AllHome
One-stop shop for *your* home

Agility.
Adaptability.
Resilience.

2020 ANNUAL REPORT

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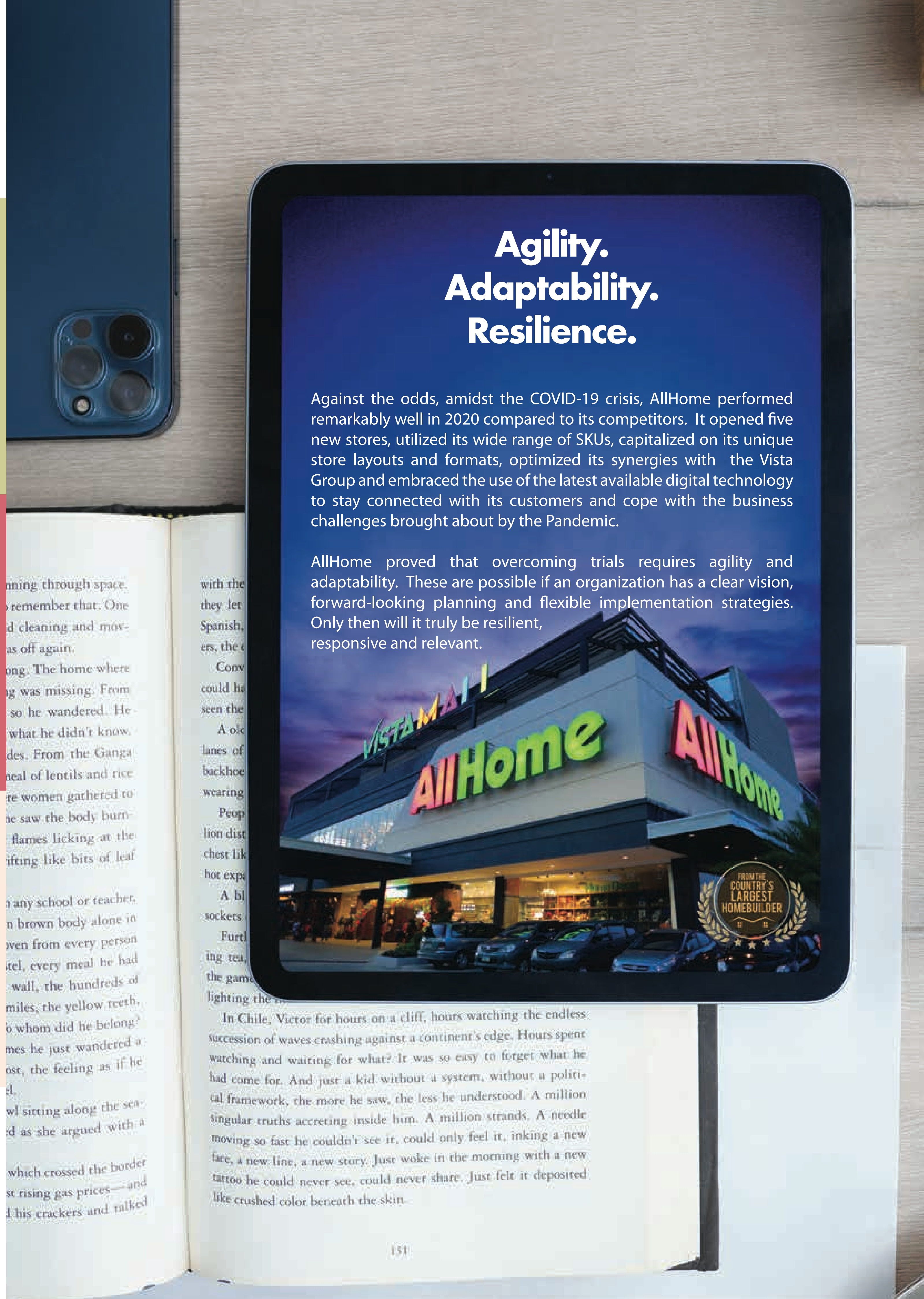
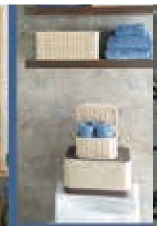


About Us

Established in 2013, AllHome is a pioneering home improvement retailer in the Philippines. It is a one-stop shop, full-line home center with a wide and comprehensive product offering, geared towards providing every homeowner a complete customer journey in one large store—from construction to furnishing their homes, down to everyday home essentials. Its target market additionally is comprised of builders, contractors, architects, and interior designers.

It is a stock corporation incorporated and registered under the laws of the Philippines.

AllHome is an affiliate of the Villar Group—the largest homebuilder in the Philippines having built nearly 500,000 homes, and with a landbank of more than 3,000 hectares. The synergy has given AllHome easy access to a captive market and ideal locations in growing residential communities nationwide, enabling its rapid store network growth.



AllHome banners a differentiated home shopping experience and is a vital cog of the innovative AllValue retail ecosystem that includes AllDay Supermarket, Coffee Project, Bake My Day, Finds, AllSports, AllToys, KinderCity, and Vista Cinemas.

AllHome started with just four stores and a little over 23,000 sqm of net retail space in Mega Manila and Pampanga in 2013. As of the end of 2020, it now has 50 stores and a net selling area of 331,590 sqm. The AllHome store network is composed of three compelling store formats—large mall-based, large free-standing, and specialty stores.

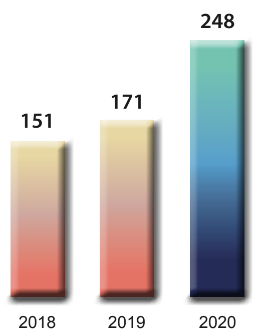
AllHome is committed to opening more stores in the future, particularly in key cities and emerging urban centers outside the National Capital Region.

Financial *Highlights*

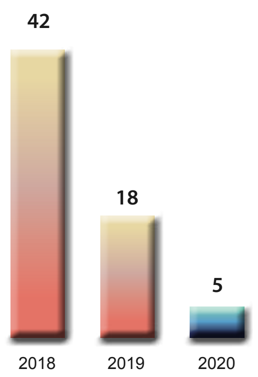
INCOME STATEMENT	2020	2019	2018
	(in millions PHP)		
Revenues	12,414	12,060	7,192
Gross Profit	3,928	3,608	2,130
GP Margin	*31.6%*	*29.9%*	*29.6%*
Net Income	988	1,050	511
NI Margin	*8.0%*	*8.7%*	*7.1%*
EBITDA	2,694	2,620	954
EBITDA Margin	*21.7%*	*21.7%*	*13.3%*

BALANCE SHEET	2020	2019	2018
	(in millions PHP)		
Total Assets	21,775	19,685	8,215
Total Liabilities	8,404	7,270	5,536
Total Equity	13,371	12,415	2,678

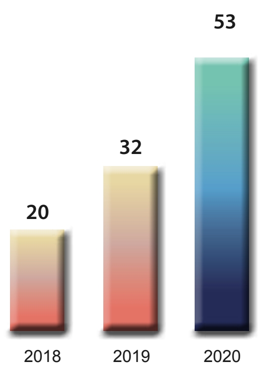
INVENTORY TURNOVER

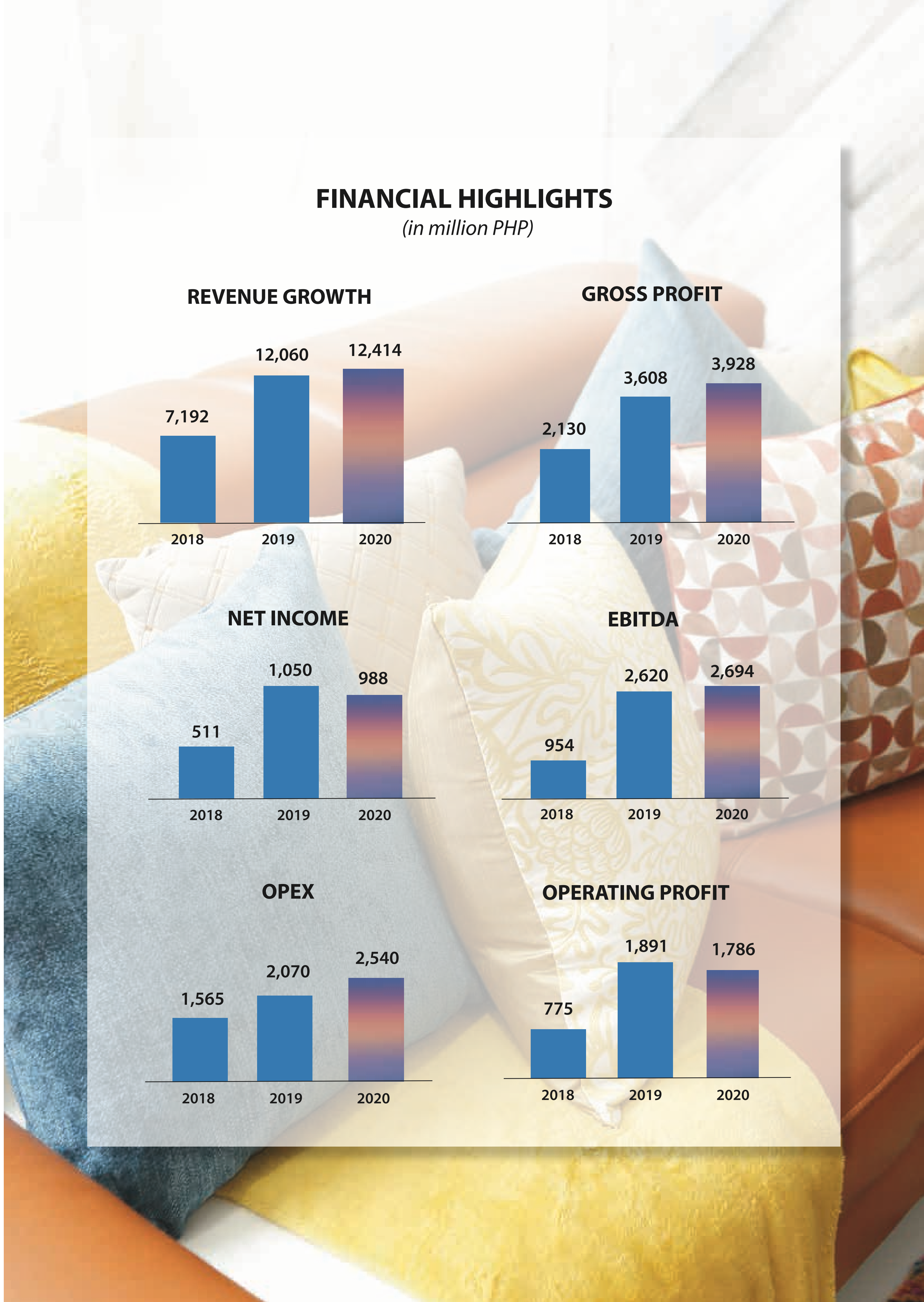


TRADE RECEIVABLE TURNOVER



TRADE PAYABLE TURNOVER





The New Normal—Agility, Adaptability, And Resilience

Dear fellow shareholders,

2020 has been one of the most challenging years in recent memory. The spectre of the COVID-19 pandemic blindsided an entire world. We were forced into varying degrees of isolation. Painful challenges to health and business were posed to the global society. It was a change so sudden and vast that the world collectively coined a phrase for it—the new normal.

In this new normal, it was clear that addressing community health was a top priority. The importance of stable health services was paramount, which is why AllHome immediately engaged government agencies and offered our assistance however and whenever we can. At the onset of the pandemic, we, alongside our partners, gave our full support to Bayanihan against COVID-19, partnering with the government in converting the Philippine International Convention Center into a 630-bed improvised health facility.

In the new normal, we ensured that AllHome operations put primacy on our frontline employees' health and safety. Throughout the most critical periods of the pandemic, we provided them with personal protection supplies, shuttle services when public transportation was sparse, and meals. Moreover, they were provided with COVID-19 routine tests, medical and hospitalization assistance, and paid leaves.

And when the vaccine was clearly on the horizon, AllHome joined the government and other private companies in signing a deal to procure COVID-19 vaccines for our employees and pledged vaccine donations for the public.

Running in parallel to the challenge of our social responsibility is the importance of our commitment to our stakeholders—to provide viability and value. In this new normal, what will it take for AllHome not only to survive, but to thrive?

In this pandemic, what allowed us to sustain our viability as an organization and continue serving our customers can be summed up in three words: Agility or our ability to be flexible and act quickly; Adaptability, our capability to optimize the use of both existing and available digital platforms to keep the business going; and Resilience, the innate strength and commitment that motivated our Team to work even harder.

Chairman's *Message*

Agility for AllHome was creatively utilizing our advantages over competitors in the new normal. Our free-standing stores were largely less affected by mall lockdowns that made it difficult for our mall-based competitors to keep up, as we were able to quickly adopt a park-and-shop approach for our customers. We quickly calibrated our merchandise mix to meet changing demands, becoming part of the general shift from working in the office to the new normal of working from home. For instance, our sales of office furniture and air conditioners went up as customers sought to set up workstations in their residences. As people whiled away their time ensconced in their homes, many ventured into DIY redecorating, refurbishing, and refurnishing. Our stores demonstrated agility in their ability to provide—through both in-store and online platforms—fully-stocked, convenient, reliable, and safe sources of products and materials for both DIYers and builders alike. We identified emerging trends and capitalized on them—immediately introducing innovative concepts such as AllDigital, which served the shift to remote work as well as the increasing market acceptance of smarter homes and digital home solutions.

Adaptability in adversity became an opportunity in itself. The pandemic accelerated what we knew to be on the horizon—the inevitable adoption of digital commerce. We took advantage of this new normal opportunity, fast-tracking our digital transformation and taking advantage of technology to improve our business processes and stay connected to our customers as we coped with the business challenges brought about by the pandemic. This digital shift is our synergy with Vista Land on full display. Our physical stores, part of a world-class retail ecosystem and located near well-planned Vista communities turned into leverage as it readily expanded our capability to reach and serve online customers, cementing our omni-channel approach.

Being adaptable also enabled us to cautiously pause and reassess our plan considering the quarantine restrictions of the surrounding communities. We took stock and prioritized expanding our store network to cities and municipalities with robust purchasing power. With this recalibration, we proceeded to open new locations successively—five in the last quarter of 2020 alone—and grew our homegrown brand portfolio across our seven product categories.

By taking care of our people, we nurtured a spirit of resilience across the AllHome organization. By prioritizing their safety and welfare as they faced the daunting challenge of working amidst the dangers of the pandemic, we empowered them to deliver excellent services and results for our customers. On top of the indispensable health safeguards for both our frontliners and office-based support teams, we ensured continuing performance recognition—especially important in this unique working environment. We also ensured the safety and protection of our office-based employees through flexible work-from-home arrangements and alternating office schedules. We continuously conducted health protocol seminars and enjoined our employees to attend emotional and mental health counseling seminars to help cope with the challenges of the new normal.

It is through our agility, adaptability and resilience that we are pleased to have honored our commitment to you, our fellow shareholders, and distributed dividends. Looking forward to 2021 and beyond—while keeping in mind the continuing uncertainties caused by COVID-19—we remain committed to using current effective processes and finding new ways to drive operational efficiencies and enhance customer engagement. More than ever, I commend our management, employees, stockholders, and business partners for all the dedication and hard work. It is with pride that I report that we come off relatively well from what can be rightfully called as one of the toughest years of business. I am confident that by staying aligned, agile, and adaptable, AllHome's resilience will serve sufficient in braving whatever lies ahead.

Manuel B. Villar, Jr.
Chairman

Beyond Resilience

Dear Fellow Shareholders,

Resilience is not a magic solution that one calls upon to meet the challenge of adversity and crisis. It is the product of hard work as well as a bold willingness to commit, to adjust and to innovate. I take great pride in knowing that these are values that have always been part and parcel of the AllHome way.

Against the backdrop of the myriad challenges of the pandemic that has swept the globe, we remain resilient. It is my pleasure to report that AllHome not only continues this resilience, it is steadfast in providing value to each and every stakeholder, ending 2020 with a commendable operating performance.

Emerging from the two-month lockdown from March 17 to May 15 that greatly affected our store performance in the second quarter, we saw steady quarterly improvements in our performance. This resulted in topline growth amidst an extremely difficult retail climate. This was made possible by the following key factors:

One, we took advantage of the AllValue Retail Ecosystem which enabled AllHome to serve its customers even during the Enhanced Community Quarantine (ECQ) when 40 out of our 45 stores were temporarily closed. Our immediate response to establish pop-up stores beside AllDay Supermarkets allowed us to make available essential home items needed by customers at the height of summer while being home-quarantined. Co-located with our affiliate supermarkets and coffee shops, we were able to provide a one-stop shop destination for customers from thriving residential communities, near to which our stores are located. Our store formats which are essentially free-standing stores with separate entrances and exits provide a safe shopping experience to our customers as they could park, shop, and then leave without having to mingle with a wider group of shoppers compared to stores with access only from inside the malls. Our continued synergy with the Villar Group resulted in securing the best store locations, satisfying our captive target markets, fast-tracking execution capabilities, and achieving economies of scale.

Two, we initiated digital innovations to complement our brick and mortar stores. We established our own E-commerce platform www.allhome.com.ph during the ECQ period and launched various online shopping platforms: Shop Online at AllHome Viber community, AllHome Builders Centre Viber Community and Personal Shopper Service. We wanted to make our products available to our customers while observing quarantine and health protocols. In doing so, we were able to reach both end-user and B2B customers. We are in major third-party online marketplaces—AllDay Market, Lazada, Shopee and PayMaya Mall. We added on-demand delivery app services GrabMart and Metromart,

President's *Report*

are active in online selling on Facebook and have our own YouTube channel, All Home's Inspirations. Membership in our Builders Loyalty Card—created for architects, builders, contractors, designers, and engineers and aimed at increasing sales in hard categories—grew 140% from December 2020 until May 2021.

Three, our balanced category mix mitigated the declining demand for hard categories during the lockdowns and in the succeeding months. Our In-House brand portfolio grew from 27 brands in 2019 to 40 by 2020 across all our seven product categories with 13 new brands in construction, tiles and sanitary wares, and hardware categories.

Fourth, we resumed store construction as soon as social and business restrictions were eased and opened five new stores in the last four months of 2020. Five more stores became operational in the first two quarters of 2021 to bring our total network to 55 stores, 22 of which are large mall-based, 17 large free-standing and 16 small specialty stores with a total selling space of more than 362,000 sqm.

As a result, AllHome Revenue for FY of 2020 reached Php12.414 billion—an increase of 3% compared to 2019, despite the temporary closures of stores during the two-month ECQ from March-May and the two-week Modified ECQ in August.

Gross profit grew by 8.9% year-on-year with GP Margin improving from almost 30% in 2019 to 31.2% in 2020. Margin improvement came from sourcing and negotiation gains and increased sales contribution from our in-house brands.

EBITDA increased by 2.8% due to topline and gross margin growth which was partially offset by additional operating expenses from 18 new stores opened in the fourth quarter of 2019 and the five new stores in 2020. We controlled our costs early on and implemented significant cuts in operating overhead, particularly at store level, by rationalizing the number of personnel, reducing utility expense, negotiating for straight percentage rent from our lessors, and generating savings from other administrative expenses. Through these measures, we reduced the same store fixed overhead cost by 9.4%. EBITDA quarterly comparables show an 18.6% growth, with fourth quarter 2020 EBITDA margin at its highest at 22.3%.

Net income after tax decreased by 5.9% from Php1.050 billion in 2019 to Php988 million in 2020. This was a result of the additional depreciation and fixed overhead expenditures related to 23 new stores opened from the fourth quarter 2019 up to the end of 2020. Corresponding net profit margin declined from 8.7% in 2019 to 8.0% in 2020. However, for fourth quarter comparables, net profit recorded a double-digit growth of almost 32% with net profit margin increasing from 7.8% in 2019 to 9.8% in 2020, year-on-year or quarter-on-quarter.

We managed to steadily increase quarterly performance after the ECQ in the second quarter of 2020. Sales normalized to pre-pandemic levels in the third quarter of 2020, increasing by 133% versus the second quarter. Our revenue continued to grow by 18% in the fourth quarter. Likewise, Gross Profit, EBITDA, and NIAT all registered an upward trend and have since returned to profitable levels. GP, EBITDA and Net Profit margins were all at its highest level by the fourth quarter of 2020.

President's *Report*

Our SSSG for 2020 was just 3.5% from 2019's 41.7%. However, on a quarterly basis, our SSSG recovered significantly at 13.3% on the 3Q and 10% on the 4Q from -8.2% in the first half of the year.

The 3.6 million number of transactions for 2020 surpassed the volume of transactions of 2019, primarily because of the strong recovery in the third and fourth quarters especially since we were able to take advantage of holiday sales. Average transaction size for 2020 increased from Php 3,157 to Php 3,343, reflecting a 5.9% growth.

One clear factor driving AllHome's sales growth and profitability is our distinct advantage of carrying seven key product categories, divided between the soft and hard categories, with a 58% 42% historical ratio.

Sales contribution of the soft categories moved from its historical average of 58% to 62%, primarily driven by the increase in contribution of the appliances category. Soft category sales spiked in the second quarter, reaching 66% of sales and remaining higher than the 2019 average up to the fourth quarter, with 63% contribution to sales. This helped mitigate the drop in construction-related sales which are mostly in the hard categories.

Inventory turn-over as of FY 2020 was at 248 days, due to inventory build-up for our store openings in the fourth quarter of 2020 and first quarter 2021, in addition to our expanded in-house brands.

Trade receivables turnover in 2020 was at five days, showing marked improvement against the 18 days as of end 2019. This was a direct result of our continuous effort to improve collection and the enhanced accreditation process of corporate customers.

Trade payables turnover likewise improved significantly from 32 days in 2019 to 53 days in 2020 as we were able to negotiate for better credit terms with our suppliers.

