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(Company’s Full Name)

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

Frances Rosalie T. Coloma									
Contact Person									

8880-1199									
Company Telephone Number									

1	2	3	1
Month		Day	
Calendar Year			

17-A
FORM TYPE

Month		Day	
Annual Meeting			

Secondary License Type, If Applicable

Dept.	Requiring	this
Doc.		

Amended Articles
Number/Section

			Total Amount of Borrowings		
Total No. of			Domestic		
Stockholders			Foreign		

To be accomplished by SEC Personnel concerned

File Number								
Document I.D.								

_____ LCU
_____ Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

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

1. For the fiscal year ended **December 31, 2020**
2. SEC Identification Number **CS201310179**
3. BIR Tax Identification No. **008-541-952-000**
4. Exact name of issuer as specified in its charter **ALLHOME CORP.**
5. **Philippines**
Province, Country or other jurisdiction of incorporation
6. Industry Classification Code (SEC Use Only)
7. **Lower Ground Floor, Building B, EVIA Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City**
Address of principal office **1750**
Postal Code
8. **+63 2 8880-1199**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common stock	3,750,000,002 shares
11. Are any or all of these securities listed on a Stock Exchange?

Yes [x]	No []
Name of Stock Exchange:	<u>Philippine Stock Exchange</u>
Class of securities listed:	<u>Common Stocks</u>
12. Check whether the issuer:
 - (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [x]	No []
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(b) has been subject to such filing requirements for the past ninety (90) days.

Yes ☒]

No ☐]

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

₱ 11.1 Billion as of December 31, 2020

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

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

Yes ☒]

No ☒] **NOT APPLICABLE**

DOCUMENTS INCORPORATED BY REFERENCE

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

Financial Statements as of and for the year ended December 31, 2020
(incorporated as reference for Items 7 and 12 of SEC Form 17-A)

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PART I – BUSINESS

Item 1. Business

Overview

AllHome Corp. (the “Company”) is a pioneering “one-stop shop” home store in the Philippines. Since its incorporation in 2013, The Company has grown to 50 stores as of December 31, 2020, having an aggregate net selling space of approximately 331,590 sqm.

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

The Company’s product offering spans seven (7) key categories from over 800 local and international Brands. These product categories are furniture, hardware, appliances, tiles and sanitary wares, homewares, linens and construction materials.

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

Store Formats

The Company has three store formats in operation: (1) large mall-based store, ranging from 2,902 sqm to 12,267 sqm in net selling space with an average net selling space of over 9,100 sqm; (2) large free-standing store, ranging from 4,903 sqm to 12,413 sqm in net selling space with an average net selling space of over 10,100 sqm; and (3) small specialty store, ranging from 171 sqm to 696 sqm in net selling space with an average net selling space of over 295 sqm, all under the “AllHome” name.

Products

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

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

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

Distribution Methods of Products

The Company as mentioned in the preceding paragraphs, has three (3) store formats. Most of the stores are located in Mega Manila. The Company's network expansion program aims to put up more AllHome stores in other regions and locations.

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

Store Format	Region	Number of stores
Large Mall Based	Mega Manila	17
	Luzon	3
	Visayas	2
Large Free Standing	Mega Manila	7
	Luzon	3
	Mindanao	3
Small Specialty	Mega Manila	15

Inventories are stored in six (6) distribution centers and in store warehouses located at the back of each store. Suppliers are responsible for packing and delivering the products to our distribution centers located in Parañaque, Laguna, and Cavite (for onward delivery to our provincial stores outside of Mega Manila) or directly to the warehouses located at the back of each store in Mega Manila. Currently, the utilization rate of the distribution centers is approximately 87%. The Company believes that centralizing storage in our distribution centers allows them to make appropriate adjustments to our product portfolio based on customer preferences in diverse store locations, adopt different marketing plans to accelerate sales of slow-moving stocks, and maintain healthy inventory and control over cash flow. The Company typically replenish products three times per week, depending on store location and need.

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

Competition

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

Suppliers

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

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

Our three largest suppliers each accounting for at least 5% of our total purchases for the twelve months ended December 31, 2020 are TKH Marketing, Samsung Electronics Philippines, and Concepcion Media Inc..

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

Services

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

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

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

Customers

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

Customer Loyalty Program- AllRewards and the Builders Loyalty Card

As a member of the network of AllValue Stores, customers earn points for purchases at AllHome under AllValue's AllRewards membership program. Once the minimum balance of points is reached, the points can be used as payment for purchases at any AllValue Store. As of December 31, 2020, we have 524,715 AllRewards cardholders.

The Company also launched in the third quarter of the year the Builders Loyalty Card, which is specifically intended for customers of hard categories – construction materials, tiles and sanitary wares, and hardware. This loyalty card is aimed to tap and increase the Company's customer base from the network of architects, builders, contractors, designers and engineers. This is also in line with the Company's expansion of its in-house brands primarily in the hard categories. As of December 31, 2020, membership rose to 2,297 cardholders.



