29, 2023

Record date: December 15, 2023

Payment date: December 29, 2023

P 0.0770 per share Regular Cash Dividend

Declaration date: November 29, 2022

Record date: December 15, 2022

Payment date: December 29, 2022

P 0.0527 per share Regular Cash Dividend

Declaration date: November 12, 2021

Record date: November 29, 2021

Payment date: December 14, 2021

P 0.014 per share Regular Cash Dividend

Declaration date: November 25, 2020

Record date: December 14, 2020

Payment date: December 28, 2020

P 1.2785 per share Regular Cash Dividend

Declaration date: May 28, 2019

Record date: June 14, 2019

Payment date: June 28, 2019

- E.** Contracts of merger, consolidation, or joint venture; contract of management, licensing, marketing, distributorship, technical assistance or similar agreements.

None.

- F.** Offering of rights, granting of Stock Options and corresponding plans thereof.

None.

- G.** Acquisition of additional mining claims or other capital assets or patents, formula, real estate.

Not Applicable

- H.** Other information, material events or happenings that may have affected or may affect market price of security

None.

- I.** Transferring of assets, except in normal course of business.

None.

Item 4. Other Notes as of 3-month of 2024 Operations and Financials.

- J.** Nature and amount of items affecting assets, liabilities, equity, net income, or cash flows that is unusual because of their nature, size, or incidents.

None.

- K.** Nature and amount of changes in estimates of amounts reported in prior periods and their material effect in the current period.

There were no changes in estimates of amounts reported in prior interim period or prior financial years that have a material effect in the current interim period.

- L.** New financing through loans/issuances, repurchases and repayments of debt and equity securities.

See Notes to Financial Statements and Management's Discussion and Analysis.

- M.** Material events subsequent to the end of the interim period that have not been reflected in the financial statements for the interim period.

See Notes to Financial Statements and Management's Discussion and Analysis.

- N.** The effect of changes in the composition of the issuer during the interim period including business combinations, acquisition or disposal of subsidiaries and long term investments, restructurings, and discontinuing operations.

None.

- O.** Changes in contingent liabilities or contingent assets since the last annual statement of financial position date.

None.

- P.** Existence of material contingencies and other material events or transactions during the interim period.

None.

- Q.** Events that will trigger direct or contingent financial obligation that is material to the company, including any default or acceleration of an obligation.

None.

- R.** Material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the company with unconsolidated entities or other persons created during the reporting period.

None.

- S.** Material commitments for capital expenditures, general purpose and expected sources of funds.

Material commitments for capital expenditures contracted were attributed to the store fixtures and equipment being put up for the upcoming new stores.

- T.** Known trends, events or uncertainties that have had or that are reasonably expected to have impact on sales/revenues/income from continuing operations.

As of March 31, 2024, no known trends, events or uncertainties that are reasonably expected to have impact on sales/revenues/income from continuing operations except for those being disclosed in the 3-month of 2024 financial statement.

- U.** Significant elements of income or loss that did not arise from continuing operations.

None.

- V.** Causes for any material change/s from period to period in one or more line items of the financial statements.

None.

- W.** Seasonal aspect that had material effect on the financial condition or results of operations.

None.

- X.** Disclosures not made under SEC Form 17-C

None.

SIGNATURES

Pursuant to the requirements of Section 17 of the SRC and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized.

ALLHOME CORP.

Issuer

By:

A handwritten signature in black ink, appearing to read "RobiRose M. Abbot", is written over a light gray rectangular background.

ROBIROSE M. ABBOT

CFO / CRO and Head of IR

Date: **May 15, 2024**