In terms of our financial position, our total assets have increased to Php21.7B as of end 2020 from Php19.6B in 2019, primarily due to increase in inventories, and property and equipment for new stores and in-house brands expansion. We ended 2020 with a cash balance of Php1.7B from Php2.3B in 2019. Inventories were at Php6.3B and property and equipment ended 2020 with Php11.9B as we rolled out 5 additional stores during the year. Our equity base by the end of 2020 was at Php13.3B due to net income recorded during the period.

Our performance throughout 2020 has not only proven AllHome's resilience amidst health and economic challenges, it demonstrated our clear capability to pursue our growth strategies and seek new ways to serve our customers in the midst of a crisis.

We have shown that, the continuing challenge of the pandemic notwithstanding, opening new sites remains to be a key growth strategy. We hope to open six to eight stores in 2021, but this plan remains fluid and dynamic in the face of possible COVID case surges and potential new social restrictions. We will closely monitor the situation as we proceed with our store roll-out schedule judiciously.

Likewise, central to our growth strategy is to pursue in full the Vista/Villar Group tie-ups, to continue to gain inroads in e-commerce, and to build on our multi-channel capabilities. As the economy emerges from the Pandemic, we look to leverage our innovations and efforts as we respond to the challenges of the new normal, both in-store and online.

Perhaps most important during this challenging time, we took care of our people, especially our frontliners and operations teams. It was on the strength of their resilience that we were able to meet and overcome the challenges of the pandemic. We believe in protecting them and their families, which is why they are to be the first beneficiaries of our vaccination efforts, alongside our pledge to donate the same to our communities.

To you, our stakeholders, I would like to extend my gratitude for your unwavering trust, hard work and dedication during the past year. It is because of you that we continue to be resilient and committed to AllHome's growth, while always having the health, safety and welfare of our employees and customers in mind.

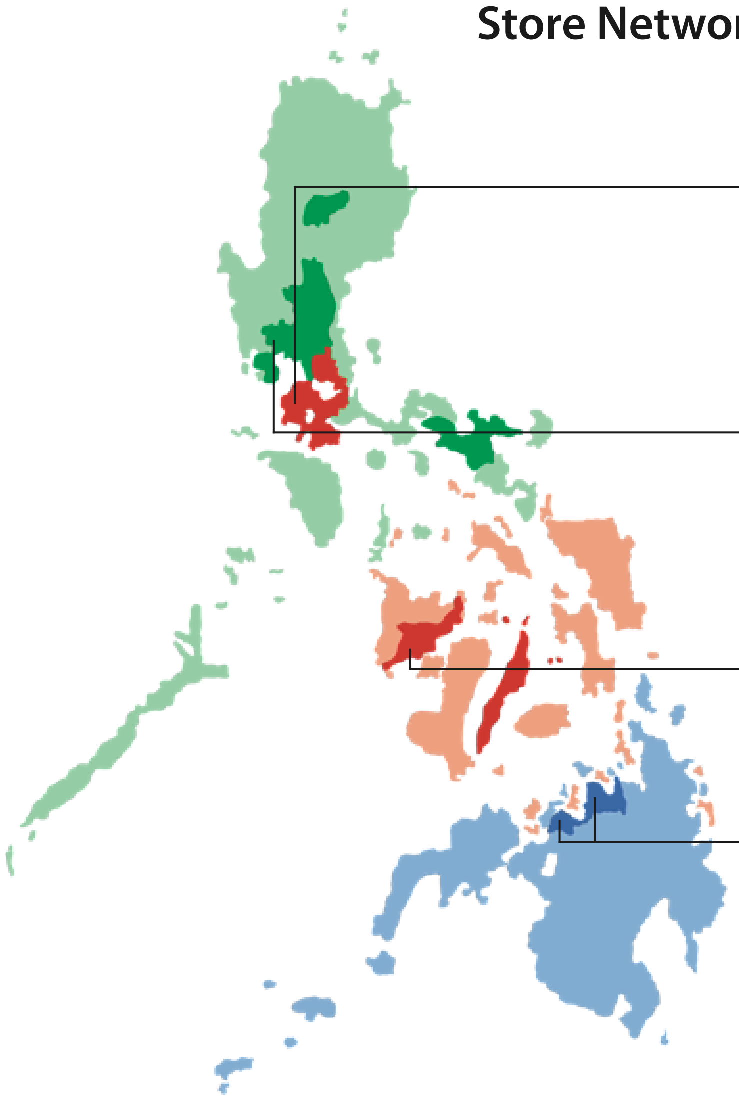
Thank you very much.

Benjamarie Therese N. Serrano
President

AllHome By The Numbers

50 stores located in key regions of growth in the Philippines

Store Network



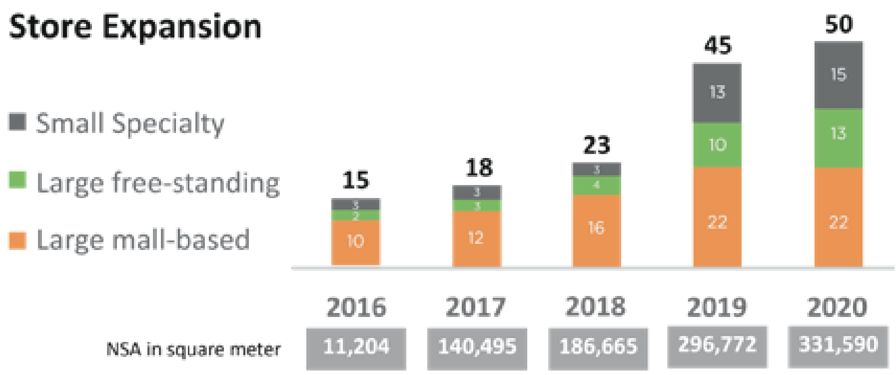
39 MEGA MANILA
- 17 large mall-based stores
- 7 large free-standing stores
- 15 small specialty stores

6 LUZON BALANCE
- 3 large mall-based stores
- 3 large free-standing stores

2 VISAYAS
- 2 large mall-based stores

3 MINDANAO
- 3 large free-standing stores

Store Expansion



AllHome Revenue for FY of 2020 is at

₱12.414 billion

4 E-Commerce Initiatives

AllHome app

Personal Shopper

Choose.Chat.Checkout

AllHome's Shop From Home via our personal shopper service.

Shop Online at AllHome

Viber community

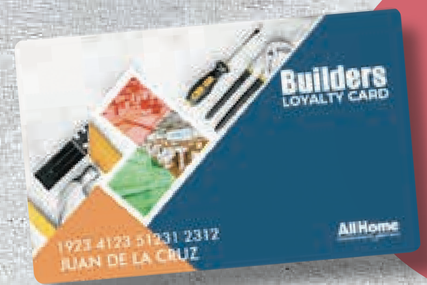
AllHome Builders Centre Viber community

allhome.com.ph

50 stores across 32 cities and municipalities with 331,590 sqm total net selling space

524,715 AllRewards cardholders

AllRewards cardholders had an increase of **41.2%** in new members since last year!



2,297 Active Members

Discount Card Exclusively for Architects, Builders, Contractors, Designers, and Engineers

AllHome Launched 5 stores post ECQ

AllHome Santiago, Builders Centre Evia, AllHome Cabanatuan, AllHome Sta. Maria, and AllDigital Evia


AllHome Santiago

AllHome has 40 in-house brands with revenue contribution of 7.3%

AllHome, rolled out LIKHA across all its 50 stores across the nation

Strategies For The New Normal

Network Expansion

To fulfill its mandate of providing a one-stop shop for the requirements of its customers, AllHome made the brave move to open five new stores in the midst of the Pandemic in 2020—in Santiago, Isabela in September, and Builders Centre Evia in October—plus three more during the year: in Cabanatuan City, Nueva Ecija, Sta Maria in Bulacan, and an AllDigital specialty store in Evia Lifestyle Center in Las Piñas. The expansion continued in 2021 with two large free-standing formats opened in the first quarter—one in General Santos, Cotabato in Mindanao, and another in Cauayan, Isabela in North Luzon, and three more in April, May, and June—Bacolod in Negros Occidental, Bacoor, Cavite, and Sto. Tomas, Batangas. To date, AllHome has 55 existing stores, 22 of which are large mall-based, 17 are large free-standing stores and 16 are small specialty stores. Total net selling space now stands at 362,146 sqm.

Synergies With Vista Land

AllHome continues to maximize synergies with the Villar Group as part of its key growth strategies. The Villar Group provides AllHome access to prime commercial properties from its existing developments and landbank nationwide. So far, the 55 operating AllHome stores are only in 17 out of the 49 provinces and only 34 out of the 147 cities and municipalities where the Villar Group has presence across the country. Synergies are also being maximized not only in terms of securing store locations but also in terms of the captive target market, fast-tracking execution capabilities, and achieving economies of scale in negotiations with common suppliers.

In-house Brands expansion

AllHome grew its In-House brand portfolio from 27 brands in 2019 to 40 by 2020 across all of its seven product categories. The additional 13 brands in 2020 are in construction, tiles and sanitary wares, and hardware categories and are meant to strengthen sales in the hard

categories and give wider options to BTB customers. In-house brands provide a gross profit margin of 15-25% higher than 3rd party brands. Revenue contribution for In-House brands increased from 5.7% in 2019 to 7.3% in 2020, contributing to the GP margin enhancement from 29.9% in 2019 to 31.2% in 2020.

E-Commerce and Customer Base Expansion

Anticipating the increasing importance of E-commerce as complementary to the brick-and-mortar store, AllHome has established its own E-commerce platform www.allhome.com.ph during the 2020 ECQ period and also launched various online shopping platforms Shop Online at AllHome Viber community, AllHome Builders Centre Viber Community, and Personal Shopper Service. AllHome has gained footholds in Viber via its two communities—one that caters to end-use customers, and a secondary community that caters to B2B customers. All three of these platforms are operational and continue to be enhanced and upgraded in terms of user-friendliness and customer engagement. Likewise, we have expanded our Personal Shopper Service, whose ease of use, we have observed, made it a preferred channel of the more senior demographic of our markets.

AllHome intends to engage with and be present on all significant third-party marketplaces. To date, we are on AllDay Market, Lazada, Shopee, and PayMaya Mall. We also have recently added on-demand delivery app services GrabMart and Metromart as additional e-commerce revenue sources. We also continue to do live-selling events on Facebook for all our categories, dependent on which Facebook groups we are targeting for each live selling event.

We have also launched AllHome's YouTube channel—AllHome Inspirations—with over 2,000 subscribers to date.

To increase sales from B2B transactions, AllHome introduced the Builders Loyalty Card in the third quarter of 2020 exclusively for architects, builders, contractors, designers, and engineers. This Builders Loyalty Card has 5,506 members as of May 31, 2021 and has grown its membership by 140% from December 2020. Through this, we aim to grow and strengthen our customer base for the hard categories. Eight of the 13 new in-house brands in 2020 are in the hard categories.

	2016	2017	2018	2019	2020
No. of stores	15	18	23	45	50
Total Net Selling Space (in sqm)	111,204	140,495	186,665	296,772	331,590

One–Stop Shops For Everything You Need

AllHome has put together a complete assortment of everything a homeowner or homebuilder needs in comfortable and attractive settings conveniently located in strategic areas. It currently has three store formats to cater to all customer types.

Large Mall–Based

Embedded within shopping malls, this format offers a selection of products tailored to the unique needs of the communities where specific malls are located.

Number of stores (as of Dec 31, 2020)	22
Total net selling space (as of Dec 31, 2020)	207,054 sqm
Average net selling space	2,902 sqm to 12,267 sqm. With an average of over 9,100 sqm
SKUs	250,000
Product categories	Full product line-up (7 categories)

AllHome NOMO

Large Free–Standing

Built upon one or two retail formats from the AllValue Retail Ecosystem, these big free-standing stores offer a wider range of products in all categories.

AllHome Sta.Maria

Number of stores (as of Dec 31, 2020)	13
Total net selling space (as of Dec 31, 2020)	117,716 sqm
Average net selling space	4,903 sqm to 12,413 sqm. With an average of over 10,100 sqm
SKUs	250,000
Product categories	Full product line-up (7 categories)

Small Specialty

Select product categories such as home appliances and digital and mobile devices are the focus of these specialty stores. Located inside or near residential communities, they can be an Everyday QuickFix by AllHome or purely devoted to home appliances.

Number of stores (as of Dec 31, 2020)	15
Total net selling space (as of Dec 31, 2020)	6,820 sqm
Average net selling space	171 sqm to 696 sqm. With an average of over 295 sqm
SKUs	10,000
Product categories	Home and kitchen appliances, TV and entertainment products, digital and mobile devices; or Hardware

Furniture

AllHome has a full range of sofas, recliners, cabinets, tables, beds and other essential furniture for all home and room sizes. Traditional or modern, ornate or minimalist, brightly-colored or neutral, AllHome has the perfect piece for your living, dining or bedroom.

SKU %	7%
Revenue %	20%
Products Offered	Living, Dining, Bedroom, Office, Outdoor, and Kids Furniture
Selected Brands	Ambassador Mattress, Salem, Uratex, Slumberland, Dewfoam, Homesuite, Icons
In-house brands	· Live Art Space · Kreativ · Urban Reluxur · ABODE PIECES · Grab & Go · Amber · Bed and Beyond · Pixie Dreams · Garden Story

Whether its for a new family or a growing brood, AllHome has quality small and large appliances to fit your needs–both in affordable and high-end brands.

Appliances

SKU %	4%
Revenue %	31%
Products Offered	Air-conditioners, refrigerators and freezers, washing machines, TVs, sounds systems, kitchen appliances, small appliances, digital items (including mobile phones and gadgets)
Selected Brands	• ASAHi • HANABISHI • LG • Carrier • Kolin • La Germania • Technogas/Whirlpool/Fujidenzo • Samsung • Midea/Toshiba • Haier • TCL • Skyworth Digital: Apple, Samsung, Realme, Oppo, Acer, Lenovo, HP, ASUS, JBL, Sony
In-house brands	• Fraser

Homewares

Bring individuality to your rooms and homes with AllHome's assortment of kitchenware, glassware, dinnerware, and decor. What home is complete without accents? AllHome's assortment of kitchenware, glassware, dinnerware, and decor bring individuality to your rooms and homes.

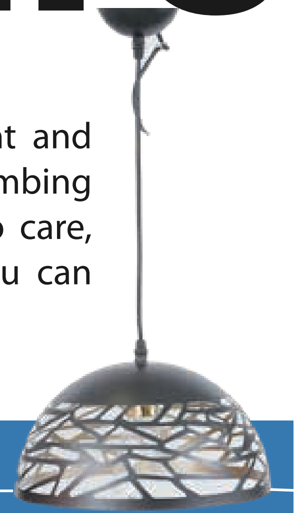
SKU %	27%
Revenue %	8%
Products Offered	Tableware, kitchenware, storage and organizers, décor
Selected Brands	Megabox, Home Gallery, Masflex, Lodge, Wilton, La Opala, Smart Kitchen, Lampe Berger , Yankee Candle, 3K, Tefal, Beka, Ocean, Luminarc, Corelle, Visions, Le Parfait, Trudeau
In-house brands	· Blossoms · EZ Space

Linens

Create a unique look and feel by dressing up and unifying your home's design with linens from AllHome's extensive linen collection. Choose from our fine range of curtains, drapes, table covers, bedsheets, pillowcases and more.

SKU %	7%
Revenue %	3%
Products Offered	Comforters, duvets, bedsheets, curtains, pillows
Selected Brands	Lifestyle by Canadian Modern Linens Linens & Things
In-house brands	· Home Threads · All About Beds

Hardware



Going DIY or looking for the right items for urgent and essential repairs? AllHome's hardware section has plumbing materials, electrical items, paint, cleaning aids, auto care, hand tools, power tools, garden stuff – all that you can possibly need.

SKU %	45%
Revenue %	25%
Products Offered	Electrical supplies and accessories, lighting, plumbing, paints and sundries, hardware, power and hand tools, automotive, lawn and garden products
Selected Brands	Black & Decker, Yale, Stanley, Nippon, 3M, Hafele, Firefly, Faultless, Decor, Raven
In-house brands	· Markel · Leuchte · Berwick · Tough Notch · Fluxo · Luminux · Saniclean

Tiles & Sanitary Wares

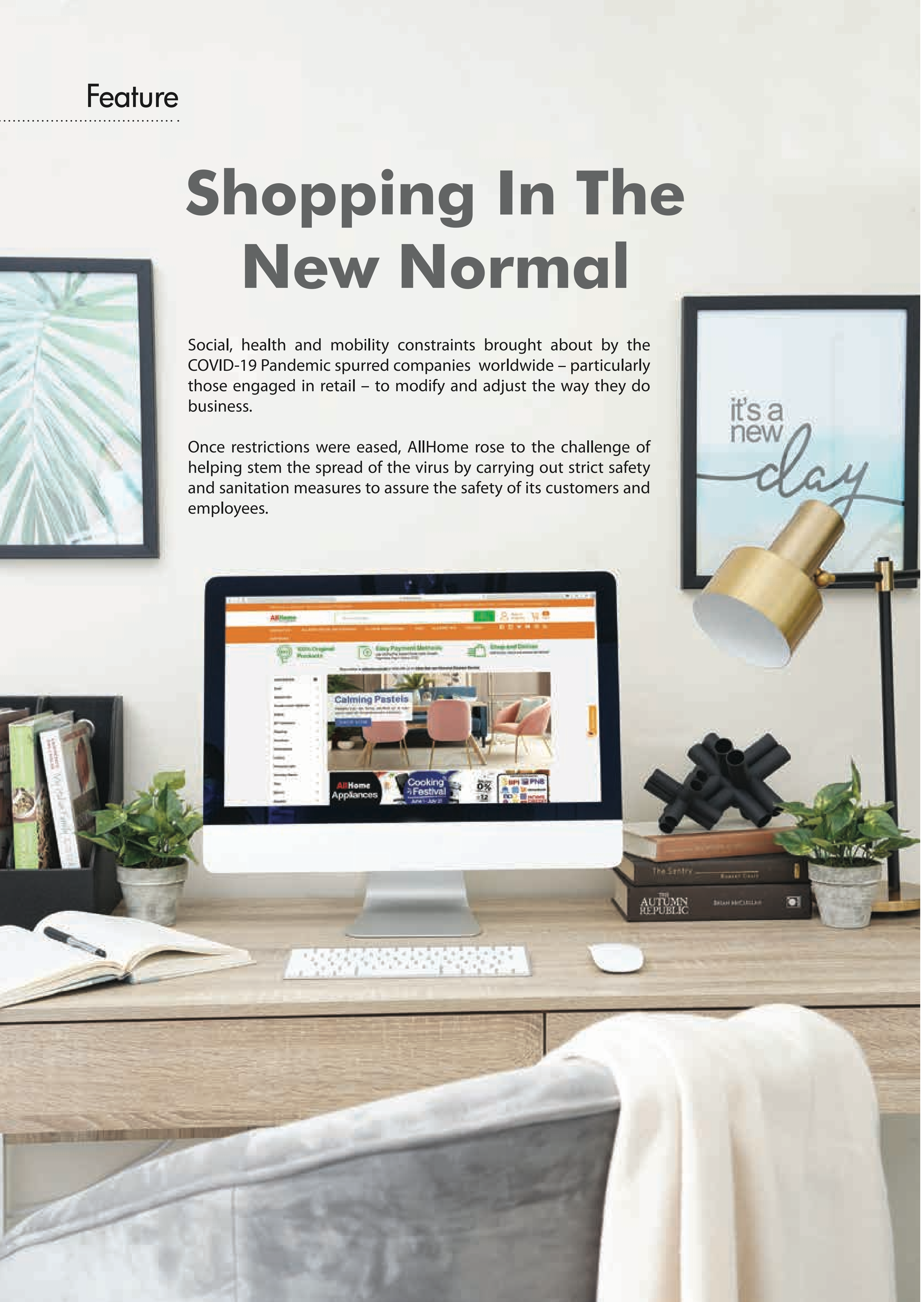
Bathrooms deserve as much attention as any room in the house. Make them both functional and stylish with AllHome's wide selection of local and imported brands of floor, wall and ceiling tiles as well as sanitary wares and fixtures for your toilet and bath.

SKU %	6%
Revenue %	9%
Products Offered	Indoor and outdoor tiles, decorative tiles, mosaic tiles, engineered wood, laminated flooring, vinyl, pavers, decking, Water closets and lavatories, bath tubs, shower enclosures and partitions
Selected Brands	Mariwasa, Kent, Apo, Tenzen, Matimco, Niro, JME Supreme, Royalty Carpet, Showcase Carpet, Stone Pro, Multirich, Citadel, Stone Age Inax, American Standard, HCG, Sento, Hava Asia, Falcon, Royal Tern, Cremona, Tycoon
In-house brands	· Brauhn · EISEI · Teuer · Rossio · Lustro · Castel · Wudland · Artigiano · Primo Ceramiche · Fine Holz

Construction Materials

Homeowners and builders looking for complete home-building solutions can choose from AllHome's wide selection of high-quality and fairly-priced building and construction materials. With its variety of trusted local and international brands as well as innovative in-house brands from lumber, cement, gravel, paint, and roofing to screws, nuts, bolts, and nails, AllHome products are made to be durable, reliable, and affordable. The same holds true for its boards, reinforcement steel, doors, swing-type windows, laminates, and much more.

SKU %	4%
Revenue %	4%
Products Offered	Building materials, wood, and mouldings
Selected Brands	Oregon Wood, Gardner, Holcim Cement, Gyproc, Jea Maxx, Matwood, Nuwood, MF Laminates, Rockwool, Republic Cement
In House Brands	· Kernig · Terrawood · Polyshade · Emboss · Finestra · Brickart · Stahl · Lamibuild



Shopping In The New Normal

Social, health and mobility constraints brought about by the COVID-19 Pandemic spurred companies worldwide – particularly those engaged in retail – to modify and adjust the way they do business.

Once restrictions were eased, AllHome rose to the challenge of helping stem the spread of the virus by carrying out strict safety and sanitation measures to assure the safety of its customers and employees.