Transactions with Related Parties

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

Intellectual Property

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

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

<u>Trademark</u>	<u>Date of Registration</u>	<u>Expiration</u>
	March 17, 2019	March 17, 2029
	May 1, 2014	May 21, 2024
	May 4, 2017	May 4, 2027
	August 31, 2017	August 31, 2027
	August 31, 2017	August 31, 2027
	March 15, 2018	March 15, 2028
	March 15, 2018	March 15, 2028
	April 19, 2018	April 19, 2028
	December 9, 2018	December 9, 2028
	December 9, 2018	December 9, 2028

Keramisch BRÄUHN	June 27, 2019	June 27, 2029
 My Mother's Cupboard KITCHEN AND MORE EST. 2017	June 27, 2019	June 27, 2029
 HOME THREADS	June 27, 2019	June 27, 2029
 Kernig	June 27, 2019	June 27, 2029
 KREATIV	July 7, 2019	July 7, 2029
 LIVEART SPACE	June 28, 2020	June 28, 2030
 FLUXO	June 28, 2020	June 28, 2030
 PIXIE DREAMS	June 28, 2020	June 28, 2030
 POLYSHADE by AllHome	June 28, 2020	June 28, 2030
 Artigiano	June 28, 2020	June 28, 2030
 FINE HOLZ	June 28, 2020	June 28, 2030

	June 28, 2020	June 28, 2030
	June 28, 2020	June 28, 2030
	September 20, 2020	September 20, 2030
	September 20, 2020	September 20, 2030
	Pending	
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	Pending	
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	Pending	
	Pending	
	For Validation	
	For Validation	

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

Government Approval and Regulations

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

Effect of Existing or Probable Governmental Regulations

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

As of December 31, 2020, the Company is not aware of any existing or probable governmental regulations that will have an effect on the Company's business operations.

Employees

As of December 31, 2020, we had 516 employees broken down as follows:

<u>Function</u>	<u>Number of Employees</u>
Mall stores.....	214
Stand-alone stores.....	102
Small stores	22
Head Office.....	171
Warehouse	7
TOTAL	516

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

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

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

Risks

Risks related to the Company's Business

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Strengths

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

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

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

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

Strong operational expertise and a scalable business model for future expansion

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

Differentiated customer shopping experience in a retail ecosystem

The Company offers a unique and differentiated customer shopping experience in a retail ecosystem. The Company is part of AllValue Holdings, Inc. (AllValue) (the Villar Group’s holding company for its investments in retail businesses), which operates AllDay supermarket, AllDay convenience stores and Coffee Project, among other retail concepts. AllValue Stores are typically located near each other in the same

shopping center and in particular, there is a Coffee Project near almost all of our existing AllHome stores. The Company believes that the diversified retail offerings provided by AllValue, together with other entertainment and lifestyle establishments offered by the Villar Group (such as Vista Cinemas and Market Liberty), create a retail ecosystem that addresses the various needs of the surrounding residential communities, thereby increasing customer traffic and enhancing the overall shopping experience. The Company also offers differentiated services to our customers including free interior design consultation, delivery and installation services, customizable furniture, customer lounges and gift registry services.

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

Strategies

- *Further expand the store network across the Philippines*
- *Continue to expand its offering of in-house brand products*
- *Continue to invest in technology and supply chain solutions*
- *Continue to enhance shopping experience to grow and retain customer base*

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

Item 2. Properties

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

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

Item 3. Legal Proceedings

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

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

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

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

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer’s Common Equity and Related Stockholders Matters

Market Information

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

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

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

Price Information as of the Latest Practicable Trading Date

<u>Trading Date</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
25 March 2021	7.88	7.74	7.88

Stockholders

There are approximately 30 holders of common equity security of the Company as of December 31, 2020 (based on the number of accounts registered with the Stock Transfer Agent).

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

	Stockholder's Name	Common Shares	Percentage
1	AllValue Holdings Corp.	2,540,108,000	67.74%
2	PCD FILIPINO	637,251,300	16.99%
3	PCD NON FILIPINO	572,374,400	15.26%
4	Jharna P. Chandnani	100,000	0.00%
5	Rolando A. Aralar or Myrna I. Aralar or	45,000	0.00%
6	Myra P. Villanueva	25,000	0.00%
7	Jose Domingo Poblete Swann	20,000	0.00%
8	Mike Jerome Paulino Salazar	14,700	0.00%
9	Myrna P. Villanueva	10,000	0.00%
10	Milagros P. Villanueva	10,000	0.00%
11	Raul Galvante Coralde	10,000	0.00%
12	Arnold Santillan	5,000	0.00%
13	Joyce Anne malong Coralde	4,500	0.00%
14	Rachel P. Nacion	3,000	0.00%

15	Carmela C. Vinzon	3,000	0.00%
16	Farida G. de Leon	3,000	0.00%
17	Mylene C. Arnigo	3,000	0.00%
18	Marietta V. Cabreza	2,500	0.00%
19	Juan Carlos V. Cabreza	2,500	0.00%
20	Liberty A. Panis	1,600	0.00%
	TOTAL	3,749,996,500	
	Other Stockholders	3,502	0.00%
	Total issued and outstanding common shares as of December 31, 2020	3,750,000,002	100.00%

Dividends

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

Recent Sale of Unregistered Securities

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

Stock Options

None.