This entailed compliance with basic Government-mandated safety protocols required for both shoppers and staff – the use of face masks and face shields and social distancing. AllHome also checked body temperature, provided disinfecting mats at entrances to sanitize footwear and made hand sanitizers available.

Taking it even further, AllHome expanded personal shopper services amid the "new normal." It established an e-commerce site for online shopping (www.allhome.com.ph) and live selling, created Viber communities that enabled personal shopper service, and implemented a "park and shop" concept that allowed curbside pick-ups and offered at-home same-day delivery options.

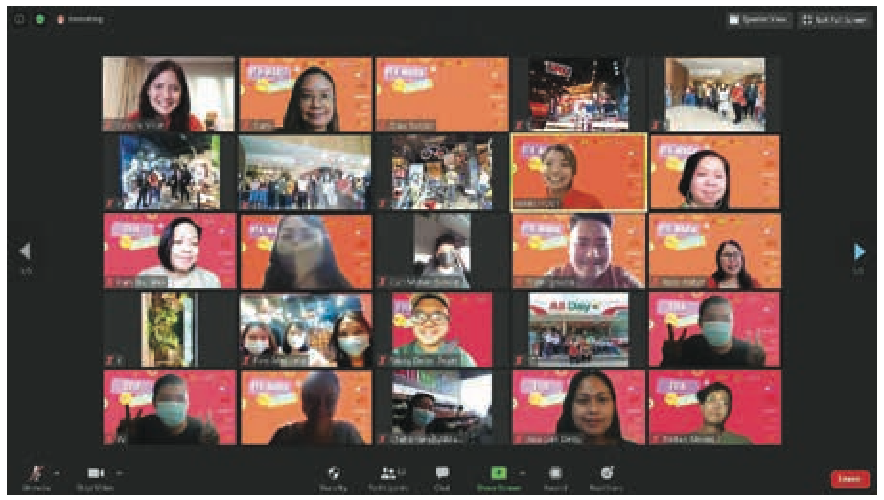
In the midst of the Pandemic, AllHome also opened Everyday Quick Fix stand-alone stores near residential communities to make shopping for basic home building and improvement products more convenient.

Available digital technology allowed AllHome to create AllHome App, a dedicated mobile application geared specially for home shopping essentials. Anybody with a smartphone can browse AllHome's range of top local and international brands in the following categories: Hardware, Construction, Tiles and Sanitary Wares, Furniture, Appliances, Linens, and Homewares.

Easy-to-use and intuitive, the AllHome App equips users with the necessary tools in making the important purchase decisions regarding home improvement and construction. Aside from having complete access to a wide variety of products on catalog, the app has a built-in order history that can serve as reference for future purchases.

For smart shoppers looking for the best deals, all the latest promos and discounts will be available within the app, popping on screen as sale alerts and notifications. In addition, app users will also have exclusive access to special vouchers, coupons and promo codes. Users can also earn points by using their AllRewards Card, if already a member.

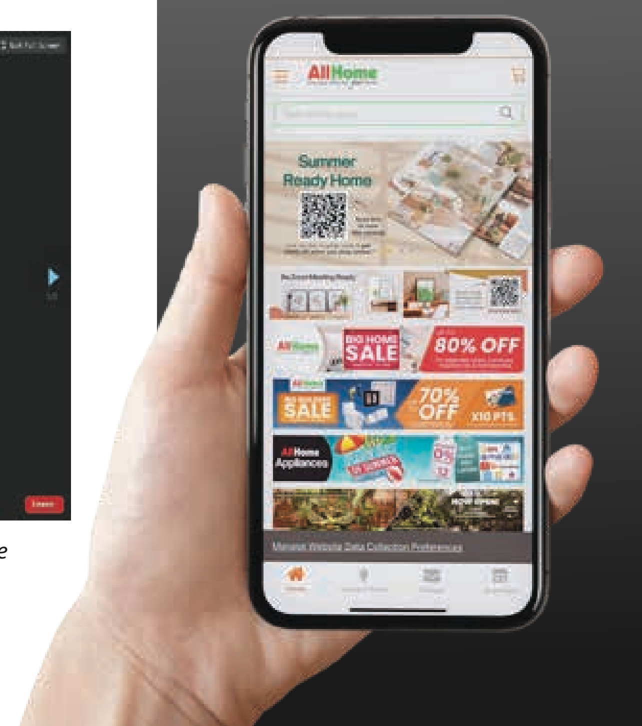
The tab AllHome Tips and Deals grants access to articles and announcements containing home improvement tips and other deals. There's also a Store Locator to find the nearest AllHome store in the area. If the user needs additional help, a Live Chat function is available where a customer representative answers inquiries and concerns.



Virtual store opening event. We gather and celebrate store opening but it's now done digitally to protect everyone.

AllHome Builders Centre Viber community

AllHome



ALLHOME BUILDERS LOYALTY CARD – REWARDING LOYALTY

Part of AllHome's success is its understanding of the needs and requirements of its target customers – not only in terms of products or services but also with regard to resource allocation and convenient payment methods. This knowledge led to the design, development and launch of AllHome Builders Loyalty Card.

The AllHome Builders Loyalty Card is a program exclusively for Architects, Builders, Contractors, Designers, and Engineers. Customers in these sectors just need to provide an ID that proves that they are professionals to sign up and get the card for free. Upon approval, they will be entitled to year-round promos, rebates, and automatic discounts on AllHome exclusive brands.

AllHome
BUILDER'S CENTRE

Builders Loyalty Card members can enjoy exciting incentives and more depending on their volume of purchase.

Launched in 2019, Builders Loyalty Card has a total of more than 2,297 active members as of end-2020. AllHome looks forward to growing the membership base tenfold over the next three years.

AllHome Exclusives: Premium Homegrown Brands, Only From AllHome

AllHome offers not only local and international third party branded products but also premium home-grown brands curated especially for Filipino consumers.

The furniture category has a range of nine exclusive brands. Abode pieces include sofa sets in fabric, leatherette and full leather; accent chairs; and sofa beds. Dining sets are available under the Amber brand in glass, veneer and solid wood. For the bedroom, Bed & Beyond features beds and bed frames in single, twin, full, queen and king sizes.

The Kreativ range includes knockdowns – nite tables, chest of drawers, dressers and wardrobes that come in white, natural oak or wenge. Urban Reluxur offers all types of recliners that can be manually or power operated, made of either half or full leather, and from single to 3-seaters. Perfect for the little ones is Pixie Dreams, kids' furniture made of rattan and wood that comes in white and candy colors. The Grab & Go selection has handy and small knockdown items to augment storage in the bedroom, kitchen or living room.

Completing the home-grown furniture range are Garden Story 2-6 seater outdoor sets made of plastic rattan and teak wood, PP chairs and swings; and Live Art Space office furniture consisting of chairs, tables, cabinets and shelves.

For its homeware products, AllHome Elements has the perfect accent and décor items: from vases and flower pots to picture frames, decorative mirrors and clocks. With the Blossoms brand, you can create your own flower arrangements with high-quality artificial flowers in a wide range of colors and types to keep your home or office spaces warm, cozy and welcoming. EZ Spaces is the perfect brand if you're looking for quick and easy storage and organizer solutions to declutter your home. It has a wide variety of organizers to help you maximize available space – from clothes and shoe racks to drawers, boxes and hanging organizers.

Homethreads carries cotton-blend fitted sheet sets, comforters and towels in various prints and colors. All About Beds is another linen brand that specializes in bedroom linen and towels.

For the appliances category, the Fraser brand of cooling fans is exclusively available at AllHome.

AllHome also has exclusive brands under the category of building & construction materials.

Emboss is a non-combustible 3D polyurethane foam wall décor with various surfaces like fabric and faux leather that's great for interior decorating. Brickart are brick-inspired MDF boards that give a modern industrial look for just a fraction of the cost of real bricks.

Mid-level shoppers who need mouldings and door jambs will find Lamibuild suitable for their requirements. Polyshade is perfect for homebuilders who want natural light to shine through and prefer polycarbonate roofing. This product is available in twinwall, semi-rib, and solid sheet in various colors. Those who need doors, PVC panels, rubber products and melamine boards can find them under the Kernig brand. Terrawood caters to customers who want a more natural lumber look for their doors, mouldings, stairs and jambs. And for high quality UPVC and powder-coated aluminum windows, Finestra has a wide range of products.

Tiles provide style and character. In-house brand Artigiano is a Mosaic type perfect for ornamental wall applications. Its design combines ceramics and glass to give a modern touch. The Castel brand, on the other hand, features simulated wood porcelain tiles that come in a wide range of shades and designs. Lustro is for those who prefer polished porcelain tiles noted for their sheen, durability and design. Another popular ornamental porcelain tile home grown brand is Primo Ceramiche, which has a variety of designs in rich colors and textures.

For floor tiles, AllHome offers Rossio with looks that vary from rustic to modern, suitable for high traffic areas. Wudland is an A type of SPC (Stone Plastic Composite) flooring. It is 100% waterproof with unparalleled durability and best for outdoor use such as decks, gardens and balconies. Fineholz is AllHome's line of laminated and engineered wood that are most preferred for interior rooms with medium traffic.

Sanitary wares are essential elements of a modern home. Brauhn features affordable yet high quality water closets and bathroom accessories. Eisei is another affordable line, while Teur offers a more modern and innovative variety. For basic bathroom essentials, Fluxo has an array of bathroom products with different designs and styles.

In the hardware category, Leutche has basic and decorative lighting fixtures. If top quality tools are what you require, check out Tough Notch. Markel has more home hardware solutions while Berwick offers a wide range of automotive accessories.

HIGH-TECH FUN AT AllDIGITAL

AllHome steps further into the digital realm with the opening of AllDigital, a specialty tech emporium that offers a wide variety of gadgets—laptops, cellphones, cameras, drones, e-scooters and collectible toys. The pilot AllDigital store is at the Evia Lifestyle Center, Las Piñas City.

The store targets techies, photographers, music lovers and upscale toy collectors. It has curated the latest original and innovative tech brands in the country in one shop.

AllDigital is designed to be experience-focused. It showcases the latest mobile phones and allows gamers to try the newest games with its gaming nook, complete with a high-specs gaming desktop and top-of-the-line gaming chairs. E-scooters are also on display and can be tested in-store while drones have a dedicated fly zone where customers can test them safely. For the discerning toy collector, life-size models are on display to complement a comprehensive offering of collectibles.

At AllDigital, gadget enthusiasts can come together and even learn from one another. It is the core for both play and innovation and a testament to AllHome's innovative mindset and capability to quickly adapt to changing customer needs.

AllDigital is an addition to AllHome's small specialty store format.

AllHome and the Bayanihan Spirit

AllHome responded to the national call for Bayanihan to fight COVID-19 by partnering with the Department of Public Works and Highways (DPWH) through the provision of construction materials and other supplies to convert the Philippine International Convention Center (PICC) to an improvised health facility.

The move was in line with DPWH's program to transform existing large-scale public buildings in Metro Manila as overflow isolation sites to address the shortage in hospital bed spaces, decongest Metro Manila hospitals, and segregate active COVID-19 cases from non-COVID patients. The PICC project was finished three days ahead of schedule.

AllHome – together with Boysen Paints Philippines, FMI Fiberfill Manufacturing Inc., Co Ban Kiat Marketing Corporation, Uratex, Canadian Philippines, TCL Sun Inc., Marcat Marketing Corporation, and Cascade Philippines – supported the COVID-19 initiatives of the DPWH, thus giving back to the community and doing their part in participating in the country's efforts against the global pandemic.

"We try to do our best to give back to the communities we serve and join in the nation's fight against the COVID-19 crisis – even with the negative impact on our sales during the Enhanced Community Quarantine period," said Benjamarie Therese N. Serrano, AllHome President. "We believe that only by helping each other during this time can we mitigate the damage and aid in economic recovery."

AllHome managed to allocate resources for this activity from its accumulated current year earnings of Q1 2020, which posted a remarkable growth of 30% from its Q1 2019 level. It has also donated personal protective equipment (PPEs) to health workers of Butuan Medical Center (BMC) in Butuan City where AllHome opened a new store. AllHome likewise provided stools, safety goggles, various types of respirators,16L knapsack sprayers, and 5L pressure sprayers to health frontliners who continue to perform their duties amidst the dangers of the Pandemic.

(Computer) Tablets In The Fight Against COVID-19

The COVID-19 Pandemic has affected not only the health and economic sectors of the country but education and learning as well. Mobility and social constraints have closed schools, forcing students to learn from their homes. For teachers, what used to be an already challenging profession has now become even more difficult. The fear and danger of further spreading the virus have kept teachers and students physically away from each other.

AllHome understands how the current situation affects Filipino families who are not equipped to adapt to these sudden changes, particularly those with children who are still in school. Thus, it has undertaken a project to help bridge the gap between mentors and pupils who need access to technology in order to participate in remote learning programs.

"AllHome took part in DepEd's Adopt-a-School program which gives the private sector an opportunity to become dynamic and strong partners towards educating Filipinos during these trying times," said Manuel B. Villar, Jr., AllValue Chairman.

Collaborating with its valued suppliers, AllHome donated school tablets to the Department of Education to be used by teachers of Las Piñas Science High School in facilitating online classes. The project aims to help teachers continue to provide quality education despite the challenges imposed by the Pandemic.

The tablet donation project is under the corporation's Corporate Social Responsibility program called AllHome Builds, an initiative that aims to promote a sustainable lifestyle for all its stakeholders. AllHome Builds is a series of projects that help address today's most relevant social and environmental issues.

"AllHome's resilient performance in the first half of 2020 made this effort possible," AllHome President Benjamarie Serrano said. "AllHome posted total revenues of ₱4.85 billion during the said period – just 4% down from the same period last year despite the closure of stores during the Enhanced Community Quarantine."

As the Philippines – and the world – slowly recovers from the impact of the COVID-19 Pandemic, AllHome will continue to fulfill its role in improving the lives of Filipinos nationwide by providing complete solutions to the needs of homebuilders and owners – construction, repair, maintenance or simply enhancing the look and feel of one's abode. As AllHome continues to expand its reach within the Philippines, it is also looking forward to helping even more families all over the nation to lead better and more sustainable lives.

AllHome Taps Local Creativity With LIKHA

Local creativity is the foundation of Likha, AllHome's corporate social responsibility program.

To support local livelihood, AllHome, rolled out Likha across all its stores nationwide. Likha puts a spotlight on local handicrafts and products in the different communities where AllHome operates. The program aims to boost local livelihood by providing local makers with the venue to sell their products to more people.

The initiative was first introduced at AllHome Nomo, a Vista Lifestyle Center in Bacoor, Cavite. It showcased handicrafts made from the water hyacinth or water lily that grow abundantly in the Las Piñas-Zapote river. The plants are harvested and their stalks dried out in the sun before being flattened and then woven into baskets, placemats, coasters, and other decorative, eco-friendly, and all-natural handicrafts. The weavers – mostly stay-at-home mothers enrolled in the livelihood program set up by the Villar Sipag Foundation – receive payment for every item they finish.

Apart from providing an alternative income source, the project also helps address environmental problems. Water hyacinths can clog and congest the urban waterways. They grow rapidly and can form thick layers over the water. The mats shade out the other aquatic plants that eventually die and decay. The decaying process depletes the amount of dissolved oxygen, causing the death of fish and other river organisms.

Likha underscores AllHome's commitment to help put the focus on world-class handicrafts made by skilled Filipino craftsmen. By including these quality locally made items in its range of offers, AllHome helps protect domestic livelihood while promoting pride and trust in 100% Filipino-made products.

Mobility In The New Normal

With moving around being a challenge given the public transportation restrictions because of the COVID-19 Crisis, AllHome moved quickly to offer to make a wide variety of reasonably prcied e-bikes available to its customers.

With their rechargeable electric motors, e-bikes are easier to ride, carry more payload and go longer distances while being friendly to the environment. They entail less operating expense than a car and are more convenient – sometimes even faster – than public transportation. Using an e-bike also reduces face to face contact with other people, a prime concern during this time of the Pandemic.

Apart from being trendy, e-bikes promote exercise. Pedaling is still necessary but it is made easier by the bike's motor. This is particularly useful when negotiating steep or uneven terrain. With relaxed pedaling, most e-bikes go 35-80 kilometers on a single charge. Some go as far as 130 km before you need to plug them in. Depending on the battery and charger, it can take around 2.5-8 hours to fully recharge from flat. If the battery of an e-bike runs out on the road, you can still ride it just like a normal bike.

Drop by an AllHome store to check out the variety of e-bike models we offer. AllHome stores are safe and follow prescribed health protocols. To see more AllHome offers online, visit www.allhome.com.ph.

Omegandang Bukas: AllHome Brings Hope In Time Of Crisis

As the underprivileged and economically disadvantaged sector reels under the onslaught of the COVID-19 Pandemic, AllHome partnered with Omega Houseware to support the COVID- 19-related projects of Villar SIPAG (Social Institute for Poverty Alleviation and Governance), a non-stock, non-profit organization geared towards helping less fortunate Filipinos.

In 2020, ten percent of the direct sales from selected Omega quality drinkware, tableware, kitchenware, and glassware was donated by AllHome and Omega Houseware to Villar SIPAG's programs under the "Omegandang Bukas" project. Omega products are available in AllHome stores nationwide.

"Omegandang Bukas" is part of AllHome Builds, AllHome's corporate social responsibility program that aims to promote a sustainable lifestyle for all its stakeholders through a series of initiatives that help address today's most relevant social and environmental issues.

"We consider this partnership with Omega a valuable opportunity to do our part in mitigating the effects of the COVID-19 pandemic," said AllHome Vice-Chairman Camille Villar. "We chose Villar SIPAG as the beneficiary because of the range and continuous implementation of their various programs despite the Pandemic.

Since the start of the COVID-19 crisis, Villar SIPAG has donated a COVID-19 testing facility to Las Piñas General Hospital, in addition to disinfecting tents with misting apparatus to various hospitals in the National Capital Region. It also provided assistance to the Department of Public Works and Highways in building quarantine facilities. The Foundation likewise donated hand-washing facilities to Las Piñas, Bacoor and other local government units plus food and personal protective equipment to medical frontliners.

"AllHome's vision is to help bring Filipinos back on their feet as we prepare to see the end of this Pandemic," said AllHome Chairman Manny B. Villar, Jr. "The gradual reopening of the market, will help put the economy back on track. In the meantime, we need to stay vigilant and assure the health and safety of our employees and customers."

AllHome continues to find ways of extending help to more Filipinos amid the health crisis. At the beginning of 2021, AllHome purchased COVID-19 vaccines not only for its employees but also for donation to the public.

Sustainability Report

Annex A: Reporting Template

Contextual Information

Company Details	
Name of Organization	AllHome Corp. (AllHome)
Location of Headquarters	LGF Building B Evia Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City
Location of Operations	Philippines
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	AllHome Corp.
Business Model, including Primary Activities, Brands, Products, and Services	Retail Industry, Home Improvement
Reporting Period	January 1, 2020 – December 31, 2020
Highest Ranking Person responsible for this report	Robirose M. Abbot Head of Investor Relations

**If you are a holding company, you could have an option whether to report on the holding company only or include the subsidiaries. However, please consider the principle of materiality when defining your report boundary.*

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]

On its 2nd year reporting, the Villar Group companies, including AllHome, are guided by the GRI and SASB Standards in the conduct of its materiality process. Specifically, the process undertook the following steps:

1. Pre-identification of topics – Issues and topics from different references such as the sector-specific publications from GRI and SASB for Multiline and Specialty Retailers & Distributors and Building Products & Furnishings, and industry peers were collated.
2. Identification of Material Topics – The collated topics were initially reviewed by the Company if these are material to the operations and stakeholders. Each topic was provided with definitions for better assessment (see the initially reviewed topics here).
3. Materiality Assessment – The topics identified as material are processed into a survey where the Company will further assess the criticality of impact of each topic.

[1] See *GRI 102-46*(2016) for more guidance.

Due to restrictions brought about by the pandemic, the Company engaged in the survey through Google Forms. Similar to the process in the previous reporting, AllHome assessed the criticality of identified topics basing on their impact on the business and impact on the stakeholders using a 5-point scale (1 as low to no impact; 5 as highest impact).

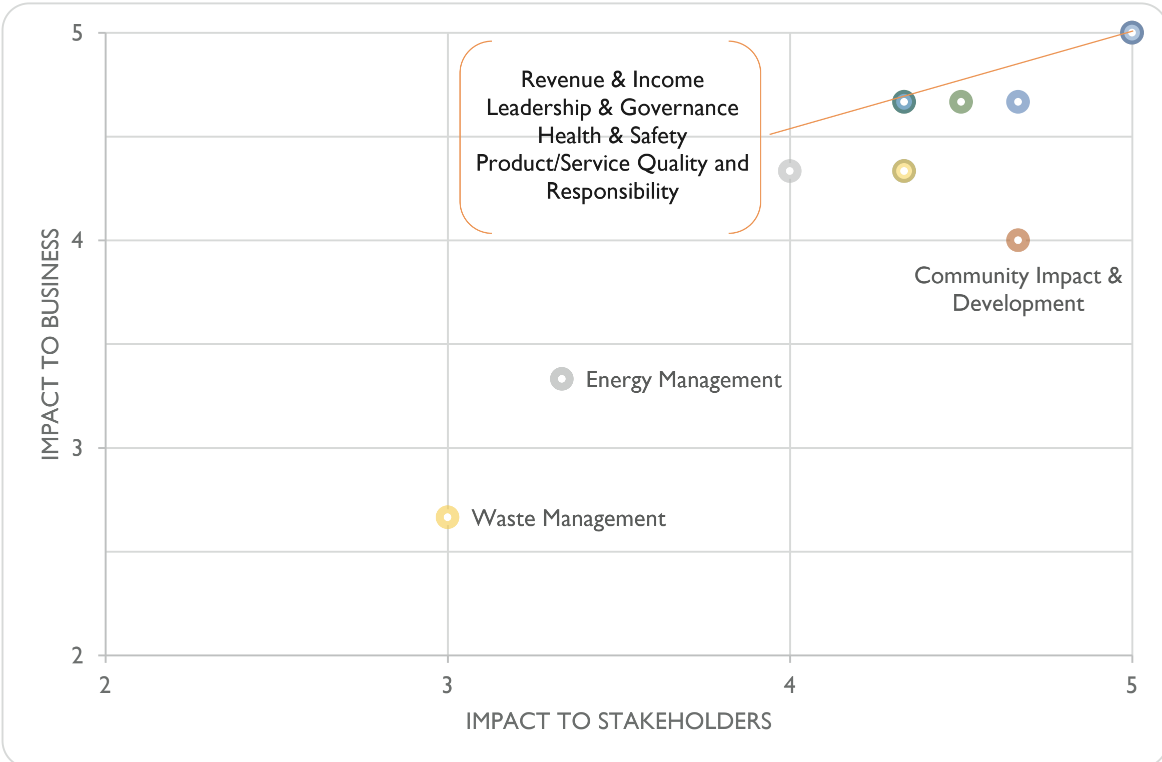
Table 1. Topics Arranged According to Degree of Impact

1	Revenue & Income	4	Transportation & Logistics
1	Leadership & Governance	5	Local Employment
1	Health & Safety	5	Community Impact & Development
1	Product/Service Quality and Responsibility	5	Eco Products
2	Product Access & Affordability	5	Marketing & Labelling
3	Responsible Supply Chain	6	Packaging Use and Disposal
4	Employee Training and Competency	7	Energy Management
4	Procurement Practices	8	Waste Management

Consistent with the Company's mission, AllHome sees product/service quality and responsibility of extreme importance along with good governance and profitable operations. While these are ranked as highly critical for the company's sustainability, safety precautions were also prioritized in 2020 to foster a healthy and safe environment for its employees, customers, and other stakeholders against the effects of the COVID-19. Hence, health and safety are also deemed extremely important to AllHome.

Topics identified with low criticality are those that are environment-related as AllHomes operations have minimal impact on the environment. Although deemed low, AllHome maintains its practices and management of its operations to avoid significant environmental impacts.

Figure 1. AllHome 2020 Materiality Matrix



ECONOMIC

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	12,414,737,400.00	PhP
Direct economic value distributed:	3,361,292,226.11	
a. Operating costs	2,528,550,183	PhP
b. Employee wages and benefits	327,703,794	PhP
c. Payments to suppliers, other operating costs	10,516,000,267	Php
d. Dividends given to stockholders and interest payments to loan providers	52,500,000	PhP
e. Taxes given to government	449,483,895.11	PhP
f. Investments to community (e.g. donations, CSR)	3,054,354	PhP

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
AllHome's optimistic view in 2020 in the home improvement industry despite the pandemic restrictions boosted its revenue growth by **3% over the 2019 revenue level**. AllHome was able to increase its sales and gross profit that allowed it to sustain its operations and expand its store networks, having completed a total of 50 stores by 2020. This has enabled the Company to continue contributing to its stakeholders in the form of salaries and benefits, dividends, taxes, payments, and in-kind contributions.	AllHome, Employees, Investors, Business Partners, and Customers	In all its decisions, the Company does not only put into consideration profitability but also the growth of the Company that will benefit its employees as well as the welfare of its employees and the environment. In 2020, the Company invested in active engagement with customers and maximization of the seven product categories that helped increase AllHome's profitability. Responding to the challenges of the pandemic, AllHome participated in the Bayanihan Against COVID-19 through the donation of construction materials and supplies to build the conversion of PICC into a 630-bed improved health facility. Other community programs that the Company participated in may be referred to in the Significant Impacts on Local Communities section of this Annex. The AllHome Management encourages a strong culture of compliance throughout the company and its dealings, in accordance with the principles of Transparency, Materiality, and Completeness. Auditing is employed and institutionalized throughout the company via the Audit Committee. The AllHome Audit Committee enhances the oversight capabilities of the management over the company's financial reporting, internal and external audit processes, and compliance with applicable laws and regulations among others. These results lead to consistent and fair representation of financial reports audited by one of the Top 4 audit firms in the Philippines. In addition to the above committee, the Company also has a dedicated Compliance Officer to ensure the adherence of every member of the company to corporate principles and best practices.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
AllHome has an overarching Enterprise Risk Management framework that allows its leadership and management to identify risks to deliver optimum business gains to all the company's stakeholders. In terms of Financial Risks, AllHome has identified the five key risk areas to address; these are Market Risk, Interest Rate Risk, Credit Risk, Liquidity Risk, and Foreign Exchange Risk.	AllHome, Employees, Investors, Business Partners, and Customers	AllHome operates with a risk philosophy that focuses on making most of all business opportunities and making sure that all adverse results are reduced. This is made possible by the company's Enterprise Risk Management framework. To address the aforementioned financial risks, AllHome has employed the following risk-mitigating measures:

AllHome identified the COVID-19 Pandemic as a major risk that limited business operations which affected the cash flows of the Company.		● Utilization of strategic location selection criteria for store network ● Capitalizing on synergistic relationships with affiliates (i.e. access prime locations across the country and consolidated purchases for similar product needs through Vista Land; access to a pool of third-party contractors or builders in the Villar group; establish and maintain as primary captive market the residential communities by Villar group) ● Implementation of an effective cash and collection management ● A sound cost and operational expenses control ● Deployment of strategic and periodic merchandise buys to maximize volume discounts and logistics requirements ● Efficient loan management ● Implementation of safety protocols such as early closure of stores to give time for sanitation and replenishment of essential products, social distancing, and limiting customer traffic is stored
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
AllHome continues to benefit from its sound business strategies and risk-mitigating measures, as reflected in its year after year record of financial growth, increased revenues, and competitiveness in the market. The Company has observed an increased demand for home improvement in 2020 as customers are recreating their personal spaces by prioritizing comfort, refurbishing, and renovating their homes. The switch to contactless and digital transactions had an increasing preference to minimize the travel to and from stores. All-in-one stores were also seen as an attractant for customers where all needs can be accessed without needing to travel/switch to other stores, thus lessening the exposure to the outside. AllHome remains optimistic despite the economic challenges in 2020. According to AllHome Chairman Manuel Villar, Jr., the Company has improved especially when restrictions were eased, allowing more customers to visit and purchase in stores.	AllHome, Employees, Investors, Business Partners, Customers, and Local Communities	AllHome practices financial sustainability by ensuring the investment decisions are viable and beneficial to all the company's stakeholders. The resulting financial gains of AllHome are manifested through continuous contributions to its stakeholders The presence of supermarkets in the AllValue retail ecosystem proved invaluable to AllHome during the ECQ. The Company has put up complementary pop-up stores that provided essential home products to the customers. Digital means were maximized by AllHome through its e-commerce site and increasing visibility in social media assets (i.e., Facebook, Instagram, Twitter, YouTube, and Pinterest) to leverage its sales for product categories and diversified brand portfolio and to stay connected to its market. Touch-free payments, delivery options, and the use of personal shoppers were among the additional services that the Company provided to ease customer transactions without direct personal contact. The upward trend of its financial performance provided more confidence for AllHome to expand its store network in 2020. Hence, the Company maintains its synergistic relationships with the Villar Group in terms of captive customer base, store locations, and execution capability that are attributed to the Company's sustainability.

Climate-related risks and opportunities[2]

Governance Disclose the organization's governance around climate related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	AllHome's climate governance is critical to ensure that the Company properly assesses climate-related risk, opportunities and takes appropriate strategic decisions on managing those to attain goals and targets. Through the AllHome Enterprise Risk Management (ERM) framework, the company's Board of Directors (BOD) has an enhanced oversight to effectively identify, monitor, assess, and manage key business risks. This guides the Board in pinpointing relevant business units and their risk exposures, as well as in directing the deployment of effective risk management and risk

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

	mitigation strategies to ensure that the company's business objectives are achieved. It operates using the ERM Policy to identify key risk areas, designate key performance indicators, and direct the monitoring of these with due diligence. By doing so, the Company is better equipped to anticipate and prepare for possible threats to its operational and financial viability. The Board also discusses and collaborates on the needed adjustments or expansions of policies to cover and include best practices from within and outside the company and industry to augment its mechanisms and strategies for climate-related risks and opportunities. Under the Enterprise Risk Management framework, the Board oversees and directs the identification and implementation of risk-mitigating measures for climate-related risks and opportunities under "Risks relating to natural catastrophes".
b) Describe management's role in assessing and managing climate-related risks and opportunities	The Management, through the leadership of the Chief Operating Officer (COO), provides accurate reports for insurance claims and creates proper assessment report to shareholders that cover any climate-related risks and opportunities identified in the operations.
Strategy Disclose the actual and potential impacts[16] of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	Since AllHome is a tenant of Vistamalls, damage to structures is managed by Vistamalls. Damage to stores, in case of flooding, is managed by AllHome. The Company tackles climate-related risks under "Risks relating to natural catastrophes" in the ERM Policy. Specifically, AllHome identifies typhoons, earthquakes, flooding, and fire as natural calamities that impact its operations. The short-term climate-related risks that the Management has identified include power outages which would require the increased use of generators. The medium- and long-term climate-related risks that the company has identified through the framework include high-intensity typhoons and flooding which can affect the supply chain, thereby disrupting store operations.
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	Risks relating to natural catastrophes include high-intensity typhoons and floods, which impact operations by delaying supply deliveries and restocking. These can also lead to the unavailability of supplies, damages to facilities and products as well as customer traffic. Furthermore, these may result in damages of property and loss of opportunity of some stores that have to close early or open late. Worse, these risks may affect profitability and force to stop the Company's operations.

c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	The AllHome Enterprise Risk Management framework considers climate-related risks under the "Risks related to natural catastrophes". The Company provided work instructions and emergency response protocols to mitigate this risk. To enhance the present mechanisms and measures in place, additional comprehensive measures will be included to respond to climate-related risk events like additional options to compensate for losses besides the procurement of insurance plans.
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	
a) Describe the organization's processes for identifying and assessing climate-related risks	In identifying risks and hazards, consultations are held which are participated by employees and stakeholders to contextualize the business and its operations. These are based on governance/management structure, products, physical environment, service dependencies, and competitors. The AllHome Board together with key management personnel and other technical experts holds avenues for identifying the potential climate-related events and the risks they pose for the company. Through these, the Management is also able to ideate and identify the appropriate risk-mitigation measures to ensure that the company continues to achieve its strategic business objectives. For more information, access AllHome's ERM Policy here.
b) Describe the organization's processes for managing climate-related risks	Applying similar processes to risks other than natural calamities, identified risks are assessed according to the likelihood of failure and the degree of consequence. This will then be the reference in building controls and measures to eliminate, minimize, transfer, and/or manage the risks. The Enterprise Risk Management framework has built-in control mechanisms to respond effectively in case of natural disasters. Through these, the Management is able to create and deploy appropriate risk-mitigation measures to ensure that the company continues the impact of climate-related risks are mitigated and well-managed. For climate-related risks, AllHome rated them as a high risk for its operations.
c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management	Climate-related risks are accounted for and considered in all risk-events identified within the Company's ERM framework. The identification, planning, implementation, monitoring, and evaluation of all climate-related risks are specifically governed within the clause of "Risks related to natural catastrophes." These risks are integrated into the Company's Business Continuity Plan, considering disruptive scenarios caused by typhoons, earthquakes, and others.

Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material	
a) Disclose the metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process	In line with the company's strategies and risk management process for climate-related risks, the Company keeps track of the total number of hours for generator use due to power outages. The Company anticipates the effects of typhoons and threats of flooding to its stores and their respective locations by closely monitoring the rainfall and flooding alerts issued by pertinent government agencies such as PAGASA-DOST. Additionally, AllHome accounts for the repair costs, operating hours that were lost, and amount of sales opportunity to assess climate-related risks.
b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	As the Philippines' first "one-stop shop" home improvement retailer, climate-related risks are taken into account in our product and service offerings. As such, every AllHome store and facility are designed to adapt to the challenges posed by climate-related events such as typhoons and flooding. Based on the ERM Policy, AllHome transfers climate-related risks by purchasing insurance to aid in the losses that the Company may experience.

Procurement Practices

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
AllHome is the first "one-stop shop" home improvement retailer in the Philippines. The company was founded with Filipino homeowners and builders as the primary market. As such, AllHome sources all its products from Philippine-based companies who specialize in construction, interior design, and other home-building and home-improving products hence, giving more priority to local suppliers over foreign suppliers.	AllHome	AllHome recognizes that some products may not be readily available among the pool of its suppliers in the Philippines. However, AllHome places preference on patronizing Philippine-made products and sourcing from local suppliers. To be able to do both, AllHome avails its imported products by coursing them through local importers and/or consolidators.

What are the Risk/s Identified?	Which stakeholders are affected?	Management Approach
AllHome recognizes that some products may not be readily available among the pool of suppliers in the Philippines. However, All Home places preference on patronizing Philippine-made products and sourcing from local suppliers. To be able to do both, All Home avails its imported products by coursing them through local importers and/or consolidators. As All Home places importance on sourcing products from local suppliers, one of the challenges and risk-events that the company has identified is the possible lack of suppliers to produce the required quantity, quality, and novelty that All Home requires. Another risk-event that All Home has identified is the challenge of redundancy when it comes to product offerings since competitors have a high likelihood of offering the same products as All Home. This falls under the "Risks relating to competition" under our Enterprise Risk Management Framework.	● AllHome ● Suppliers of furniture, appliances, homewares, linens, construction materials, hardware, tiles and sanitary wares	AllHome operates using the Enterprise Risk Management framework. The supply risk that the Company has identified is found under "Risks relating to competition" and "Operational Risks". To respond to risk events posed by these risks, AllHome ensures that it has a diverse set of suppliers for each product category, with a mix of foreign and local manufacturers. In addition to these and to make its risk-mitigation approach more robust, AllHome also develops its own in-house brands to ensure product differentiation against its competitors.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
AllHome is the Philippines' first and only "one-stop shop' home-improvement retailer, and as such, it has continuously embarked on continuous improvements and expansion plans to live up to its name. And since the Philippine home-improvement market is filled with new demands and tastes from a younger, millennial population, the company can increase its competitive advantage by providing more options fitted to	● AllHome ● Suppliers of furniture, appliances, homewares, linens, construction materials, hardware, tiles and sanitary wares	AllHome is a company built upon innovation and a competitive spirit, as such, it continues to pursue its vision of being "the top-of-mind choice of Architects, Builders, Contractors, Designers, and Engineers (ABCDE) for ALL the products and ALL the services they need, ALL in one convenient location; a true home improvement one-stop shop made for home buyers and home builders alike."

the aforementioned buyers and customers.		One of the ways that AllHome does is through the efforts of the Merchandising team which works in tandem with various Product Category heads to be always on the lookout for new and innovative products and designs available both locally and internationally.

Anti-corruption

Training on Anti-corruption Policies and Procedures

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Honesty is one of the corporate values of AllHome while Transparency serves as the cornerstone of its Corporate Governance. In line with these, the Management has taken proactive steps to ensure that AllHome's relevant stakeholders are provided with comprehensive and up-to-date communications and training on the Company's anti-corruption policies and procedures.	AllHome, Business Partners, Investors	AllHome places high importance on the value of Honesty as one of the corporate values of every member of the company, and such aims to cultivate a workplace where all stakeholders and their dealings are marked by Transparency. The Management believes that with a strong culture of Transparency in place for the company's internal workings, the mismanagement of the company and the misappropriation of its assets will be avoided as part of the company's corporate governance, specifically on Disclosure and Transparency.

		AllHome has transparency and anti-corruption policies in place, which are codified within its Code of Business Conduct & Ethics: • Conflict of Interest Policy – directors and employees must avoid situations where conflict of interest might occur • Insider Trading and Related Party Transactions Policy – all material information shall be publicly disclosed to promote transparency • Policy relating to Health, Safety and Welfare of Employees, including Company-sponsored Trainings – employees are not allowed to accept/give bribes to government entities, political parties, or business partners • Whistle-blowing Policy – any member of the company may discuss or disclose in writing any form of a potential violation of the company's policies
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
In accordance with the AllHome Enterprise Risk Management framework, the company has identified risk-events such as data corruption and breach of confidentiality, loss of trust and good relationship with investors, employees, and the public, increased costs due to manipulation of company resources, delayed and disrupted operations, and other regulatory threats.	AllHome, Employees	To ensure that the principles of Transparency, Confidentiality, Trust, and Security are firmly observed, the AllHome Management has instituted that all New Hires are trained on anti-corruption policies as well as on the Company's Code of Business Conduct and Ethics during their employee orientation. Reminders are also provided during assemblies. Long-time employees, on the other hand, are required to undergo a refresher on the aforementioned company policies during their

		annual employee evaluation, while more senior employees are specially trained on these topics as part of regulatory requirements.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
AllHome continues to do everything to ensure that its present policies ensure the confidentiality and security of information, transparency in the company's internal workings, and the proper management of operations and company assets. In this regard, AllHome is currently embarking on developing further its strategy to detect, prevent, and deter corruption within the company and throughout its dealings.	AllHome, Business Partners	AllHome strictly abides by its Code of Business Conduct & Ethics and as such has already taken steps to make sure that its anti-corruption policies are introduced to suppliers and business partners before contract signing and the finalization of deals.

Incidents of Corruption

Disclosure	Quantity	Units
Number of incidents in which directors were removed or disciplined for corruption	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
There is no impact since there were no incidents of corruption during 2020.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
AllHome is primarily engaged in buying, selling, distributing, marketing, at wholesale and retail, of all kinds of goods, commodities, wares, and merchandise of every kind and description in the home-construction and home-improvement markets. This makes the company's operations heavy on procurement and selling transactions which are historically susceptible to corruption issues. Additionally, cost/credit term agreements with suppliers are deemed at risk of corruption, which may not be optimally beneficial for the company if there is corruption.	AllHome	AllHome has a robust Code of Business Conduct & Ethics as part of its measures to encourage and institutionalize Transparency throughout its corporate governance. Hence, the Company, through the Internal Audit Department, conducts compliance self-tests and internal audits to mitigate its operational risks and to ensure that internal control policies are strictly observed. In addition to this, the Audit Committee together with the Compliance Officer ensures that processes and procedures are in place so that members of the company and every dealing made by the company adhere to statutory laws and regulations. For cases of policy violations, any director, officer, manager, or employee may discuss or disclose in writing any concern or potential violation of national laws and company policies and procedures, without fear of retaliation as indicated by the AllHome Whistle-blower Policy.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
There is no significant opportunity identified.		

ENVIRONMENT

Resource Management

Energy consumption within the organization

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	Data not available	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	14,700	L
Energy consumption (electricity)	19,323	MWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy consumption (renewable sources)	N/A	GJ
Energy consumption (gasoline)	Data not available	GJ
Energy consumption (LPG)	N/A	GJ
Energy consumption (diesel)	N/A*	GJ
Energy consumption (electricity)	3,784^	MWh

*This is the first time AllHome reports on diesel consumption.
^The figure is the difference between the 2019 and 2020 electricity consumption.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The COVID-19 pandemic has forced all systems, internationally and locally, to close down operations as a quick solution to control the spread of the virus. Hence, just like all other businesses, AllHome had to close its stores which mainly caused the decrease in energy consumption in 2020.	AllHome	When restrictions were relieved in the 2nd half of 2020, AllHome stores are starting to open. Nevertheless, the company has the following energy-saving initiatives in place: ● using energy-efficient lighting and equipment ● optimization of store lighting in all areas based on operational needs ● regular preventive maintenance of equipment (air conditioning units, elevators, escalators, generator sets) ● turning off devices and equipment when not in use
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
The ERM framework of the company identifies power interruptions as one of its main risk-events which affects the business operations and information technology operations of the Company. In situations of prolonged power interruptions brought about by natural catastrophes such as intense typhoons and extreme flooding, the fuel consumption of the company may be affected due to the increased usage of generator sets to maintain and support business operations.	AllHome	AllHome makes sure that fuel wastage is mitigated or prevented. To do this, the company conducts regular preventive maintenance of its generator sets to guarantee maximum fuel efficiency.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
AllHome keeps up with the latest best practices for sustainable businesses and as such identified the utilization and maximization of natural lighting during the daytime to lessen its electricity consumption. This also allows AllHome to become an environmentally-friendly enterprise.	AllHome	The branches of AllBuilders, AllHome's depot-type stores, were designed to accommodate natural lighting through the ceiling. This lessens the number of lights needed during the daytime. In addition to this, all facilities of AllHome utilize energy-efficient lighting fixtures and equipment.

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	N/A	Cubic meters
Water consumption	33,951.44	Cubic meters
Water recycled and reused	N/A	Cubic meters

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
Water consumption has minimal impact on the company since its water usage is mainly for domestic use.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
There is no significant risk identified.		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
There is no significant opportunity identified.		

Materials used by the organization

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
AllHome stores are obliged to reuse cartons as packaging for the purchased merchandise of customers. Other cartons and used papers sold to recyclers contribute to increased income for the Company. This initiative	AllHome, Customers, Recyclers	AllHome enforces practices that lessen the need for new materials by reusing cartons as packaging for merchandise. Additionally, the stores use paper bags and promote customers to use eco-bags to lessen the use of new packaging materials.

helps the Company to divert its generation of wastes.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
Reused materials may not have similar qualities as new materials, affecting their reliability of use.	AllHome, Customers	The Company encourages store customers to bring their reusable bags for their purchases.
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
There are no opportunities identified. AllHome will continue to practice reuse of cartons to lessen the use of new packaging materials such as plastics.		