Item 6. Management's Discussion and Analysis

REVIEW OF YEAR END 2020 VS YEAR END 2019

RESULTS OF OPERATIONS

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

Revenues

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

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

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

Cost of Merchandise Sold

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

Selling, General and Administrative Expenses

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

- Increase in depreciation and amortization from ₱708 million for the year ended 31 December 2019 to ₱905 million for the year ended 31 December 2020 due to the increase in the number of stores.
- Increase in rentals from ₱182 million for the year ended 31 December 2019 to ₱343 million for the year ended 31 December 2020 primarily due to new stores.
- Increase in salaries, wages and employee benefits from ₱273 million for the year ended 31 December 2019 to ₱328 million for the year ended 31 December 2020 due to the additional manpower for new stores.
- Increase in outside services from ₱252 million for the year ended 31 December 2019 to ₱288 million for the year ended December 2020 due to the additional manpower for new stores. This was partially offset by the reduction of manpower due to closure of stores during the ECQ in the second quarter of 2020.
- Increase in communication and utilities from ₱220 million for the year ended 31 December 2019 to ₱271 million for the year ended 31 December 2020 attributable to the increase in the number of stores.
- Increase in merchant fee from ₱117 million for the year ended 31 December 2019 to ₱128 million for the year ended 31 December 2020 primarily due to increase in revenues on account of higher store network.
- Increase in taxes and licenses from ₱77 million for the year ended 31 December 2019 to ₱102 million for the year ended 31 December 2020 due to increase in number of stores as well as the increase in revenues.
- Decrease in advertising and promotions from ₱67 million for the year ended 31 December 2019 to ₱35 million for the year ended 31 December 2020 on account of cost-cutting measures implemented and usage of online digital platforms for marketing purposes.
- Decrease in office and store supplies from ₱33 million for the year ended 31 December 2019 to ₱29 million for the year ended 31 December 2020 due to cost-cutting measures implemented.
- Decrease in repairs and maintenance from ₱27 million for the year ended 31 December 2019 to ₱25 million for the year ended 31 December 2020 due to cost-cutting measures implemented.
- Increase in dues and subscription from ₱18 million for the year ended 31 December 2019 to ₱21 million for the year ended 31 December 2020 due to increase in the number of stores.
- Decrease in transportation expense from ₱35 million for the year ended 31 December 2019 to ₱16 million for the year ended 31 December 2020 due to reclassification of transportation expenses related to deliveries under delivery expenses.
- Increase in insurance from ₱7 million for the year ended 31 December 2019 to ₱9 million for the year ended 31 December 2020 due to the increase in the number of stores.

- Decrease in commission expense from ₱6 million for the year ended 31 December 2019 to ₱3 million for the year ended 31 December 2020 as most corporate sales during the period were generated by in-house sales teams.
- Decrease in professional fees from ₱12 million for the year ended 31 December 2019 to ₱7 million for the year ended 31 December 2020 on account of one-time professional fees incurred in 2019 in relation to the company's initial public offering.
- Decrease in impairment loss from ₱11 million for the year ended 31 December 2019 to ₱6 million for the year ended 31 December 2020 as provision for impairment is enough.
- Decrease in representation and entertainment from ₱11 million for the year ended 31 December 2019 to ₱6 million for the year ended 31 December 2020 due to cost-cutting measures, and minimal physical meetings this year.
- Increase in loss on lease modification from nil for the year ended 31 December 2019 to ₱1 million for the year ended 31 December 2020 due to pre-termination of lease on certain warehouse facilities during the year.

Finance Cost

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

Support, Fees, Rentals and Other Revenues

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

Tax Expense

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

Net Profit

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

FINANCIAL CONDITION

As of 31 December 2020 vs. 31 December 2019

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

- Cash decreased by 24% from ₱2,343 million as of 31 December 2019 to ₱1,786 million as of 31 December 2020 primarily due to payments made for the inventories and fit-out expenditures for new stores.
- Trade and other receivables increased by 87% from ₱277 million as of 31 December 2019 to ₱517 million as of 31 December 2020 due to increased revenues and timing of collection.

- Inventories increased by 21% from ₱5,209 million as of 31 December 2019 to ₱6,289 million as of 31 December 2020 due primarily to inventory of new stores, additional in-house brands and inventory buys for holidays sales.
- Property and equipment increased by 8% from ₱11,151 million as of 31 December 2019 to ₱11,988 million as of 31 December 2020 due primarily to acquisition of store equipment, furniture, fixture, office equipment and leasehold improvements for new stores.
- Other assets increased by 70% from ₱705 million as of 31 December 2019 to ₱1,196 million as of 31 December 2020 due primarily to down payment made to contractors for fit-out construction of planned 2021 stores.

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

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

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

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

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

COMMITMENTS AND CONTINGENCIES

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

REVIEW OF YEAR END 2019 VS YEAR END 2018

RESULTS OF OPERATIONS

Year Ended December 31, 2019 compared to year ended December 31, 2018

Revenues

The company recorded revenues of ₱12,060 million for the year ended 31 December 2019, an increase of 68% from ₱7,192 million for the year ended 31 December 2018. This was mainly brought about by the same store sales growth of existing 23 stores as of 31 December 2018 as well as the revenues generated from 22 additional stores launched since then until 31 December 2019.

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

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

Cost of Merchandise Sold

For the year ended 31 December 2019, cost of merchandise sold was at ₱8,452 million, an increase of 67% from the ₱5,062 million level for the same period in 2018 corresponding to the increase in sales in existing stores and the sales contributed by the 22 new stores added during the period.

Selling, General and Administrative Expenses

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

- Increase in depreciation and amortization from ₱178 million for the year ended 31 December 2018 to ₱708 million for the year ended 31 December 2019 primarily as a result of the adoption of PFRS 16 and due to the increase in the number of stores.

- Increase in salaries, wages and employee benefits from ₱165 million for the year ended 31 December 2018 to ₱273 million for the year ended 31 December 2019 due to the additional manpower for new stores, and increased headcount for Finance, Merchandising and IT personnel. There were also contracted personnel previously recorded under Outside Services that were converted into organic employees.
- Increase in communication and utilities from ₱194 million for the year ended 31 December 2018 to ₱220 million for the year ended 31 December 2019 attributable to the increase in the number of stores.
- Decrease in rentals from ₱450 million for the year ended 31 December 2018 to ₱182 million for the year ended 31 December 2019 primarily due to adoption of PFRS 16, net of increase due to new stores.
- Increase in merchant fees from ₱72 million for the year ended 31 December 2018 to ₱117 million for the year ended 31 December 2019 due to increase in revenues.
- Increase in taxes and licenses from ₱51 million for the year ended 31 December 2018 to ₱77 million for the year ended 31 December 2019 due to increase in number of stores as well as the increase in revenues.
- Increase in commission expense from ₱5 million for the year ended 31 December 2018 to ₱6 million for the year ended 31 December 2019 due to increase in corporate sales.
- Increase in transportation expense from ₱25 million for the year ended 31 December 2018 to ₱35 million for the year ended 31 December 2019 due to increase in delivery expenses on account of new stores.
- Increase in advertising and promotions from ₱49 million for the year ended 31 December 2018 to ₱67 million for the year ended 31 December 2019 on account of marketing campaigns for the new stores.
- Increase in professional fees from ₱4 million for the year ended 31 December 2018 to ₱12 million for the year ended 31 December 2019 on account of audit and market research fees incurred in relation to the company's initial public offering.
- Increase in office and store supplies from ₱25 million for the year ended 31 December 2018 to ₱33 million for the year ended 31 December 2019 due to increase in number of stores and increased revenues.
- Decrease in dues and subscription from ₱34 million for the year ended 31 December 2018 to ₱18 million for the year ended 31 December 2019 due to one-time IT systems payment made in 2018.
- Increase in repairs and maintenance from ₱25 million for the year ended 31 December 2018 to ₱27 million for the year ended 31 December 2019 due to the increase in the number of stores.
- Increase in representation and entertainment from ₱8 million for the year ended 31 December 2018 to ₱11 million for the year ended 31 December 2019 partially due to one-time post-initial public offering activities, year-end suppliers and employee thanksgiving parties.

Finance Cost

Finance Cost increased from ₱46 million for the year ended 31 December 2018 to ₱412 million for the year ended 31 December 2019. The increase was primarily attributable to the adoption of PFRS 16 amounting to ₱298 million, the availment of short-term and long-term interest-bearing debt of the Company for the year to finance store expansion, and recognition of retirement benefit obligation.

Other Income

Other income increased by 68% from ₱210 million for the year ended 31 December 2018 to ₱352 million for the year ended 31 December 2019, primarily due to the increase in vendor's support and marketing fees by 63% from ₱172 million for the year ended 31 December 2018 to ₱281 million for the year ended 31 December 2019. This was brought about by higher volume-based incentives from suppliers based on our levels of sales, and opening support for newly opened stores.

Provision for Income Tax

Provision for income tax increased by 105% from ₱219 million for the year ended 31 December 2018 to ₱450 million for the year ended 31 December 2019 primarily due to a higher taxable base for the year.

Net Profit

As a result of the foregoing, our net income increased by 105% from ₱511 million for the year ended 31 December 2018 to ₱1,050 million for the year ended 31 December 2019.

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

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

FINANCIAL CONDITION

As of 31 December 2019 vs. 31 December 2018

Total assets as of 31 December 2019 were ₱19,685 million compared to ₱8,215 million as of 31 December 2018, or a 140% increase due to the following:

- Cash increased by 685% from ₱298 million as of 31 December 2018 to ₱2,343 million as of 31 December 2019 primarily due to proceeds from IPO intended earmarked for 2020 stores.
- Trade and other receivables decreased by 77% from ₱1,196 million as of 31 December 2018 to ₱277 million as of 31 December 2019 due mainly to collections made during the period.
- Inventories increased by 94% from ₱2,691 million as of 31 December 2018 to ₱5,209 million as of 31 December 2019 due primarily to the purchases for new stores.
- Due from related parties decreased from ₱134 million as of 31 December 2018 to nil as of 31 December 2019 due to settlement during the period.
- Property and equipment increased by 276% from ₱2,969 million as of 31 December 2018 to ₱11,151 million as of 31 December 2019 due primarily to acquisition of store equipment, furniture, fixture, office equipment and leasehold improvements for new stores as well as the recognition of the right of use asset in relation to the adoption of PFRS 16.
- Other assets decreased by 24% from ₱926 million as of 31 December 2018 to ₱705 million as of 31 December 2019 due primarily to the advances for purchases applied against deliveries.