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

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	N/A	
Habitats protected or restored	N/A	ha
IUCN[3] Red List species and national conservation list species with habitats in areas affected by operations	N/A	

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Environmental Impact Management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	39.35	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	13,762.02	Tonnes CO_2e
Emission of ozone-depleting substances (ODS)	N/A	Tonnes CO_2e

[3] International Union for Conservation of Nature

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The business model of AllHome relies heavily on electricity and fuels such as gasoline. As a network of stores in different locations and with varying sizes all over the Philippines, the company's energy usage is utilized to power and maintain its operations via generator sets, vehicles, and electricity-powered installations as part of its stores. Hence, the Greenhouse Gases (GHG) coming from AllHome are limited to its vehicles, generator sets, and electricity use. In 2020, both Scope 1 and Scope 2 emissions of the Company dropped by 98% and 13% respectively. This is highly influenced by the controlled operations due to the community quarantine protocols that lessened the consumption of energy.	AllHome	Despite the pandemic, AllHome continues to practice energy-saving initiatives in place like using energy-efficient lighting and equipment and turning off devices and equipment when not in use, to minimize the Company's GHG emissions. Once a year, AllHome runs emission tests of its generator sets in compliance with the DENR Standards. The Company also monitors in-house physical checking once a month.
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
There is no significant risk identified.		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
There is no significant opportunity identified.		

Air Pollutants

Disclosure	Quantity	Units
NO_x	N/A	kg
SO_x	N/A	kg
Persistent organic pollutants (POPs)	N/A	kg
Volatile organic compounds (VOCs)	N/A	kg
Hazardous air pollutants (HAPs)	N/A	kg
Particulate Matter (PM)	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
AllHome's operations do not have significant emissions since it is in the retail industry.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated		
Reusable	N/A	kg
Recyclable	3.2	tons
Composted	N/A	kg
Incinerated	N/A	kg
Residuals/Landfilled	N/A	kg

<table>
<tr><th>What is the impact and where does it occur? What is the organization's involvement in the impact?</th><th>Which stakeholders are affected?</th><th>Management Approach</th></tr>
<tr><td>AllHome is primarily engaged in buying, selling, distributing, marketing, at wholesale and retail, of all kinds of goods, commodities, wares, and merchandise of every kind and description for home-construction and home-improvement. As such, these products come with packaging which has generated 3 tons of carton waste and 200 kg of plastics.</td><td>AllHome</td><td rowspan="5">AllHome is a company concerned about the sustainability of its enterprise operations both in the industry and in the communities where it operates. It recognizes that the protection and conservation of the environment are vital to the longevity of its business.

As an expansive business network across the Philippines with heavy reliance on carton usage, AllHome has an instituted waste segregation policy and program in place. Employees are trained and reminded the observe proper waste segregation.</td></tr>
<tr><th>What are the Risk/s Identified?</th><th>Which stakeholders are affected?</th></tr>
<tr><td colspan="2">N/A</td></tr>
<tr><th>What are the Opportunity/ies Identified?</th><th>Which stakeholders are affected?</th></tr>
<tr><td colspan="2"></td></tr>
<tr><td>AllHome is conscious that continued reliance on plastic plastics (such as for packaging purposes) has adverse effects on the environment. As such, as a responsible business enterprise, AllHome will take progressive steps to significantly reduce the plastic waste generated by its operations.

The Company will strengthen its implementation of reusing used packaging materials like cartons to reduce waste generation and lessen the clogging of nearby waterways.</td><td>Customers, Local Communities</td><td>The Company also identifies recyclable materials for sale or re-use. For the rest of the waste generated by the company's operations, third-party hauler services are contracted for further waste collection.

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

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

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	250	pcs.
Total weight of hazardous waste transported	N/A	kg

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
The Company does not handle its hazardous waste since the Malls and its branches are responsible for the management of hazardous waste.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Effluents

Disclosure	Quantity	Units
Total volume of water discharges	N/A	Cubic meters
Percent of wastewater recycled	N/A	%

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
N/A		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	Php
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	#
No. of cases resolved through dispute resolution mechanism	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Which stakeholders are affected?	Management Approach
AllHome is a lessee of Vistamall hence, compliance with environmental regulations is not monitored by the Company. Nonetheless, the Company puts in place energy-saving initiatives and progressive waste segregation policies and it ensures compliance with the environmental policies imposed by the owners of the Mall where AllHome stores are located.		
What are the Risk/s Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		
What are the Opportunity/ies Identified?	**Which stakeholders are affected?**	**Management Approach**
N/A		

SOCIAL

Employee Management

Employee Hiring and Benefits

Employee Data

Disclosure	Quantity	Units
Total number of employees[4]		
a. Number of female employees	266	#
b. Number of male employees	249	#
Attrition rate[5]	0.77%	rate
Ratio of lowest paid employee against minimum wage	Confidential	ratio

Employee Benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS	Y	12	13
PhilHealth	Y	5	2
Pag-Ibig	Y	4	3
Parental leaves	Y	100	100
Vacation leaves	Y	100	100
Sick leaves	Y	100	100
Medical Benefits (aside from PhilHealth)	Y	100	100
Housing assistance (aside from Pag-Ibig)	Y	0	0
Retirement fund (aside from SSS)	N*	N/A	N/A
Telecommuting	Y	10.58	14.94

*AllHome has yet to determine when to establish a retirement fund.

[4] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

[5] Attrition rate = (no, of new hires – no. of turnover)/(average of total no, of employees of previous year and total no. of employees of current year)

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
Part of the AllHome mission is "to provide excellent service to all our stakeholders", which includes all company employees nationwide. Given this objective, AllHome has set in place a competitive compensation and benefits package for all its employees. These encourage the employee to do their best, promote employee engagement and retention. The sudden shift in work during the pandemic affected how some of the processes and transactions are done. There was a need to close some offices and stores during the implementation of community quarantine and, in effect, urging the company to temporarily reduce the workforce and arrange alternative working schemes. Communication is also crucial in defining expected work outputs, return to work guidelines, and COVID-19 protocols to protect the health, safety, and well-being of employees and clients while ensuring the continuity of the company's business operations.	AllHome strictly adheres to the policies of the Department of Labor and Employment (DOLE). The entry-level salary provided by the company is at the same level as the minimum wage of Mega Manila and is higher for Luzon, Visayas, and Mindanao. Aside from government-mandated benefits, AllHome also provides additional leave entitlement to regular employees, medical programs, and communication allowance. During the implementation of the community quarantine, employees are advised to work at home and were provided shuttle services to help ease transportation concerns and reduce the risk of exposure. The Management also considered the temporary waive of attendance policies, relieving employees who may need to be tardy or absent for situations beyond their control. AllHome partners with an HMO provider to help employees keep track of their health and assist them with their medical concerns. Upon regularization, they are automatically enrolled in an HMO plan including their declared dependent/s who are eligible for the health care plan. Regular employees are also entitled to paid sick leaves as part of their employment benefits package. Aside from additional leave entitlement to regular employees, the Company offers medical programs as well. Other benefits include bonuses aside from the mandated 13th-month pay, communication allowance, and the opportunity to travel abroad as part of the incentive program.
What are the Risk/s Identified?	**Management Approach**
Since its incorporation in 2013, AllHome has continued to aggressively expand its network of one-stop shop home improvement retail stores in Luzon, Visayas, and Mindanao. From 45 stores in 2019, AllHome stores have grown to 50 stores in 2020. The aggressive and successful expansion of the company has increased its employee base. In 2020, 24% of its employees are new hires. This expansion has also resulted in a turnover rate of 23%. The threat of attrition has been identified as one of the company's Operational Risks as set down in its Enterprise Risk Management framework.	AllHome's corporate values include having a Competitive Spirit. The company recognizes the value of its employees and aims to ensure that all employees are high-performing and motivated to stay through different career longevity programs and retention policies which includes, but is not limited to the following: ● Competitive salary and compensation packages ● Good, comfortable, and proper work environment and culture ● Quarterly bonding for each department ● Annual team-building sessions ● Equal and fair opportunities and performance evaluation ● Training and development sessions To mitigate Operational Risks relating to our workforce, the Enterprise Risk Management framework includes audits and educational training for personnel throughout its stores to ensure that every member of the company knows and adheres to its policies.
What are the Opportunity/ies Identified?	**Management Approach**
The continued expansion of AllHome has also resulted in continued growth in its revenues. Hence, the Company continues to provide ways for its employees to enjoy perks, rewards, and incentives exclusive to AllHome employees.	As part of the career longevity and retention program of AllHome, the Company has instituted its rewards and incentives program by recognizing and rewarding employees through its Loyalty Awardee Program, giving local and foreign travels, and competitive salary increases based on performance evaluation. AllHome continues to recognize both individual and team performance. The Company has quarterly engagement activity, Jumpstart, where rewards and recognitions are being announced during the events. This includes individual and team performance. AllHome was able to proceed with the Jumpstart via Zoom in 2020, the first-ever virtual engagement activity conducted. For 2020, AllHome had a total of 3 virtual engagement activities.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees		
a. Female employees	1,888.5	hours
b. Male employees	2,313	hours
Average training hours provided to employees		
a. Female employees	7.10	hours/employee
b. Male employees	9.29	hours/employee

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
AllHome employs a large number of employees in its stores and connection with its other operations. The success of the Company depends on its ability to hire, retain and educate an effective workforce with the requisite skills and knowledge to serve its customers. Thus, it needs to provide proper and adequate training and development programs for its employees. All training programs implemented by AllHome are designed to increase productivity, performance and created with clearly defined objectives. Productive team members would mean an increase in sales and employee productivity. 2020 is unprecedented but even with the situation, AllHome was able to continue its learning and development initiative for the organization through online webinars. These webinars include Personality Development, Product Proficiency Sessions and Basic Customer Service, Retail Salesmanship, and Supervisory Development Program webinars.	AllHome provided 32 internal and 41 external training sessions to its employees in 2020. These focused on technical and behavioral programs. Training is provided based on the result of in-house audits, customer feedback, and store assessment of its workforce vis-à-vis store standards. These are also done in preparation for the employees' career advancement in the Company. During the Pandemic, AllHome Training Academy implemented the Supervisory Development Program to hone the skills of the Supervisors to become a generalist rather than focusing on one category only in preparation for expansion while preparing the team for any events due to COVID.
What are the Risk/s Identified?	**Management Approach**
Failure to maintain a qualified workforce would impair the Company's ability to compete effectively in its target markets, provide high-quality customer service, open new stores, and execute its business strategy. Not having employee training sessions for both organic and inorganic employees put AllHome at risk of not having a qualified workforce that would result in less productivity, a high attrition rate, and non-competitive team members For 2020, restrictions of face-to-face training due to avoidance of the spread of COVID-19 puts us at risk of having team members not knowing how to effectively sell and promote products.	As mentioned earlier, the Company provides regular training to its employees. This also includes a partnership with its third-party manpower providers. Their workers and employees also benefit from the Training Academy's basic training programs such as Customer Service, Product Proficiency Training, Retail Salesmanship, and Company briefings. Training for both organic and inorganic employees ensures that AllHome maintains a qualified workforce and is able to operate effectively. Forced with times, AllHome initiated training via webinars while exploring the eLearning capability of the Company's SAP system. The AllHome Training Academy sets both training hours and training modules to be attended by each employee that ties up the manpower development and their KPIs.

What are the Opportunity/ies Identified?	Management Approach
The Company considers regular performance evaluation to improve its employees' performance.	AllHome conducts an annual evaluation performance for each employee. Standards are used to evaluate the improvement of skills, work performance, and adherence to corporate values. These include the annual performance evaluation, sales performance, customer service performance, etc. Continuous training will be conducted as preparation for an employee to perform future roles and responsibilities. Additionally, replacement planning will be done to proactively identify key personnel in operation functions. Succession planning will help direct AllHome to develop a plan to prepare multiple individuals to potentially perform certain functions.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	0	%
Number of consultations conducted with employees concerning employee-related policies	N/A	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
AllHome currently does not have any collective bargaining agreement with any employee and none of its employees belong to a union.	Nevertheless, it encourages the participation of employees through suggestion schemes wherein unique ideas are welcome and appreciated. Their involvement helps in making the organization a better workplace. For any operational changes, the Company provided a 1 week notice period to functions that are affected by those changes.
What are the Risk/s Identified?	**Management Approach**
The Company recognizes the need for employees to have a clear and safe grievance mechanism to maintain a good and collaborative working environment. Bringing all ideas and opinions from various departments to formulate and align with the company's mission and objectives has been a challenge in the start but AllHome was able to overcome this by constantly discussing problems and issues at hand.	AllHome makes sure to establish a clear framework in addressing grievances in the workplace through an established internal procedure for complaints. Such grievances are dealt with promptly, fairly, and in accordance with the Company policies. To ensure employee participation, AllHome established a structured suggestion system, employee surveys, and leadership teams. Employees who are involved feel their

	contribution is valued and the process of sharing opinions can foster teamwork. In 2020, AllHome was challenged to think of new ways to engage a pool of diverse and dynamic sets of talents and be able to increase participation at all levels of the organization. Hence, this has led to a company-wide use of digital platforms such as Zoom and Viber to get in touch with employees. Reports and information gathered are always verified and further investigated. Information is documented properly and treated with the utmost confidentiality. The Company makes sure that best efforts are enforced to amicably settle any employment dispute or issue.
What are the Opportunity/ies Identified?	**Management Approach**
The Company encourages employee participation in the realization of its goals and objectives. This provides an opportunity for the improvement of its products and services.	Part of the culture of the Company is to conduct an Annual Values Session activity wherein all voices of employees shall be heard. The summary of employee's concerns, thoughts, and recommendations shall be part of Management decision-making. The Company also implements It's time to K.I.S.S. (Keep it Simple and Straightforward), a program that allows employees to suggest ways to simplify the current methods and practices of the Company. Employees that provide the best ideas are recognized and rewarded by the Chairman, and the suggested improvements are implemented. The company maintains an open-door policy when it comes to work-related concerns and complaints. Employees are encouraged to communicate any concerns that affect the team's working relationship and dynamics. They are also asked during meetings, pep talks, and store visits regarding any issues that should be attended to promptly. The Company generates employment-related information such as employee turnover and attrition rate from monthly and annual reports. Other pertinent information is also gathered through the exit interview and regular store audit.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of females in the workforce	52	%
% of males in the workforce	48	%
Number of employees from indigenous communities and/or vulnerable sector*	N/A	#

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

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
AllHome is a company which actively promotes and practices equal employment opportunities. In 2020, the Company's workforce shows an almost 1:1 ratio for female and male employees, which serves as a testament to its commitment for equality for all who wish to work at AllHome.	In accordance with the policies of the Department of Labor and Employment (DOLE), AllHome has institutionalized a Non-discrimination Policy in its recruitment and hiring process. No applicant is discriminated against or preferred based on gender, age, disability, educational attainment, race, and religion. Gender Equality evident in the employee composition of AllHome. The Company ensures that all employees regardless of rank and position to be included, valued, and able to perform at their best. Everyone can bring their unique self to work, every talent is used and every idea is heard. AllHome fosters a company culture where every voice is welcome and valued. The Management is supporting diversity and inclusion in the workplace and implementing non-discriminatory practices. The Company had also built a multigenerational workforce and successfully encouraged engagement.
What are the Risk/s Identified?	**Management Approach**
There is no significant risk identified as AllHome does not discriminate against any applicant on the basis of gender, age, disability, educational attainment, race and religion.	
What are the Opportunity/ies Identified?	**Management Approach**
There are currently 50 AllHome stores throughout Mega Manila, Luzon, Visayas, and Mindanao. This expansive network of stores across the Philippines allows the company to provide more opportunities for employment for the local communities around its branches.	AllHome strictly complies with the directives of the DOLE as well as its own corporate policies to practice fair and equal employment opportunities by providing accessible and diverse options for applicants. Interested individuals may file their job applications online, on-ground, and on-site.

	AllHome prioritizes applicants from the local communities within the vicinity of its stores before considering applicants from other locations. Through these approaches, the company ensures that its employee base is diverse in terms of culture, religion, ethnicity, and socioeconomic background.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	1,071,136*	Man-hours
No. of work-related injuries	8	#
No. of work-related fatalities	0	#
No. of work-elated ill-health	0	#
No. of safety drills	100	#

* Total safe man-hours in 2020.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
AllHome's operations require employees to be involved in the transportation and installation of home improvement fixtures in the structures of its customers as well as in its facilities. In 2020, there were reported bruises, dislocations, and muscle strains which are caused by lifting merchandise on rackings. As such, the Company sees it significant to maintain its Occupational Health and Safety Management. During the first weeks of the pandemic, the Company encountered challenges and issues in preparation to mitigate the effects of COVID-19. Faced with uncertainties of the disease, AllHome has to act fast and look for information from all available resources to plan and implement safety guidelines for the protection of the employees and stakeholders.	The Company employs safety personnel who have each undergone the mandatory training on basic occupational safety and health for safety officers as prescribed by the Department of Labor and Employment (DOLE). The safety personnel is responsible to ensure the occupational safety and health programs as mandated by DOLE are duly followed and enforced in all AllHome stores nationwide. All safety personnel of each area undergo mandatory training on basic occupational safety and health for safety officers as prescribed by DOLE. They are the one responsible to ensure that safety and health programs as mandated by DOLE is duly followed and enforced. AllHome adopts a health and safety policy pursuant to Section 32 of R.A. 11058 An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof and R.A. 11058, and as provided in Implementing Rules and Regulations under Section 14 of D.O. 198-18.

	The health and safety policy of the company guarantees that it equips a place of employment that is free from hazardous conditions that are likely to cause physical harm to employees and its clients. This includes the provision of proper orientation to all employees, risk assessment and prevention programs, and training of safety officers and first aiders. Communication on all various forms including e-mail, adequate signage throughout the workplace, and routine safety check. In compliance with the DOLE guidelines for the implementation of workplace policy and program on tuberculosis, Hepatitis B, and HIV, the company lays out guidelines for the prevention and control of these health risks. AllHome facilitates a referral system to provide assistance and for better management and treatment of these cases. The various occupational health services that the company provides include the implementation of policies on non-discrimination, provision of reasonable working arrangements, educational and awareness campaigns, and improvement of workplace conditions among others. By providing employees a working space free from harm, with proper ventilation and adequate sanitary facilities, the possibility of disease transmission can be reduced. A monitoring system is also used to ensure that facilities are well kept and safe for all employees. Further, periodic annual medical examinations are also conducted to follow-up on previous findings, to allow early detection of occupational and non-occupational diseases, and determine the effect of exposure of employees to health hazards. In cooperation with the mall and building administration, AllHome participates in the earthquake and disaster response drills which are done periodically. Through these training sessions, employees and building personnel are equipped with knowledge and skills to enhance disaster preparedness and response. In an event of a disaster, the company's primary goal is to keep employees and clients safe and prevent further injury by moving them to a safer

	space. The Company strictly complies with the safety rules and protocols of the local government unit, the NDRRMC and other concerned agencies.
What are the Risk/s Identified?	**Management Approach**
The COVID-19 pandemic has imposed major risks especially on the health and safety of stakeholders. With the restrictions relieved, operations were continued hence, increasing the risk of exposure of employees to the virus.	AllHome employees are informed during company-mandated training about the safety procedures and standards they should observe at all times to promote physical safety as well as awareness of merchandising safety standards. Comprehensive job safety instructions are also provided to employees to inform them of the health risks involved, preventive measures, and steps to take in case of emergency. Every department is also equipped with a first aid kit and a person-in-charge in case of emergency. This person is professionally trained and certified by the Philippine Red Cross on basic emergency, disaster preparedness, basic occupational safety, and first aid. To increase awareness about COVID-19, the Company continuously issues COVID-19 policies and guidelines to remind employees of the health and safety protocols. Surgical masks, face shield, alcohol and sanitizer as well as personal protective equipment are provided for each office. Safety Officers are also assigned to ensure that prevention and control practices are strictly implemented. Employees are asked to submit the Daily Health Symptoms form, monitor their temperature, frequently wash their hands, observe physical distancing and limit face-to-face interaction. Posters and print resources about COVID-19 are placed in entrance points of offices and stores in addition to the regular disinfection and cleaning of work areas and common spaces. During the implementation of the community quarantine, employees are advised to work at home and were provided shuttle services to help ease transportation concerns and reduce the risk of exposure. The company also developed a

	guideline to properly manage cases of those who have potentially contracted the disease and their close contacts. Employees who feel unwell and those who develop symptoms are advised to stay at home, self-isolate, and contact a medical professional for advice on testing and referral. AllHome identified Safety Officers of each area. They are responsible for promoting the health and safety policy program, resolving worker health and safety complaints, and monitoring compliance with health and safety regulations. To identify and assess hazards, Safety Officers undergo Basic Occupational Safety and Health Training. They conduct periodic workplace inspections. Through regular site inspection, audit, and assessment, the Company identifies areas that need to be checked and regularly monitored. Employees and authorized personnel such as Safety officers and security personnel can report directly to the Facilities Management department if they notice any work-related hazards. In effect, the concerned department could act promptly to check issues that need to be addressed. The Company implements strict COVID-19 measures to ensure the safety and wellness of its employees. They are reminded of correct wearing of masks, coughing/sneezing etiquette and to constantly observe proper personal hygiene. All offices are provided medical equipment and supplies such as alcohol, sanitizing footbath, thermometer, and medicine kits. The regular schedule of cleaning and sanitation is also maintained. To keep track of employees' health, the Company organizes on-site annual physical examinations and also provides health care plans to employees and their dependents. Employees are also encouraged to keep an active and healthy lifestyle through information campaigns and fitness activities. Additionally, employees are also regularly screened for COVID-19 symptoms.
What are the Opportunity/ies Identified?	**Management Approach**
The Company continues to adapt to the new normal where employees are safe while maintaining productivity and customers are	Safety training will be continued to be required by the Company. In 2020, some of the health and safety training organized by AllHome are the

taken care of during their shopping experience.	Basic Occupational Safety and Health (BOSH) and First Aid training that was conducted through Zoom. These trainings are made available to selected employees in each working area to be able to ensure safety and to respond to emergencies. The level of safety training also corresponds to the level of risk of work. Training is conducted annually for free and attended by employees from a different store and office locations. Those who attend the training are provided meals, transportation allowance if done off-site and can also secure a copy of their training certificate. Employees who are in a work-from-home arrangement while in training receive no meals and transportation. Through constant communication and dialogue with various departments, the Company encourages its employees to actively participate in the training and development of health and safety programs. To foster collaboration, ideas and suggestions are gathered through employee feedback and surveys through Zoom and Viber chats/calls, and emails.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	0	#