Total liabilities as of 31 December 2019 were ₱7,270 million compared to ₱5,537 million as of 31 December 2018, or a 31% increase. This was due to the following:

- Trade and other payables increased by 433% to ₱2,024 million as of 31 December 2019 from ₱380 million as of 31 December 2018 due to increase in trade payables pertaining to purchases of inventories and new stores fit-out construction.
- Loans payable including non-current portion decreased by 100% from ₱4,315 million as of 31 December 2018 to nil as of 31 December 2019 due to loan settlements made from proceeds of initial public offering.
- Lease liability including non-current portion increased from nil as of 31 December 2018 to ₱4,942 million as of 31 December 2019 due to recognition of lease liability in relation to the adoption of PFRS 16.
- Due to related parties decreased to nil as of 31 December 2019 from ₱627 million as of 31 December 2018 due to conversion to equity in July 2019.
- Deferred tax liabilities increased by 10% from ₱146 million as of December 31, 2018 to ₱160 million as of 31 December 2019 due to the adjustments to temporary tax differences for the period.
- Retirement benefit obligation increased from nil as of 31 December 2018 to ₱73 million as of 31 December 2019 due to set-up of provision for the retirement benefit.

Total stockholder's equity increased by 363% from ₱2,679 million as of 31 December 2018 to ₱12,415 million as of 31 December 2019 due to the conversion of advances from parent, additional paid-in capital recognized from IPO, and net income recorded for the period.

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

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

Notes:

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

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

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

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

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

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

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

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

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

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

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

Property and equipment increased by 276% from ₱2,969 million as of 31 December 2018 to ₱11,151 million as of 31 December 2019 due primarily to acquisition of store equipment, furniture, fixture, office equipment and leasehold improvements for new stores as well as the recognition of the right of use asset in relation to the adoption of PFRS 16.

Other assets decreased by 24% from ₱926 million as of 31 December 2018 to ₱705 million as of 31 December 2019 due primarily to the advances for purchases applied against deliveries.

Trade and other payables increased by 433% to ₱2,024 million as of 31 December 2019 from ₱380 million as of 31 December 2018 due to increase in trade payables pertaining to purchases of inventories and new stores fit-out construction.

Loans payable including non-current portion decreased by 100% from ₱4,315 million as of 31 December 2018 to nil as of 31 December 2019 due to loan settlements made from proceeds of initial public offering.

Lease liability including non-current portion increased from nil as of 31 December 2018 to ₱4,942 million as of 31 December 2019 due to recognition of lease liability in relation to the adoption of PFRS 16.

Due to related parties decreased to nil as of 31 December 2019 from ₱627 million as of 31 December 2018 due to conversion to equity in July 2019.

Deferred tax liabilities decreased by 10% from ₱146 million as of December 31, 2018 to ₱160 million as of 31 December 2019 due to the adjustments to temporary tax differences for the period.

Retirement benefit obligation increased from nil as of 31 December 2018 to ₱73 million as of 31 December 2019 due to set-up of provision for the retirement benefit.

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

Revenues increased by 68% to ₱12,060 million for the year ended 31 December 2019 from ₱7,192 million for the year ended 31 December 2018. This was mainly brought about by the same store sales growth of existing 23 stores as of 31 December 2018 as well as the revenues generated from 22 additional stores launched since then until 31 December 2019

Cost of merchandise sold increased by 67% to ₱8,452 million for the year ended 31 December 2019 from the ₱5,062 million level for the same period in 2018, corresponding to the increase in sales in existing stores and the sales contributed by the new stores added during the period.

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

Finance Cost increased by 789% from ₱46 million for the year ended 31 December 2018 to ₱412 million for the year ended 31 December 2019. The increase was primarily attributable to the adoption of PFRS 16 amounting to ₱298 million, the availment of short-term and long-term interest-bearing debt of the Company for the year to finance store expansion, and recognition of retirement benefit obligation.

Other income increased by 68% from ₱210 million for the year ended 31 December 2018 to ₱352 million for the year ended 31 December 2019. The increase was primarily attributable to the increase in vendor's support and marketing fees.

Provision for income tax increased by 105% from ₱219 million for the year ended 31 December 2018 to ₱450 million for the year ended 31 December 2019 primarily due to a higher taxable base for the year.

As a result of the foregoing, our net income increased by 105% from ₱511 million for the year ended 31 December 2018 to ₱1,050 million for the year ended 31 December 2019.

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

COMMITMENTS AND CONTINGENCIES

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

REVIEW OF YEAR END 2018 VS YEAR END 2017

RESULTS OF OPERATIONS

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

Revenues

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

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

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

Cost of Merchandise Sold

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

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased by 30.7% from ₱1,182.1 million for the year ended December 31, 2017 to ₱1,545.5 million (U.S.\$30.2 million) for the year ended December 31, 2018 primarily due to the following:

- Increase in rent from ₱400.2 million for the year ended December 31, 2017 to ₱450.1 million (U.S.\$8.8 million) for the year ended December 31, 2018 due to the increase in the number of stores, warehouse and higher rent for stores that are percentage-based rents.

- Increase in merchant fees from ₱24.7 million for the year ended December 31, 2017 to ₱72.0 million (U.S.\$1.4 million) for the year ended December 31, 2018 due to the higher credit card sales.
- Increase in outside services from ₱202.1 million for the year ended December 31, 2017 to ₱239.4 million (U.S.\$4.7 million) for the year ended December 31, 2018 due primarily to the increase in stores and warehouse.

Loss on Write-Off of Receivables

Loss on write-off of receivables increased by 24.5% from ₱15.6 million for the year ended December 31, 2017 to ₱19.4 million (U.S.\$0.4 million) for the year ended December 31, 2018. In 2018, the Company assessed its receivables for Expected Credit Loss and were reviewed for indications of impairment in 2017. Although these were written off in the books, the Company is still trying to collect such receivables. Receivables written off only accounted for 2.6% and 1.8% of receivables for 2017 and 2018, respectively.

Finance Cost

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

Finance Income

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

Other Income

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

- 381.9% increase in vendor's support and marketing fees to ₱171.8 million (U.S.\$3.4 million) for the year ended December 31, 2018 from ₱35.7 million for the year ended December 31, 2017. This is due to the higher volume-based incentives from suppliers and opening support and marketing for newly-opened stores; and
- the increase in delivery fees of 185.8% to ₱31.2 million (U.S.\$0.6 million) for the year ended December 31, 2018 from ₱10.9 million for the year ended December 31, 2017, driven by the increase in the overall volume of deliveries for the year.

Provision for Income Tax

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

Net Profit

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

FINANCIAL CONDITION

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

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

- Cash and cash equivalents decreased by 25.3% from ₱399.8 million as of December 31, 2017 to ₱298.5 million as of December 31, 2018 primarily due to the higher cash outflow for the year used for new stores and inventory buildup of existing stores.
- Trade and other receivables increased by 102.3% from ₱591.3 million as of December 31, 2017 to ₱1,196.4 million as of December 31, 2018 due mainly to the increase in receivables from various customers from the current year sale and increase in other non-trade receivables.
- Inventories increased by 80.1% from ₱1,494.3 million as of December 31, 2017 to ₱2,690.9 million as of December 31, 2018 due primarily to inventory purchases mostly for newly added stores as well as inventory buildup for the existing stores.
- Due from related parties increased by 6.4% from ₱125.9 million as of December 31, 2017 to ₱133.9 million as of December 31, 2018 due to the additional advances granted to the Company's affiliates during the year.
- Property and equipment increased by 54.5% from ₱1,921.8 million as of December 31, 2017 to ₱2,969.5 million as of December 31, 2018 due primarily to acquisitions of store equipment, furniture, fixture and office equipment as well as increase in leasehold improvements.
- Other assets including current portion thereof increased by 43.1% from ₱647.2 million as of December 31, 2017 to ₱926.3 million as of December 31, 2018 due primarily to the increase in advances for purchases. Advances for purchases pertains to mobilization of funds made to various third party suppliers including service providers for inventory purchases.

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

- Trade and other payables decreased by 21.2% to ₱379.9 million as of December 31, 2018 from ₱482.4 million as of December 31, 2017 due to payments during the year.
- Loans payable including non-current portion increased by 48.8% from ₱2,900.0 million as of December 31, 2017 to ₱4,315.4 million as of December 31, 2018 due to loan availments for the year to fund our expansion program.
- Due to related parties increased by 161.9% from ₱239.6 million as of December 31, 2017 to ₱627.4 million as of December 31, 2018 due to the Company's increased advances from its parent company for capital expenditure purposes.
- Income tax payable increased by 272.7% from ₱18.3 million as of December 31, 2017 to ₱68.2 million as of December 31, 2018 due primarily to a higher current taxable income for the year.
- Deferred tax liabilities increased by 345.1% from ₱32.8 million as of December 31, 2017 to ₱146.0 million as of December 31, 2018 due to the additional temporary tax differences recognized for the year that will result to future tax liabilities.

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

Item 7. Financial Statements

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

Item 8. Information on Independent Accountant and Other Related Matters

Independent Public Accountant

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

External Audit Fees and Services

External Audit Fees

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

	<u>2020</u>	<u>2019</u>
	<i>(in ₱ thousands with VAT)</i>	
Audit and Audit-Related Fees.....	1,500.0	1,500.0

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

Tax Fees

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

All Other Fees

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

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

The scope, extent and nature of the services to be referred to, and/or to be rendered by, the appointed External Auditor of the Company has to be unanimously approved by the Audit Committee in a meeting duly called for the purpose, including the fees to be paid for the services thus rendered and/or referred.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Board of Directors and Executive Officers

The table below sets forth the members of the Company's Board and Executive Officers as of December 31, 2020.