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

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	N	N/A
Child labor	N	N/A
Human Rights	Y	AllHome has adopted and based its human rights policy against sexual harassment on the definition of sexual harassment set forth in Section 3 of R.A. 7877. It provides that sexual harassment in the workplace is committed by an employer, employee, manager, supervisor, agent of the employer, or any other person who, having authority, influence, or moral ascendancy over another in a work environment, demands, requires, or otherwise requires any sexual favor from the other, regardless of whether the demand, requests or requirement for submission is accepted by the object of said Act.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
AllHome ensures that its employees' human rights are protected. It has policies to prevent discrimination and allow grievances through its Whistle-blowing and Open Door policies. AllHome strictly adheres and conducts due process for cases of policy violations.	AllHome has created and implemented a comprehensive Code of Business Conduct and Ethics to address violations, grievances, and ensure that transparency and proper conduct are consistently observed with the company and for all its dealings. The Company has institutionalized that the company's Non-discrimination Policy is discussed during the new employee orientation. As a company employing people from diverse backgrounds across its 50 locations nationwide, employees are encouraged to respect differences in all aspects. Complaints on discrimination are acted on promptly as prevention and remedial actions are done after the investigations to prevent repeat incidents. For grievances, the Management allows everyone to raise out their concerns with the assurance that they will be treated fairly and with the utmost confidentiality. Employees who will air their grievances and report possible violations are protected through its Whistle-blowing policy. For cases of policy violations, the Company has a procedural due process depending on the gravity of the offense. For just causes of termination of employment, the due process comprises the twin notice rule - that is to give the concerned employee a written notice as to the cause or basis on which his impending dismissal rests and reasonable opportunity to address the same. Any officer or employee, who experiences or witnesses an act of harassment or discrimination in the workplace, shall report the same immediately to the Committee on Decorum and Investigation or to the Employee Relations (HR). The Committee shall investigate the incident and upon completion of the investigation, inform all parties of the outcome and decision. AllHome ensures that employees are provided just and humane treatment, equal employment opportunity, and protection from any harm and discrimination. Our practices are set to be

	aligned for compliance with the requirements of the due process aside from making sure that sound and clear company policies, rules, and regulations are implemented. The Company permits no employment-based retaliation against anyone who brings a complaint or any work-related concerns.
What are the Risk/s Identified?	**Management Approach**
The Enterprise Risk Management framework of AllHome identifies that non-compliance to labor laws and human rights puts the Company at risk of being penalized with infringement of labor laws and court charges. In addition to this, grave human rights violations can affect the company's reputation in the market and the general public as indicated under "Risks relating to the Company's reputation". Non-compliance to labor laws may put the Company at risk of being penalized or could possibly be charged in court.	To eliminate or mitigate the risks posed by possible instances of human rights violation and harassment in the workplace, AllHome proactively informs employees on the policies and procedures which are also in line with the country's labor laws. Since addressing and responding to discrimination in the workplace is no easy task, the Company has a simplified implementation mechanism as follows: have a designated complaint mechanism in place, respond promptly to complaints, and investigate discrimination, prevention, and remedial actions. The Company has a strategic plan to prevent discrimination in the workplace is basically to design solid guidelines for all employees by making it a part of new employee orientation. Employees are always reminded of the company's core values and the importance of showing respect for one another, including one's personal boundaries.
What are the Opportunity/ies Identified?	**Management Approach**
There is no significant opportunity identified.	

Supply Chain Management

Do you have a supplier accreditation policy? If yes, please attach the policy or link to the policy:

Yes

Do you consider the following sustainability topics when accrediting suppliers?

Topic	Y/N	If Yes, cite reference in the company policy
Environmental performance	Y	Under its "Conduct of Business and Fair Dealings" policy, AllHome requires potential suppliers to provide information on their environmental performance such as safe operations in its facilities and offices. It also conducts a site inspection to verify the suppliers' claims. These are all required in the suppliers' accreditation.
Forced labor	Y	AllHome requires potential suppliers to provide information on its manpower. It also performs a background check to verify the details. These measures are done in accordance with the company's provision on the "Conduct of Business and Fair Dealings".
Child labor	Y	
Human Rights	Y	
Bribery and corruption	Y	

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
As part of the retail industry which relies heavily on the procurement and transport of goods, AllHome puts great efforts into choosing its suppliers. The quality of the brands and products being sold would also reflect on the company's performance.	Since its establishment, AllHome has established a stringent set of criteria for supplier selection. This is based on the brands and products that suppliers carry. AllHome places a high premium on the quality and novelty of products as well as the capacity and capabilities of suppliers to deliver the company's product requirements. Suppliers are vetted, chosen, and accredited based on customer preference, product quality, profit margin, after-sales service, marketing support, and incentive program.
What are the Risk/s Identified?	**Management Approach**
The risks identified by the AllHome Enterprise Risk Management framework involve delivery delays in the company's supply chain, the security of products during transport, and supply availability. Any disruption could negatively impact its financial performance or financial condition as identified under Operational risks.	In order to mitigate risks, AllHome employs strict auditing mechanisms and processes for all its suppliers. New suppliers undergo a strict audit process before the company includes their products in its stores. Suppliers are required to conform to the standards set out in the terms of the contract. These standards include a commitment to timely and reliable delivery of products, meeting the required specifications, and adherence to relevant laws and regulations. In addition, before the delivery or display of the products in its stores, quality control teams conduct a sample check of the products by visual inspection. The company also does not rely on any single supplier as it maintains a wide network of suppliers. This ensures a robust source and network of suppliers that can respond to any supply-related challenges. As the home improvement industry is susceptible to changes in the market trends and

	customer preferences, it strives to continuously source new products. Inventory is also ordered in bulk to make way for allowance for supply chain disruptions as well as maximize volume discounts. This risk concern is addressed under the "Risks relating to specific target markets".
What are the Opportunity/ies Identified?	**Management Approach**
Since AllHome is a company that champions business and environmental sustainability, it has encouraged its suppliers to adapt sustainability as part of their mechanisms and processes.	Strict measures are embedded in the supplier accreditation process as outlined in AllHome's Code of Business Conduct and Ethics, which includes financial and operational capability as part of the metrics for accrediting a supplier. The AllHome Merchandising Group also conducts a quarterly review of the suppliers' performance to see if the Company will renew their annual contract. Suppliers can raise their concerns through the form of a letter sent through email or personally delivered addressed to the Purchasing or Merchandising Head. These concerns may also be raised during the supplier's performance review done every quarter.

Relationship with Community

Significant Impacts on Local Communities

Operations with significant (positive or negative) impacts on local communities (exclude CSR projects; this has to be business operations)	Location	Vulnerable groups (if applicable) *	Does the particular operation have impacts on indigenous people (Y/N?)	Collective or individual rights that have been identified that or particular concern for the community	Mitigating measures (if negative) or enhancement measures (if positive)
N/A	N/A	N/A	N/A	N/A	N/A

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

For operations that are affecting IPs, indicate the total number of Free and Prior Informed Consent (FPIC) undergoing consultations and Certificate Preconditions (CPs) secured and still operational and provide a copy or link to the certificates if available: N/A

Certificates	Quantity	Units
FPIC process is still undergoing	N/A	#
CP secured	N/A	#

What are the Risk/s Identified?	Management Approach
There is no significant risk identified since the Company's operations do not have a major impact to local communities.	
What are the Opportunity/ies Identified?	**Management Approach**
AllHome has always been mindful of the communities where its 50 stores are located nationwide. Aside from sourcing and hiring talents within the vicinity of their respective locations, this has also paved the way for AllHome to give back and benefit communities. Since face-to-face interaction was kept to a minimum, store representatives cannot go out of the store to reach out. Public transportation is also limited that hindered people from nearby areas to visit the store. As a way to keep in touch, stores utilized Zoom meetings to service clients and address the needs of the communities.	AllHome has always built stores closer to residential areas rather than commercial areas. This proved beneficial during the quarantine period. Allhome introduces its' neighborhood stores - Quickfix by AllHome With the current situation, consumers are more inclined to shop closer to home as they minimized travel to and from their homes. With having an Everyday Quick Fix as their neighbor, everything that is needed for daily activities and household projects can be obtained in a matter of minutes—customers get what they need when they need it. Their quick and direct access points to the store foster an atmosphere of security for customers. An AllDay Mart is also beside an AllHome Quick Fix that can provide the necessary items for cravings, cooking, and cleaning needs. Having these stores close to homes shows that AllHome values the time of every customer and ensures that safety is a priority as the Company eliminates unnecessary exposure to outside elements. Four contactless shopping was introduced by the Company to shop safely at AllHome through the launch of an e-commerce site that provides safe ways to shop in-store. The Company has AllHome Builds, a program that aims to promote a sustainable lifestyle to all its stakeholders. If the need arises, the engagement and interaction between the

	Company and its local communities increase in frequency. Employees are encouraged to engage on volunteer days such as a clean-up drive to protect the critical habitat in nearby communities. Being a member of the Villar Group, AllHome is also associated with the Villar Sipag program and projects, such as nutrition caravan, medical and dental missions, river rehabilitation programs, and various livelihood programs. Allocation of financial resources for beneficiaries and partner communities is through the activities and also through our product discounts and promotions. The main touchpoint is at All AllHome branches. The community is engaged on a day-to-day basis through social media, live chats, and Viber groups. Some of the community initiatives are the LIKHA project, PICC donation project, Tablet Donation, and Omegang Kay Ganda. ● LIKHA project supports livelihood programs in Las Pinas Area through the Villar Foundation. The pilot section is located in North Molino (NoMo) store which features products of Villar Sipag Foundation livelihood programs created from dried water hyacinth "water lily" leaves (i.e., baskets, plant holders, storage bins). ● PICC donation - the creation of a quarantine facility helps stop the spread of the pandemic in NCR ● Tablet donation - the tablets were given to teachers of a public school for them to conduct distance learning. Both teachers and students benefited from this effort ● Omegang kay Ganda - proceeds from the sale of Omega items were donated to Villar Sipag foundation. In October 2020, homewares supplier Omega donated 10% of its sales to typhoon victims in Bicol.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study? (Y/N)
Customer Satisfaction	8.4/10	N

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
AllHome prides itself with a wide variety of products ranging from hardware, construction materials, appliances, furniture, and home furnishings. Apart from this, the Company offers free consultations on home and interior styling, personal shopper service, e-commerce site, assembly, and delivery, and a 0% installment payment scheme. AllHome was able to deliver Satisfactory Service to its customers, evidenced by the results of its Customer Satisfaction Survey (CSat) for 2020. The CSat surveys are conducted quarterly by the Market Research Team. However, common concerns were expressed mainly about after-sales service, particularly on late deliveries as a result of the local restrictions during the lockdown. In addition, the store ambiance was also noted as being too warm as some initiatives were implemented to lower operating costs.	AllHome was able to satisfy its customers because of its innovative and constant high-quality approach to its businesses and stakeholders: ● Customer Experience – AllHome provides a complete shopping experience for architects, builders, contractors, designers, and engineers. It is the Philippines' first one-stop shop for all home improvement needs, which offers all seven (7) categories of home-related/improvement merchandise under one roof. ● Product and Service offerings – AllHome provides a variety of merchandise to choose from. It also offers AllHome exclusives (its inhouse brand), customizable furniture, free interior design, and hassle-free delivery. ● Co-located Retail Ecosystem – AllHome stores are located together with other retail stores under the AllValue group (i.e., coffee shop, supermarket grocery, restaurants). This provides the customers an enhanced shopping experience that also caters to their needs other than home-related/improvement. All these makes AllHome an innovative retail company. The Company has created a Viber community with 13,406 members. Other engagements include live chat, product ratings for items ordered on the e-commerce site, Facebook Messenger, and Google my business reviews.

	AllHome came up with four (4) ways for customers to still shop for all their homes and hardware needs while still being safe and enjoying the comforts of their home. 1. Visit allhomeclick.com and browse through AllHome's products at the website, add to cart, and check out. 2. Customers can chat with an AllHome personal shopper on Viber and have them answer their inquiries. They have to prepare an order form and an AllHome representative will be happy to assist! 3. Shop online at AllHome's Viber Community. Chat and order from Monday-Sunday at 8:00am to 4:00pm. 4. For construction and hardware needs, they can chat and order from AllHome Builders Centre Shopping Community open on Monday-Sunday at 9:00am to 5:00pm.
What are the Risk/s Identified?	**Management Approach**
AllHome has not identified any significant risks in customer satisfaction, although there were complaints on product pricing, product durability, speed of service, delays in checkout, deliveries, and assembly.	AllHome always welcomes feedback, comments, and suggestions from its customers. As a result, the Company formally launched the Customer Feedback and Suggestion Form in October to ensure that concerns are immediately addressed on a per-store level. These forms are readily available for customers to use at any time for any feedback, complaints, or suggestions they may have. This is also introduced to customers by Sales Specialists as part of their closing pitch.
What are the Opportunity/ies Identified?	**Management Approach**
AllHome will continue to use CSat as a way of identifying more opportunities for improvement. AllHome has internally developed a complete customer service program that covers various modules, including the basic standard and culture of service, continuing education on technical/product proficiency series to help frontliners sell with ease and confidence alongside retail salesmanship. The program includes an internal customer service compliance audit that is tied up to the store's performance objectives to ensure consistency of execution.	AllHome is proud to be the most innovative and most competitive home building improvement shop. This holds true during the pandemic in which AllHome launched its first Viber community and AllHome online shops to ensure that customers can stay safe and can buy all their home improvement needs from the comfort of their homes. Continuous feedback and improvement are an integral part of AllHome. Through the CSat, the Company is able to include new value-added services, such as furniture assembly and water heater installation, which has been identified based on customer demand.

	Other services that AllHome provides are the following: ● Choose, Chat and Collect which is a personal shopper service ● Choose, Click and Collect wherein customers can visit the e-commerce site: www.allhome.com.ph ● Curbside pick-up ● Same day delivery

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints on product or service health and safety*	0	#
No. of complaints addressed	N/A	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
AllHome does not have a significant impact on health and safety as there have been no complaints on health and safety for 2020. This is attributed to strict compliance with the minimum health and safety protocols set by DOH/Government. The issues/concerns cited were not directly related to health and safety, but rather to whether AllHome is an essential business during the pandemic.	AllHome is committed to maintaining a secure shopping for customers and a safe work environment for employees. Its employees are trained in safety procedures and standards to promote physical safety and to ensure awareness of safety standards in case of an emergency. The Company's product offers have labels on their safe use, as provided by the respective brands. In addition, the Company provides demos on the correct operation and use of the products. It also offers furniture assembly services that eliminate the risk of improper assembly by customers which might lead to accidents. Other layers of safety were implemented in 2020 in accordance with the health and safety protocols of the Government. AllHome only allows individuals who are 21-59 years of age to enter its premises. Customers at the mall will be required to wear face masks at all times, and for precautions, customers and employees will be checked for their body temperature, allowing customers at normal temperature to enter, and will be asked to pass through a disinfection

	carpet to disinfect their shoes. Hand sanitizers are also provided at all entrances. Social distancing is strictly practiced, keeping 1-2 meters away from another person as well as having a maximum of four (4) persons per ride in the elevator and being three (3) steps apart when using the escalator. To avoid contact, AllHome recommends using cash-free payment by scanning your QR code or by card payment. AllHome also implements smart shopping by browsing through allhome.mycommerce.com. The bathrooms are disinfected regularly, as well as the elevator buttons and escalator handrails. All AllHome stores are regularly disinfected by EnviroNet. Queuing Stickers can be seen in the areas where the lines take place. Posters that promote the practice of social distancing, keeping hands sanitized, and other precautionary measures to follow and observe are seen throughout the stores to help remind customers and employees. The stores were installed with acrylic barriers.
What are the Risk/s Identified?	**Management Approach**
The pandemic fostered fear by shopping physically in the shops. Therefore, customers cannot inspect a product they are buying. Since the enhanced community quarantine (ECQ) was implemented, going to stores has become difficult. Having to endure long lines due to physical distance, limiting the number of people allowed in shops and even the temporary ban on public transport has added to the challenges brought upon by COVID-19. With the health protocol requirement, it was a challenge for AllHome to engage fully with actual customers because of social distancing, having customers submit health declaration forms also adds up to this challenge.	AllHome insisted on ways to still be able to cater to the needs of Filipinos at the time of the pandemic. The Company offers a one-stop shop, hence, everything that the customer wants or needs is easily available in the store so that their shopping experience is safe and complete. AllHome stores are strategically located close to residential communities, making them more convenient to its customers. The Company relied on technology to provide a shopping experience that is close to in-store shopping by introducing the Personal Shopper service where an AllHome representative uses video calls for quick communication and Viber messaging. In addition, AllHome introduced the 360-degree virtual store tour. It simulates the experience of seeing items on display at the comfort of their home. Also, AllHome introduced the 4 ways of shopping safely from home and implementing the health standards to prevent the spread of the virus.

	The constant reminders of AllHome's standards and service culture helped minimize this challenge.
What are the Opportunity/ies Identified?	**Management Approach**
The Company continues to maximize online channels to increase sales and build long-term relationships with customers, meeting their needs without compromising their safety.	Digital platforms have enabled AllHome to continue providing products and services to its customers. The e-commerce website and AllHome App provided customers with an avenue to navigate to a rich category of retail and homewares in the comforts of their homes. These platforms will be maintained and improved to enhance customer satisfaction.

Marketing and Labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	0	#
No. of complaints addressed	N/A	#

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	**Management Approach**
There is no significant Marketing and Labelling impact to AllHome since there were no substantiated complaints on marketing and labeling for 2020.	Through its Code of Conduct and Business Ethics, AllHome is able to continue to employ marketing strategies that do not incur risk events. AllHome uses mixed marketing strategies: social media, partnerships with influencers, banners, billboards, flyers, print ads, LED walls, radio, online advertising, and in-store advertising. The Company has digitized its marketing strategies to continue to engage with its target market. ● Relationship Marketing: During the community quarantine, AllHome engaged in building customer relationships by providing easy access to store staff and customer service to address their needs via Viber, SMS, call, and Messenger. ● Content and influencer marketing: AllHome highlighted aspirational images on its channel to get engagement from its target market. AllHome engaged local

	celebrities to inspire consumers to check out AllHome products online. ● Loyalty Programs - AllHome expands its loyalty program to leverage professionals such as architects, contractors, builders, and other customers. ● Digital marketing through the introduction of e-commerce site and search engine optimization (SEO) efforts ● Local store promos - periodic implementation of sale promos to entice consumers to purchase These strategies are used to promote AllHome's seasonal catalog, seasonal and major Sale events, exhibits, and Store events or demos. All promos go through the Department of Trade and Industry (DTI) for the necessary permits and a third-party agency is contracted for the production, delivery, and installation of the aforementioned marketing strategies.
What are the Risk/s Identified?	**Management Approach**
There is no significant risk identified.	
What are the Opportunity/ies Identified?	**Management Approach**
There is no significant opportunity identified.	

Customer privacy

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

**Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies.*

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
There is no identified Customer Privacy impact to AllHome since there are no substantiated complaints on customer privacy for 2020.	AllHome has implemented a strict policy on the Code of Conduct and Business Ethics, under Offenses Against Company Interest-Dishonesty. The policy strictly prohibits deliberate disclosures of pertinent data. Any deviations must be handled with due diligence according to the disciplinary process of the company. The Company also operates rigorously with strict data and information security in accordance with the Data Privacy Act (DPA). The Company has put in place appropriate controls and measures to protect customer data regarding its collection, handling, use, sharing, processing, disposal, or storage, especially sensitive and critical data. For more information, see the Privacy Policy here.
What are the Risk/s Identified?	**Management Approach**
AllHome acknowledges the risk exposure of customer information due to its COVID-19 Tracker, AllHome e-commerce Site, and AllRewards Loyalty Program.	The growing demand for online/non-contact transactions prompted the Company to upgrade its existing controls to protect customer data. In 2020, the QR codes were implemented at store entrances. Secured Socket Layer (SSL) has also been used in COVID Contact Tracing applications. AllHome ensures that all its forms, in particular those that require sensitive information from customers, have a DPA consent clause stating that the information gathered will only be used for the stated purpose in the form and are protected in accordance with existing data privacy and cybersecurity laws. Upon accessing the company's website, customers are asked for their consent to share their cookies to present products that match their preferences.
What are the Opportunity/ies Identified?	**Management Approach**
Customer information is handled with the utmost confidentiality. Hence, the Company will ensure that its operations comply with the DPA and keep its security infrastructures up-to-date.	The Company considers the damage, loss, or corruption of Information Technology as a potential business disruption scenario in the BCP. Scenarios are tested to identify gaps or weaknesses in the implementation of the existing mitigation controls and to improve them regardless of the magnitude of the impact.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	0	#

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
There is no significant Data Security impact to AllHome since there were no data breaches that happened in 2020.	AllHome abides by the procedure and regulations set forth by the Government which includes compliance with the guidelines set by the Department of Trade and Industry (DTI) and with the DPA. Its processes are in line with the DPA and its Data Privacy Officers (DPOs) regularly attend training and seminars accredited and organized by the National Privacy Commission (NPC). In 2020, the Company used multi-layer security technologies from Anti-Virus to Intrusion Prevention System/Intrusion Detection System (IPS/IDS) on its data centers.
What are the Risk/s Identified?	**Management Approach**
According to the AllHome ERM framework, the Management has identified potential data security risks such as data breaches, data losses, thefts and data losses.	Aside from strict adherence and compliance to existing Data Privacy and Cybersecurity laws, AllHome conducts periodic inspections regarding the inclusion of policy forms, physical and electronic data storage, and data processing and disposal. AllHome takes a proactive position towards data security and privacy. It shall continue to take measures to ensure that data security controls are properly established and regularly updated in anticipation of potential data security threats. With the surge of online transactions, the Company has to convert all existing web applications that are external facing to Secured Socket Layer/Transport Layer Security (SSL/TLS) based security. For internal systems, the IT set up a VPN facility in the employees' laptops/desktops. It was a challenge that was easily resolved due to the technical knowledge of the implementing team.
What are the Opportunity/ies Identified?	**Management Approach**
AllHome continues to strengthen its existing data security controls in place to ensure the protection of business operations especially those that are conducted digitally.	The Company considers the damage, loss, or corruption of Information Technology as a potential business disruption scenario in the BCP. Scenarios are tested to identify gaps or weaknesses in the implementation of the existing mitigation controls and to improve them regardless of the magnitude of the impact.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact
Construction materials Hardware Tiles and sanitary ware	**SDG 8: Decent Work and Economic Growth** • Retail trade fosters economic growth through the extensive supply of supplies from different local suppliers and the establishment of a wide retail network across the country, resulting in job creation and employment opportunities for people living in nearby communities around AllHome stores. **SDG 9: Industry, Innovation, and Infrastructure** • Construction materials, hardware, tiles, and sanitary wares are intermediate and final products that are commonly used in infrastructure development. The AllHome home improvement company / retail facility serves to meet the structural improvement needs of the Filipinos. **SDG 11: Sustainable Cities and Communities**	The impact generated by AllHome's sales and distribution operations is managed by the company and discussed in the previous sections. The products offered do not have significant negative impacts as these are items used for constructing and furnishing homes, a basic need for humans. To date, the Management has not identified any negative impacts. AllHome continues to take a proactive stance in the responsible and sustainable conduct of its business to benefit all of its stakeholders.	