<u>NAME</u>	<u>AGE</u>	<u>POSITION</u>	<u>CITIZENSHIP</u>
Manuel B. Villar Jr.	71	Chairman	Filipino
Camille A. Villar	36	Vice Chairman	Filipino
Benjamarie Therese N. Serrano	58	Director, President & Chief Executive Officer	Filipino
Frances Rosalie T. Coloma	58	Director & Chief Financial Officer	Filipino
Manuel Paolo A. Villar	44	Director	Filipino
Laura Suarez A. Acuzar	71	Independent Director	Filipino
Jessie D. Cabaluna	63	Independent Director	Filipino
Mary Lee S. Sadiasa	51	Chief Operating Officer	Filipino
Maria Cristina O. Barao	40	Compliance Officer & Controller	Filipino
Jo Marie Lazaro-Lim	42	Corporate Secretary	Filipino
Robirose M. Abbot	48	Investor Relations Head	Filipino

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

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

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

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

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

Camille A. Villar. *Director.* Ms. Villar, 36, graduated from Ateneo de Manila University with a degree in Bachelor of Science in Management. She obtained a Master's Degree in Business Administration from the Instituto de Estudios Superiores de la Eprese (IESE) Business School, Barcelona, Spain. She is the President and CEO of AllValue. She is also a Director of Vista Land & Lifescapes, Inc., Vistamalls, Inc. (formerly named as Starmalls, Inc.), and Golden Bria Holdings, Inc.. She was President of AllHome until May 2019, Brittany Corporation from 2010 to 2013 and the Head of Corporate Communications for Vista Land from 2008 to 2010.

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

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

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

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

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

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

Resignation of Directors

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

Family relationships

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

Involvement in Certain Legal Proceedings of Directors and Executive Officers

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

- (a) None of them has been involved in any bankruptcy petition.
- (b) None of them has been convicted by final judgment in a criminal proceeding or being subject to any pending criminal proceeding, both domestic and foreign.
- (c) None of them has been subject to any order, judgment or decree of any court of competent jurisdiction (both domestic and foreign) permanently or temporarily enjoining, barring, suspending or likewise limiting their involvement in any type of business, securities, commodities or banking activities.
- (d) None of them has been found by a domestic or foreign court of competent jurisdiction (in a civil action), by the Commission or comparable body, or by a domestic or foreign exchange or organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

Item 10. Executive Compensation

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

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

Standard arrangements

Other than payment of reasonable per diem of P15,000 per non-executive director for every meeting, there are no standard arrangements pursuant to which the Board of Directors are compensated, or are to be compensated, directly or indirectly, for any services provided as a director during 2019 and 2020.

Other arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly by the Company, during 2019 and 2020 for any service provided as a director.

Employment Contracts Between the Company and Senior Management Officers

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

Warrants and options held by the executive officers and directors

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

Significant employee

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Record and Beneficial Owners

Security ownership of certain record and beneficial owners of more than 5.0% of the voting securities as of December 31, 2020:

Title of Class of Securities	Name/Address of Record Owners and Relationship with Us	Name of Beneficial Owner /Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership¹
Common Shares	AllValue Holdings Corp. LGF Bldg B, Evia Lifestyle Center, Vista City, Daang Hari, Almanza II, Las Piñas City Shareholder	Record Owner is also beneficial Owner	Filipino	2,540,108,000	67.74%
Common Shares	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6776 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is not the beneficial Owner	Filipino	637,251,300	16.99%

Common Shares	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6776 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is not the beneficial Owner	Non-Filipino	572,374,400	15.26%
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¹Based on the total issued and outstanding common shares of 3,750,000,002 as of December 31, 2020

Security Ownership of Management

Security ownership of certain management as of December 31, 2020:

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

Voting Trust Holders of 5.0% or More

As of December 31, 2020, there is no party holding any voting trust for 5% or more of total shares outstanding.

Changes In Control

As of December 31, 2020, there was no arrangement which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

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

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

Please refer to Notes on Related Party Transactions of the Notes to Financial Statements of the 2020 Audited Financial Statements, which is incorporated herein in the accompanying Index to Exhibits.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

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

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17 A

Exhibits

See accompanying Index to Financial Statements and Supplementary Schedules.

The following exhibit is incorporated by reference in this report:

Financial Statements of the Company as of and for the year ended December 31, 2020.