	• AllHome as a home improvement company helps to encourage the creation of sustainable cities and communities by making home improvement materials and products more affordable and accessible, which can contribute to making housing more affordable and accessible to more Filipinos.	
Furniture Appliances Homewares Linen	**SDG 8: Decent Work and Economic Growth** • Retail trade fosters economic growth through the extensive supply of supplies from different local suppliers and the establishment of a wide retail network across the country, resulting in job creation and employment opportunities for people living in nearby communities around AllHome stores. **SDG 9: Industry, Innovation, and Infrastructure** • The furniture, appliances, homeware, and linen industry are continuously evolving. There is a growing demand and need for innovative products on the market that could help improve people's lives, even in simple ways.	

AllHome Corp.'s "Manual on Corporate Governance" guides the Company's strategies towards management and investor relations. It ensures that the Company and its employees adhere to set standards and ethics, and requires regular assessments and benchmarking. The Governance Code evolves to adapt to changes within the organization and the industry.

AllHome: Governance Code

Board of Directors

The Board of Directors (the "Board") shall be primarily responsible for the governance of the Corporation. In addition to setting the policies for the accomplishment of corporate objectives, it shall provide independent checks on Management. The term "Management," as used herein, shall refer to the body given authority by the Board to implement the policies it has laid down in conducting of the business of the Corporation.

Composition

The Board shall be composed of at least five (5), but not more than fifteen (15) members who are elected by the stockholders, and at least two (2) Independent Directors or such number of Independent Directors that constitute twenty percent (20%) of the members of the Board, whichever is lesser but in no case less than two (2).

The membership of the Board may be a combination of Executive and Non-executive Directors (which include Independent Directors) in order that no Director or small group of Directors can dominate the decision making process.

The Non-executive Directors should possess such qualifications and stature that would enable them to participate effectively in the deliberations of the Board.

Chairman

The Chairman of the Board, and President and Chief Executive Officer have been separated to ensure balance of power, increased accountability, and better capacity for independent decision making by the Board.

Board Performance

The Board holds regular meetings. To assist the Directors in the discharge of their duties, each Director is given access to the Corporate Secretary, who serve as counsel to the Board and at the same time communicate with the company shareholders and investing public.

Board Committees

To comply with the principles of good corporate governance, the Board created two (2) Committees.

Audit Committee. The Audit Committee is composed of three (3) members, two (2) of which are Independent Directors: Chairman Laura Suarez Acuzar, Manuel Paolo A. Villar, and Jessie D. Cabaluna. This committee assists the Board in providing oversight for the financial reporting process, system of internal control, audit process, and monitoring of compliance with applicable laws, rules, and regulations. It also provides oversight over Management's activities in managing credit, the market, liquidity, operations, legal, and other risks of the Corporation. This includes regularly receiving information on risk exposures and risk management activities from Management.

In compliance with SEC Memo Circular No. 4 series of 2012, the Board approved and adopted the Audit Committee Charter. The Audit Committee will hereafter meet to assess its compliance with the aforementioned SEC Memo Circular.

Corporate Governance Committee. The Corporate Governance Committee is composed of three (3) members, two (2) of which are Independent Directors: Chairman Jessie D. Cabaluna, Camille A. Villar, and Laura Suarez Acuzar. This committee assists the Board in the performance of its corporate governance responsibilities. It shall also be tasked with ensuring compliance with and proper observance of corporate governance. It also performs the functions of Nomination Committee pursuant to the By-laws of the Company.

Management

Management is primarily responsible for the day-to-day operations and business of the Company. The annual compensation of the Chairman, CEO, and the top five (5) Senior Executives of the Company are set out in the Definitive Information Statement distributed to Shareholders.

Compliance Monitoring

The Compliance Officer is responsible for monitoring compliance by the Company with the provisions and requirements of good Corporate Governance.

Annual Corporate Governance Report

In compliance with SEC Memorandum Circular No. 15 Series of 2017, the Company submits an Integrated Annual Corporate Governance Report (I-ACGR) to the Securities and Exchange Commission and Philippine Stock Exchange every year. This report shall contain the Company's compliance/ non-compliance with the recommendation provided under the Code of Corporate Governance for publicly-listed companies (PLCs).

https://allhome.com.ph/corporate-governance/

Website

Up-to-date information on the Company's corporate structure, products and services, results of business operations, financial statements, career opportunities, and other relevant information on the Company may be found on its official website: **www.allhome.com.ph.**

To view the Manual on Corporate Governance please refer to the link below.
https://allhome.com.ph/corporate-governance/manual-of-corporate-governance/

In 2020, the Board held 6 meetings. The record of attendance is indicated in the chart.

Board Meeting Attendance

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

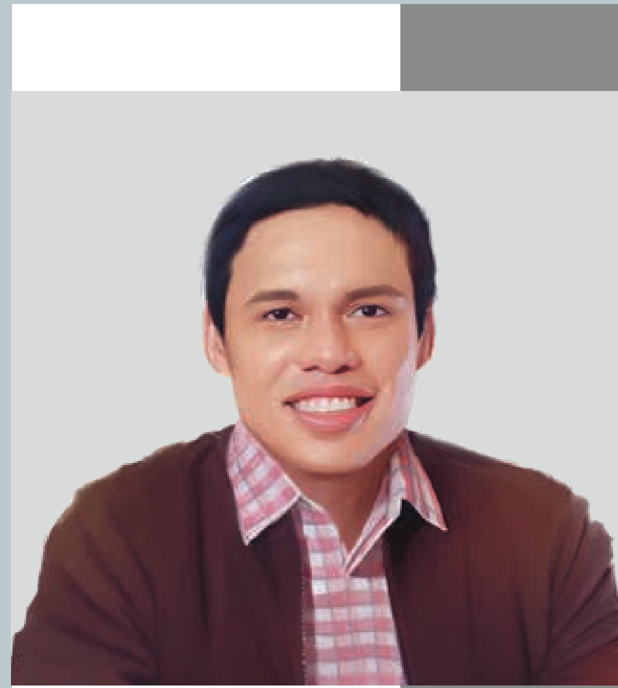
Legend: (A) Absent, (P) Present

NEW POST

BOARD OF DIRECTORS

Manuel B. Villar, Jr.
Chairman

Benjamarie Therese N. Serrano
President

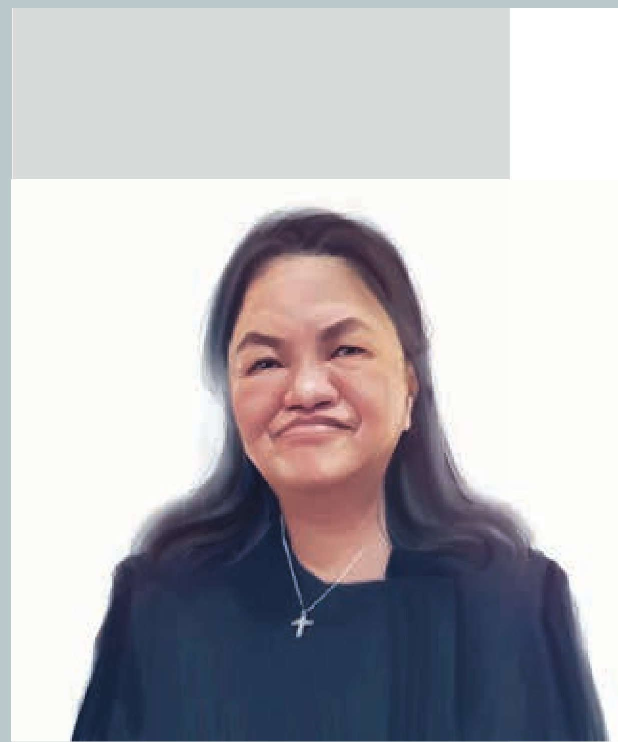


Manuel Paolo A. Villar
Director

Camille A. Villar
Vice Chairman & Director

Frances Rosalie T. Coloma
Treasurer

Laura Suarez Acuzar
Independent Director



Jessie D. Cabaluna
Independent Director

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

Benjamarie Therese N. Serrano. President 58, graduated from the University of the Philippines with a degree in Economics and from the Asian Institute of Management, with a Master's degree in Business Management. She is also the President of the other subsidiaries of AllValue. Ms. Serrano was the President of Vistamalls, Inc. from 2017 to 2019. She was also the President & CEO of Vista Land and Lifescapes, Inc. from 2007 to 2011.

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

Manuel Paolo A. Villar. Director, Mr. Villar, 44, graduated from the Wharton School of the University of Pennsylvania, Philadelphia, USA with a Bachelor of Science in Economics and Bachelor of Applied Science in 1999. He was a consultant for McKinsey & Co. in the United States from 1999 to 2001. He joined Crown Asia in 2001 as Head of Corporate Planning. He is the President and CEO of Vista Land & Lifescapes, Inc. since 2011 and President of Vistamalls, Inc. 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, 35, graduated from Ateneo de Manila University with a degree in Bachelor of Science in Management. She obtained a Master's Degree in Business Administration from the Instituto de Estudios Superiores de la Eprese (IESE) Business School, Barcelona, Spain. She is the President and CEO of AllValue. She is also a Director of Vista Land & Lifescapes, Inc., Vistamalls, Inc., and Golden Bria Holdings, Inc. She was President of AllHome until May 2019, Brittany Corporation from 2010 to 2013 and the Head of Corporate Communications for Vista Land from 2008 to 2010.

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

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

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

Maria Cristina O. Barao. Compliance Officer and Controller. Ms. Barao, 39, graduated from the Pamantasan ng Lungsod ng Maynila in 2011 with a Bachelor of Science inAccountancy. She was previously the Senior Accountant and Chief Accountant of Camella Homes, Crown Asia Properties Inc., and Brittany Corporation from 2009 to 2018.

Jo Marie Lazaro-Lim. Corporate Secretary. Ms. Lazaro-Lim, 41, graduated from the University of Sto. Tomas with a degree in Bachelor of Arts in Legal Management and she earned her law degree from San Beda College of Law. She is the Compliance Officer and Assistant Corporate Secretary of Vistamalls, Inc. and Assistant Corporate Secretary of Golden Bria Holdings, Inc. She is also the Corporate Secretary of Manuela Corporation and Masterpiece Asia Properties, Inc. as well as other affiliate companies of the group.

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







MANAGEMENT COMMITTEE

Benjamarie Therese N. Serrano
President

Frances Rosalie T. Coloma
Chief Financial Officer

Mary Lee S. Sadiasa
Chief Operating Officer

Ma. Cristina O. Barao
Compliance Officer and Controller

Jo Marie Lazaro-Lim
Corporate Secretary

Robirose M. Abbot
Investor Relations Head

REVIEW OF YEAR END 2020 VS YEAR END 2019

RESULTS OF OPERATIONS

Year Ended December 31, 2020 compared to year ended December 31, 2019

Revenues

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

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

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

Cost of Merchandise Sold

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

Selling, General and Administrative Expenses

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

- Increase in depreciation and amortization from ₱708 million for the year ended 31 December 2019 to ₱905 million for the year ended 31 December 2020 due to the increase in the number of stores.
- Increase in rentals from ₱182 million for the year ended 31 December 2019 to ₱343 million for the year ended 31 December 2020 primarily due to new stores.
- Increase in salaries, wages and employee benefits from ₱273 million for the year ended 31 December 2019 to ₱328 million for the year ended 31 December 2020 due to the additional manpower for new stores.
- Increase in outside services from ₱252 million for the year ended 31 December 2019 to ₱288 million for the year ended December 2020 due to the additional manpower for new stores. This was partially offset by the reduction of manpower due to closure of stores during the ECQ in the second quarter of 2020.
- Increase in communication and utilities from ₱220 million for the year ended 31 December 2019 to ₱271 million for the year ended 31 December 2020 attributable to the increase in the number of stores.
- Increase in merchant fee from ₱117 million for the year ended 31 December 2019 to ₱128 million for the year ended 31 December 2020 primarily due to increase in revenues on account of higher store network.
- Increase in taxes and licenses from ₱77 million for the year ended 31 December 2019 to ₱102 million for the year ended 31 December 2020 due to increase in number of stores as well as the increase in revenues.
- Decrease in advertising and promotions from ₱67 million for the year ended 31 December 2019 to ₱35 million for the year ended 31 December 2020 on account of cost-cutting measures implemented and usage of online digital platforms for marketing purposes.
- Decrease in office and store supplies from ₱33 million for the year ended 31 December 2019 to ₱29 million for the year ended 31 December 2020 due to cost-cutting measures implemented.
- Decrease in repairs and maintenance from ₱27 million for the year ended 31 December 2019 to ₱25 million for the year ended 31 December 2020 due to cost-cutting measures implemented.
- Increase in dues and subscription from ₱18 million for the year ended 31 December 2019 to ₱21 million for the year ended 31 December 2020 due to increase in the number of stores.
- Decrease in transportation expense from ₱35 million for the year ended 31 December 2019 to ₱16 million for the year ended 31 December 2020 due to reclassification of transportation expenses related to deliveries under delivery expenses.
- Increase in insurance from ₱7 million for the year ended 31 December 2019 to ₱9 million for the year ended 31 December 2020 due to the increase in the number of stores.
- Decrease in commission expense from ₱6 million for the year ended 31 December 2019 to ₱3 million for the year ended 31 December 2020 as most corporate sales during the period were generated by in-house sales teams.
- Decrease in professional fees from₱12 million for the year ended 31 December 2019 to ₱7 million for the year ended 31 December 2020 on account of one-time professional fees incurred in 2019 in relation to the company's initial public offering.
- Decrease in impairment loss from ₱11 million for the year ended 31 December 2019 to ₱6 million for the year ended 31 December 2020 as provision for impairment is enough.
- Decrease in representation and entertainment from ₱11 million for the year ended 31 December 2019 to ₱6 million for the year ended 31 December 2020 due to cost-cutting measures, and minimal physical meetings this year.
- Increase in loss on lease modification from nil for the year ended 31 December 2019 to ₱1 million for the year ended 31 December 2020 due to pre-termination of lease on certain warehouse facilities during the year.

Finance Cost

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

Support, Fees, Rentals and Other Revenues

Support, fees, rentals and other revenues increased by 13% from ₱352 million for the year ended 31

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

Tax Expense

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

Net Profit

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

FINANCIAL CONDITION

As of 31 December 2020 vs. 31 December 2019

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

- Cash decreased by 24% from ₱2,343 million as of 31 December 2019 to ₱1,786 million as of 31 December 2020 primarily due to payments made for the inventories and fit-out expenditures for new stores.
- Trade and other receivables increased by 87% from ₱277 million as of 31 December 2019 to ₱517 million as of 31 December 2020 due to increased revenues and timing of collection.
- Inventories increased by 21% from ₱5,209 million as of 31 December 2019 to ₱6,289 million as of 31 December 2020 due primarily to inventory of new stores, additional in-house brands and inventory buys for holidays sales.
- Property and equipment increased by 8% from ₱11,151 million as of 31 December 2019 to₱11,988 million as of 31 December 2020 due primarily to acquisition of store equipment, furniture, fixture, office equipment and leasehold improvements for new stores.
- Other assets increased by 70% from ₱705 million as of 31 December 2019 to ₱1,196 million as of 31 December 2020 due primarily to down payment made to contractors for fit-out construction of planned 2021 stores.

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

- Trade and other payables decreased by 35% to ₱1,316 million as of 31 December 2020 from ₱2,024 million as of 31 December 2019 as the company settled its trade payables and contractor payables for new stores.
- Loans payable increased from nil as of 31 December 2019 to ₱2,043 million as of 31 December 2020 due to new loans taken during the period to augment working capital.
- Income tax payable increased by 58% from ₱71 million as of December 31, 2019 to ₱112 million as of 31 December 2020 due to tax payable for the period.
- Lease liability including non-current portion decreased from ₱4,942 million as of 31 December 2019 to ₱4,566 million as of 31 December 2020 due to amortization for the period.
- Deferred tax liabilities increased by 87% from ₱160 million as of December 31, 2019 to ₱300 million as of 31 December 2020 due to the adjustments to temporary tax differences for the period.
- Retirement benefit obligation decreased from ₱73 million as of 31 December 2019 to ₱68 million as of 31 December 2020 due to adjustment of provision for the retirement benefit.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

COMMITMENTS AND CONTINGENCIES

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

Financial Statements

AllHome
One-stop shop for your home

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

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

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

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

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

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

Manuel B. Villar, Jr.
Chairman of the Board

Benjamarie Therese N. Serrano
President/Chief Executive Officer

Frances Rosalie T. Coloma
Treasurer/Chief Financial Officer

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Report of Independent Certified Public Accountants to Accompany Income Tax Return

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

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

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

PUNONGBAYAN & ARAULLO

By: **Nelson J. Dinio**
Partner

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

March 22, 2021

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Report of Independent Auditors

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

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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

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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Key Audit Matters

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

(a) Revenue Recognition

Description of the Matter

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

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

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

How the Matter was Addressed in the Audit

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

- obtaining an understanding of the Company's revenue transactions by reviewing revenue arrangements and revenue transaction processes;
- evaluating appropriateness of the Company's revenue recognition policy in accordance with PFRS 15, *Revenue from Contracts with Customers*;
- testing the information technology (IT) general controls and application controls over the automated system from origination to recording of sales;
- testing the design and operating effectiveness of internal controls related to the Company's sale and receipts processes, which include inquiry and observation, and test, on sampling basis, of revenue transactions during the year;
- performing sales cut-off test, including, among others, examining sales transactions near period end, and analysing and reviewing sales returns, credit memos and other receivable adjustments subsequent to period end to determine whether revenues are appropriately recognized in the proper period;

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

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

(b) Existence and Valuation of Inventories

Description of the Matter

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

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

How the Matter was Addressed in the Audit

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

On inventory existence:

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

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

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

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

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On inventory valuation:

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

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

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

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

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

(c) Performing Significant Portion of Audit Remotely

Description of the Matter

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

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

How the Matter was Addressed in the Audit

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

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

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

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

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

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

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

Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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Report on Other Legal and Regulatory Requirements

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

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

PUNONGBAYAN & ARAULLO

By: **Nelson J. Dinio**
Partner

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

March 22, 2021

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

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

See Notes to Financial Statements.

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

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

See Notes to Financial Statements.

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

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

See Notes to Financial Statements.

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

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

Supplemental Information on Non-cash Investing and Financing Activities:

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

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

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

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

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

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

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

See Notes to Financial Statements.

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

1. GENERAL INFORMATION

1.1 Corporate Information

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

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

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

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

1.2 Approval of Financial Statements

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

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

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

(c) Functional and Presentation Currency

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

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

2.2 Adoption of New and Amended PFRS

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

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

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

Discussed below are the relevant information about these pronouncements.

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

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

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

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

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

(c) Effective Subsequent to 2020 but not Adopted Early

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

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

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

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

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

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

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

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

2.3 Financial Instruments

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

(a) Financial Assets

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

(i) Classification and Measurement of Financial Assets

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

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

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

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

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

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

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

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

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

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

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

(ii) Impairment of Financial Assets

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

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

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

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

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

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

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

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

(iii) Derecognition of Financial Assets

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

(b) Financial Liabilities

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

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

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

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

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

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

(c) Offsetting of Financial Instruments

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

2.4 Merchandise Inventories

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

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

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

2.5 Other Assets

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

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

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

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

2.6 Property and Equipment

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

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

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

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

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

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

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

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

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

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

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

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

2.7 Segment Reporting

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

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

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

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

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

2.8 Provisions and Contingencies

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

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

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

2.9 Revenue and Expense Recognition

Revenue arises mainly from the sale of merchandise.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2.10 Leases

The Company accounts for its leases as follows:

(a) Company as Lessee

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

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

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

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

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

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

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

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

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

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

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

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

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

(b) Company as Lessor

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

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

2.11 Impairment of Non-financial Assets

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

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

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

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

2.12 Employee Benefits

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

(a) Post-employment Defined Benefit Plan

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

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

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

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

(b) Post-employment Defined Contribution Plan

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

(c) Short-term Employee Benefits

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

(d) Termination Benefits

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

(e) Compensated Absences

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

2.13 Borrowing Costs

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

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

2.14 Income Taxes

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

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

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

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

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

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

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

2.15 Related Party Transactions and Relationships

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

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

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

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

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

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

2.16 Equity

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

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

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

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

2.17 Basic and Diluted Earnings Per Share

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

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

2.18 Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

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

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

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

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

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

(b) Determination of Timing of Satisfaction of Performance Obligations

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

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

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

(c) Determination of Transaction Price of Contract with Customer

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

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

(d) Determination of ECL on Trade and Other Receivables

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

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

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

(f) Capitalization of Borrowing Costs

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

(g) Recognition of Provisions and Contingencies

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

3.2 Key Sources of Estimation Uncertainty

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

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

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

(b) Estimation of Allowance for ECL

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

(c) Determination of Net Realizable Value of Merchandise Inventories

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

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

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

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

(e) *Impairment of Non-financial Assets*

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

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

(f) *Determination of Realizable Amount of Deferred Tax Assets*

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

(g) *Valuation of Post-employment Defined Benefit Obligation*

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

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

4. SEGMENT REPORTING

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

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

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

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

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

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

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

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

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

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

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

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

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

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

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

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

7. MERCHANDISE INVENTORIES

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

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

8. OTHER ASSETS

The composition of this account is shown below.

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

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

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

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

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

9. PROPERTY AND EQUIPMENT

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

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

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

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

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

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

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

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

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

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

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

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

10. TRADE AND OTHER PAYABLES

This account consists of:

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

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

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

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

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

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

11. LOANS AND BORROWINGS

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

11.1 Short-term Loans

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

11.2 Long-term Loans

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

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

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

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

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

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

12. LEASES

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

12.1 Lease Liability

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

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

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

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

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

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

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

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

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

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

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

12.2 Additional Profit or Loss and Cash Flow Information

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

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

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

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

13. REVENUES

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

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

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

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

14. COST AND EXPENSES

14.1 Cost of Merchandise Sold

The details of cost of merchandise sold are shown below.

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

14.2 Selling, General and Administrative Expenses

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

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

15. FINANCE COSTS

Finance costs include the following:

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

16. SALARIES, WAGES AND EMPLOYEE BENEFITS

16.1 Salaries, Wages and Employee Benefits

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

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

16.2 Post-employment Defined Benefit Plan

(a) *Characteristics of the Defined Benefit Plan*

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

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

(b) *Explanation of Amounts Presented in the Financial Statements*

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

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

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

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

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

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

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

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

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

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

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

(c) *Risks Associated with the Retirement Plan*

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

(i) *Interest Rate Risk*

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

(ii) *Longevity and Salary Risks*

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

(d) *Other Information*

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

(i) Sensitivity Analysis

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

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

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

(ii) Funding Arrangements and Expected Contributions

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

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

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

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

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

17. INCOME TAXES

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

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

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

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

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

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

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

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

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

18. RELATED PARTY TRANSACTIONS

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

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

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

18.1 Advances Obtained

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

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

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

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

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

18.2 Advances Granted

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

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

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

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

18.3 Guarantees of Loans

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

18.4 Sale of Merchandise

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

18.5 Key Management Personnel Compensation

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

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

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

19. EQUITY

19.1 Capital Stock

Details of this account are shown below.

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

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

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

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

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

19.2 Additional Paid-In Capital

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

19.3 Dividends Declaration

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

19.4 Revaluation Reserves

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

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

20. EARNINGS PER SHARE

EPS were computed as follows:

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

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

21. COMMITMENTS AND CONTINGENCIES

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

21.1 Legal Claims

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

21.2 Others

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

22. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

22.1 Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. In 2020, 2019 and 2018, the Company is exposed to changes in market interest rates through its cash in banks and short-term placements, which are subject to variable interest rates. However, due to its short-duration, management believes that the interest rate sensitivity and its effect on the net result for the year and equity are not significant (see Note 5).

On the other hand, the Company's long-term bank loans are subject to fixed rates ranging from 6.25% to 6.69% per annum in 2019 (see Note 11). Accordingly, management assessed that the Company is not significantly exposed to changes in market interest rates for its bank borrowings in 2019. There was no long-term bank loan in 2020.

22.2 Credit Risk

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

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

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown in the statements of financial position or in the detailed analysis provided in the notes to the financial statements, as summarized below and in the succeeding page.

	Notes		2020		2019
Cash and cash equivalents	5	**P**	**1,785,606,441**	P	2,342,992,013
Trade and other receivables	6		**517,019,213**		269,259,418
		P	**2,302,625,654**	P	2,612,251,431

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

(a) Cash

The credit risk for cash is considered negligible since the counterparties are reputable banks with high quality external credit ratings. Included in the cash are cash in banks which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Trade and Other Receivables

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

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Company also concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables as it shares the same credit risk characteristics.

The expected loss rates are based on the payment and aging profiles over a period of 5 years before December 31, 2020 and 2019, respectively, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified that the Philippine gross domestic product in 2020 and 2019 was the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

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

On that basis, the loss allowance as of December 31, 2020 was determined based on months past due, for trade receivables, excluding advances to officers and employees, as follows:

	Not yet due/ Within in 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Expected loss rate	0.00%	21.11%	33.73%	52.93%	
Gross carrying amount	P 161,362,756	P 33,220,585	P 13,898,081	P 9,143,575	P 217,624,997
Loss allowance	-	**7,012,152**	**4,687,452**	**4,840,016**	**16,539,620**

This compares to the loss allowance of the Company's for trade receivables, excluding advances to officers and employees, as of December 31, 2019 as follows.

	Not yet due/ Within in 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Expected loss rate	0.00%	21.74%	32.06%	49.93%	
Gross carrying amount	P 111,066,269	P 23,810,304	P 3,731,892	P 9,187,067	P 147,795,532
Loss allowance	-	5,177,072	1,196,583	4,587,547	10,961,202

22.3 Liquidity Risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as cash outflows due in a day-to-day business. Liquidity needs are monitored in various time bands, on a day-to-day and week-to-week basis, as well as on the basis of a rolling 30-day projection. Long-term liquidity needs for a six-month and one-year period are identified monthly.

The Company maintains cash to meet its liquidity requirements for up to 30-day periods. Excess cash are invested in short-term placements. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities and the ability to sell long-term financial assets.

As of December 31, 2020 the Company's financial liabilities have contractual maturities which are summarized below.

		Current		**Non-current**	
	Notes	**Upon demand/ Within Six Months**	**Six to 12 Months**	**One to Three Years**	**Later than Three Years**
Trade and other payables	10	P 1,253,226,994	P -	P -	P -
Loans payable	11	1,632,936,747	467,932,669	-	-
Lease liabilities	12	343,130,431	341,316,550	2,047,389,718	4,071,312,468
		P 3,229,294,172	**809,249,219**	**P 2,047,389,718**	**P 4,071,312,468**

This compares to the contractual maturities of the Company's financial liabilities as of December 31, 2019 as follows:

		Current		Non-current	
	Notes	Upon demand/ Within Six Months	Six to 12 Months	One to Three Years	Later than Three Years
Trade and other payables	10	P 1,955,788,449	-	P -	P -
Lease liabilities	12	348,820,305	347,596,782	1,234,036,478	3,337,075,143
		P 2,304,608,754	P 347,596,782	P 1,234,036,478	P 3,337,075,143

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the financial liabilities at the end of the reporting periods.

23. CATEGORIES AND FAIR VALUE MEASUREMENTS

23.1 Carrying Amounts and Fair Values Category

The carrying amounts and fair values of the categories of financial assets and financial liabilities presented in the statements of financial position are as follows:

		December 31, 2020		December 31, 2019	
	Notes	**Carrying Amounts**	**Fair Values**	Carrying Amounts	Fair Values
Financial assets:					
At amortized cost:					
Cash and cash equivalents	5	**P 1,785,606,441**	**P 1,785,606,441**	P 2,342,992,013	P 2,342,992,013
Trade and other receivables	6	**517,019,213**	**517,019,213**	269,259,418	269,259,418
		P 2,302,625,654	**P 2,302,625,654**	P 2,612,251,431	P 2,612,251,431
Financial liabilities:					
Financial liabilities at amortized cost:					
Trade and other payables	10	**P 1,253,226,994**	**P 1,253,226,994**	P 1,955,788,449	P 1,955,788,449
Lease liabilities	12	**4,565,520,336**	**4,565,520,336**	4,942,209,363	4,942,209,363
Loans payable	11	**2,042,913,149**	**2,042,913,149**	-	-
		P 7,861,660,479	**P 7,861,660,479**	P 6,897,997,812	P 6,897,997,812

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

See Note 2.3 for a description of the accounting policies for each category of financial instrument. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 22.

23.2 Offsetting of Financial Assets and Financial Liabilities

The Company's financial assets and financial liabilities with net amounts presented in the statements of financial position as of December 31, 2019 are subject to offsetting are as follows:

	Gross Amount Recognized	Amount Set-off	Amount of Cash Received (Paid)	Net Amount Presented
Financial Asset –				
Due from related parties	P 470,583,000	(P 128,607,284)	(P 341,975,716)	P -
Financial Liability –				
Due to related parties	P 1,337,182,243	(P 128,607,284)	(P 1,208,574,959)	P -

There were no offsetting of financial assets and financial liabilities for the year ended December 31, 2020.

For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements, each agreement between the Company and counterparties (i.e. related parties including parent company and companies under common ownership) allows for the net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

23.3 Fair Value Hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;

- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

There are no financial assets and financial liabilities measured at fair value as of December 31, 2020 and 2019. Neither was there transfers among fair value levels in those years.

23.4 Financial Instruments Measured at Amortized Cost for which Fair Value is Disclosed

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed (see Note 23.1).

	Level 1	Level 2	Level 3	Total
December 31, 2020				
Financial assets:				
Cash and cash equivalents	P 1,785,606,441	P -	P -	P 1,785,606,441
Trade and other receivables	-	-	517,019,213	517,019,213
	P 1,785,606,441	**P -**	**P 517,019,213**	**P 2,302,625,654**
Financial liabilities:				
Trade and other payables	P -	P -	P 1,253,226,994	P 1,253,226,994
Loans payable	-	-	2,042,913,149	2,042,913,149
Lease liabilities	-	-	4,565,520,336	4,565,520,336
	P -	**P -**	**P 7,861,660,479**	**P 7,861,660,479**
December 31, 2019				
Financial assets:				
Cash and cash equivalents	P 2,342,992,013	P -	P -	P 2,342,992,013
Trade and other receivables	-	-	269,259,418	269,259,418
	P 2,342,992,013	P -	P 269,259,418	P 2,612,251,431
Financial liabilities:				
Trade and other payables	P -	P -	P 1,955,788,449	P 1,955,788,449
Lease liabilities	-	-	4,942,209,363	4,942,209,363
	P -	P -	P 6,897,997,812	P 6,897,997,812

24. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

The Company monitors capital on the basis of the carrying amount of equity as presented in the statements of financial position. Capital for the reporting periods under review is summarized as follows:

	2020	2019	2018
Total liabilities	**P 8,404,068,168**	P 7,270,207,745	P 5,536,827,107
Total equity	**13,370,938,647**	12,414,922,778	2,678,603,864
Debt-to-equity ratio	**0.63 : 1.00**	0.59 : 1.00	2.07 : 1.00

The Company monitors capital on the debt-to-equity ratio on its covenants with certain financial institutions. In 2018, the Company has to maintain a minimum current ratio of at least 1.00, maximum debt-to-equity ratio of 2.00:5.00, and a minimum debt-service coverage ratio of at least 1.00. The Company has properly complied with the loans' covenants as of December 31, 2018. The Company did not have any loan covenants to comply with as of December 31, 2020. There was no outstanding loan as of December 31, 2019.

25. IMPACT OF COVID-19

On March 11, 2020, the World Health Organization has declared the coronavirus outbreak disease 2019 (COVID-19) outbreak to be a global pandemic. COVID-19 started to become widespread in the Philippines in early March 2020 causing the government to declare the country in a state of public health emergency followed by implementation of public health standards and community quarantine in order to contain the spread of COVID-19.

The impact of COVID-19 to the Company's business operations relates to certain operational adjustments to ensure appropriate response to the effects of COVID-19. In response to this matter, the Company innovated operational strategy in order to adapt to the 'new normal mindset', minimized operating expenses, implemented cost saving measures and ensured compliance with health and safety guidelines to protect employees, contractors and customers. The Company assessed that COVID-19 impact did not result to material changes in the overall operations of the Company for the year ended December 31, 2020.

There were also no material changes in the Company's loss allowance on accounts receivables that have been recognized in the financial statements as of December 31, 2020.

The Company continues to monitor the risks and on-going COVID-19 impact to its business.

26. SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR

Presented below and in the succeeding pages is the supplementary information which is required by the BIR under Revenue Regulations (RR) No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

The information on taxes, duties and licenses fees paid or accrued during the taxable year required under RR No. 15-2010 are as follows:

(a) *Output VAT*

In 2020, the Company declared output VAT as follows:

	Tax Base	Output VAT
Sale of merchandise	P 12,414,737,400	P 1,489,768,488
Other income:		
Vendors' support	305,798,124	36,695,775
Marketing fees	39,849,564	4,781,948
Delivery fees	36,858,074	4,422,969
Rentals	13,346,636	1,601,596
Miscellaneous	1,909,178	229,101
	P 12,812,498,976	P 1,537,499,877

The tax bases are included as part of Revenues and Other Income in the 2020 statement of comprehensive income. The outstanding output VAT payable amounting to P48.2 million as of December 31, 2020 is presented as part of Trade and Other Payables in the 2020 statement of financial position.

(b) *Input VAT*

The movements in input VAT in 2020 are summarized below.

Balance at beginning of year	P -
Goods for resale/manufacture or further processing	955,669,856
Services lodged under other accounts	280,429,519
Capital goods subject to amortization	125,851,664
Capital goods not subject to amortization	1,203,991
Applied against output VAT	(1,363,155,030)
Balance at end of year	P -

(c) *Excise Tax*

The Company did not have any transaction in 2020 which is subject to excise tax.

(d) *Documentary Stamp Tax (DST)*

In 2020, the Company paid documentary stamp tax amounting to P1.4 million pertaining to the interest-bearing loan availed during the year.

(e) *Taxes and Licenses*

The details of taxes and licenses account in 2020 are shown below.

Municipal license and permits	P	100,821,403
DST		1,431,645
	P	102,253,048

The amount of taxes and licenses are presented as part of Selling, General and Administrative Expenses in the 2020 statement of comprehensive income.

(f) *Withholding Taxes*

The details of total withholding taxes for the year ended December 31, 2020 are shown below.

Expanded	P	92,339,797
Compensation and benefits		17,564,166
Final		2,288,631
	P	112,192,594

(g) *Deficiency Tax Assessments*

As of December 31, 2020, the Company does not have any final deficiency tax assessment from the BIR nor does it have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

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

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The Enterprise Center
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1200 Makati City
Philippines

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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, 2020, on which we have rendered our report dated March 22, 2021. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Company's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

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

March 22, 2021

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
List of Supplementary Information
December 31, 2020

Schedule	Content	Page No.

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2020
(Amounts in Philippine Pesos)

Name and Designation of Debtor	Balance at Beginning of the Period	Additions	Deductions			Ending Balance		Balance at End of the Period
		Amounts Granted	Amounts Collected	Amounts Written-off	Amounts Assigned	Current	Not Current	
Advances to officers and employees	P 7,480,010	P -	(P 7,480,010)	P -	P -	P -	P -	P -

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ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2020

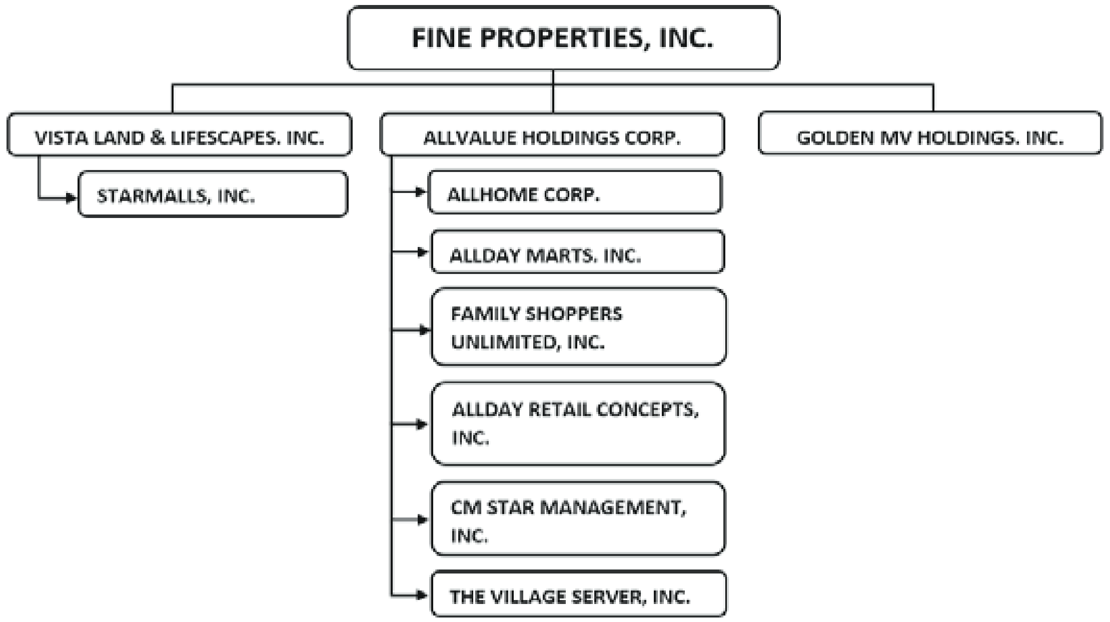
Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Related Parties	Directors, Officers and Employees	Others
Common Shares at P1.00 par value	5,900,000,000	3,750,000,002	-	2,540,108,000	502	1,209,891,500
Preferred Shares at P0.10 par value	1,000,000,000	-	-	-	-	-

2

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
Lower Ground Floor, Building B, Evia Lifestyle Centre
Almanza II, Las Piñas City
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2020

Unappropriated Retained Earnings Available at Beginning of the Period	P	1,485,521,328
Prior Year's Outstanding Reconciling Items, net of tax		
Deferred tax asset – gross		164,795,572
Net profit per audited financial statements		987,715,849
Less: Non-actual/unrealized income		
Deferred tax income related to deferred tax assets recognized in profit or loss during the period	(	58,108,319)
Dividend Declarations During the Period	(	52,500,000)
Unappropriated Retained Earnings Available for Dividend Declaration at End of the Period	**P**	**2,527,424,430**

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



P&A Grant Thornton
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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, 2020 and 2019, on which we have rendered our report dated March 22, 2021. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as of December 31, 2020 and 2019 and for each of the two years in the period ended December 31, 2020 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

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

March 22, 2021

ALLHOME CORP.
Supplemental Schedule of Financial Soundness Indicators
December 31, 2020 and 2019

Ratio	Formula	2020	Formula	2019
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets P 8,992,607,142 Divide by: Total Current Liabilities 3,855,424,513 Current ratio 2.33	2.33	Total Current Assets divided by Total Current Liabilities Total Current Assets P 8,124,449,069 Divide by: Total Current Liabilities 2,465,483,571 Current ratio 3.30	3.30
Acid test ratio	Quick assets (Total Current Assets less Merchandise Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 8,992,607,142 Less: Merchandise Inventories (6,288,764,468) Other Current Assets (401,217,020) Quick Assets 2,302,625,654 Divide by: Total Current Liabilities 3,855,424,513 Acid test ratio 0.60	0.60	Quick assets (Total Current Assets less Merchandise Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 8,124,449,069 Less: Merchandise Inventories (5,208,925,853) Other Current Assets (295,791,775) Quick Assets 2,619,731,441 Divide by: Total Current Liabilities 2,465,483,571 Acid test ratio 1.06	1.06
Solvency ratio	Total Liabilities divided by Total Assets Total Liabilities P 8,404,068,168 Divide by: Total Assets 21,775,006,815 Solvency ratio 0.39	0.39	Total Liabilities divided by Total Assets Total Liabilities P 7,270,207,745 Divide by: Total Assets 19,685,130,523 Solvency ratio 0.37	0.37
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities P 8,404,068,168 Divide by: Total Equity 13,370,938,647 Debt-to-equity ratio 0.63	0.63	Total Liabilities divided by Total Equity Total Liabilities P 7,270,207,745 Divide by: Total Equity 12,414,922,778 Debt-to-equity ratio 0.59	0.59
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets P 21,775,006,815 Divide by: Total Equity 13,370,938,647 Assets-to-equity ratio 1.63	1.63	Total Assets divided by Total Equity Total Assets P 19,685,130,523 Divide by: Total Equity 12,414,922,778 Assets-to-equity ratio 1.59	1.59
Interest rate coverage	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 1,786,176,787 Divide by: Interest expense 377,784,694 Interest rate coverage ratio 4.73	4.73	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 1,890,446,931 Divide by: Interest expense 411,809,031 Interest rate coverage ratio 4.59	4.59
Return on equity	Net Profit divided by Total Equity Net Profit P 987,715,849 Divide by: Total Equity 13,370,938,647 Return on equity 0.07	0.07	Net Profit divided by Total Equity Net Profit P 1,049,749,058 Divide by: Total Equity 12,414,922,778 Return on equity 0.08	0.08
Return on assets	Net Profit divided by Total Assets Net Profit P 987,715,849 Divide by: Total Assets 21,775,006,815 Return on assets 0.05	0.05	Net Profit divided by Total Assets Net Profit P 1,049,749,058 Divide by: Total Assets 19,685,130,523 Return on assets 0.05	0.05
Net profit margin	Net Profit divided by Total Revenue Net Profit P 987,715,849 Divide by: Total Revenue 12,414,148,867 Net profit margin 0.08	0.08	Net Profit divided by Total Revenue Net Profit P 1,049,749,058 Divide by: Total Revenue 12,060,276,883 Net profit margin 0.09	0.09

Shareholder *Information*

INSTITUTIONAL INVESTOR INQUIRIES

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SHAREHOLDER SERVICES AND ASSISTANCE

For inquiries and assistance regarding dividend payments, change of address and account status, lost or damaged stock certificates, please write or call:
Philippine National Bank- Trust and Banking Group
3rd Floor, PNB Financial Center,
Diosdado Macapagal Blvd.,
Pasay City

Tel No. +63 2 8526-3131 loc. 2307

AllHome
One-stop shop for your home

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