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

Reports on SEC Form 17-C

The following current reports have been reported by AllHome Corp. during the year 2020 through official disclosure letters dated:

February 19, 2020

Press Release 02/19/2020

March 13, 2020

Material Information/Transactions 03/13/2020

May 28, 2020

Material Information/Transactions 05/28/2020

May 28, 2020

Notice of Annual Stockholders' Meeting 05/28/2020

May 28, 2020

Postponement of Annual Stockholders' Meeting 05/28/2020

June 01, 2020

Press Release 06/05/2020

June 01, 2020

Notice of Analysts'/Investors' Briefing 06/01/2020

June 04, 2020

Material Information/Transactions 06/04/2020

June 05, 2020

Press Release 06/05/2020

June 10, 2020

Press Release 06/10/2020

June 18, 2020

Press Release 06/18/2020

June 25, 2020

Press Release 06/25/2020

July 01, 2020

Notice of Annual Stockholders' Meeting 07/01/2020

July 03, 2020

Press Release 07/03/2020

July 10, 2020

Press Release 07/10/2020

July 23, 2020

BOD Meeting Resolution 07/23/2020

July 23, 2020

BOD Meeting Resolution 07/23/2020

July 28, 2020

Press Release 07/28/2020

August 05, 2020

Press Release 08/05/2020

August 10, 2020

Notice of Analysts'/Investors' Briefing 08/10/2020

August 13, 2020

Change in Directors and/or Officers 08/13/2020

August 13, 2020

Material Information/Transactions 08/13/2020

August 13, 2020

Press Release 08/13/2020

September 01, 2020

Press Release 09/01/2020

September 14, 2020

Press Release 09/14/2020

September 22, 2020

Press Release 09/22/2020

October 02, 2020

Press Release 10/02/2020

October 14, 2020

Press Release 10/14/2020

October 20, 2020

Press Release 10/20/2020

October 30, 2020

Press Release 10/30/2020

November 10, 2020

Notice of Analysts'/Investors' Briefing 11/10/2020

November 13, 2020

Material Information/Transactions 11/13/2020

November 16, 2020

Press Release 11/16/2020

November 25, 2020

Declaration of Cash Dividends 11/25/2020

December 01, 2020

Press Release 12/01/2020

December 09, 2020

Press Release 12/09/2020

December 23, 2020

Press Release 12/23/2020

SIGNATURES


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

By:


BENJAMARIE THERESE N. SERRANO
President


FRANCES ROSALIE T. COLOMA
Chief Financial Officer



JO MARIE LAZARO-LIM
Corporate Secretary


MARIA CRISTINA O. BARAO
Compliance Officer / Controller

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

Name	Passport No. / Driver's License No.	Date & Place of Issue / Date of Expiry
Benjamarie Therese N. Serrano	P2601723A	05APR2017 / DFA MANILA
Frances Rosalie T. Coloma	EC7557128	27APR2016 / DFA NCR EAST
Jo Marie Lazaro-Lim	N26-13-020333	12OCT2023
Maria Cristina O. Barao		

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Page No. 18
Book No. XLII
Series of 2021


ATTY. ARSIN OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL JUNE 30, 2021
ROLL No. 57146

IBP Lifetime Member No. 018537
PTR No. 4574502 / 04 Jan. 2021 / Mandaluyong City
MCLE Compliance No. VI-0025341 issued dated 11 April 2019
Notarial Commission Appointment No. 0388-19
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

ALLHOME CORP.

INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES

Form 17-A, Item 7

Financial Statements

Statement of Management's Responsibility for Financial Statements
Report of Independent Public Accountant
Statement of Financial Position as of December 31, 2020 and 2019
Statements of Comprehensive Income for the years ended December 31, 2020, 2019 and 2018
Statements of Changes in Equity for the years ended December 31, 2020, 2019 and 2018
Statements of Cash Flows for the years ended December 31, 2020, 2019 and 2018
Notes to Financial Statements

Supplementary Schedules

Report of Independent Auditors on Supplementary Schedules

I. Supplementary Schedules required by Annex 68-E

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS


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

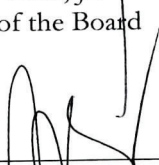
In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or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


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

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

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



Manuel B. Villar, Jr.
Chairman of the Board

Benjamarie Therese N. Serrano
President/Chief Executive Officer

Frances Rosalie T. Coloma
Treasurer/Chief Financial Officer

MAR 22 2021

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

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

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

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

ATTY. ARBIN OMAR P. CARINO

NOTARY PUBLIC

UNTIL JUNE 30, 2021

ROLL No. 57146

IBP Lifetime Member No. 018537

PTR No. 4574502 / 04 Jan. 2021 / Mandaluyong City

MCLE Compliance No. VI-0025341 issued dated 11 April 2019

Notarial Commission Appointment No. 0388-19

Vista Corporate Center, Upper Ground Floor,

Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

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

Report of Independent Auditors

The Board of Directors

AllHome Corp.

(A Subsidiary of AllValue Holdings Corp.)

Lower Ground Floor, Building B

EVIA Lifestyle Center, Vista City

Daang Hari, Almanza II

Las Piñas City

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

(a) Revenue Recognition

Description of the Matter

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

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

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

How the Matter was Addressed in the Audit

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

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

- confirming receivables, on sample basis, using positive confirmations, performing alternative procedures for non-responding customers, reporting unresolved difference to appropriate client personnel and projecting errors to the population, to ascertain the testing precision achieved, which further validates the accuracy of revenue recognized by the Company; and,
- performing detailed analysis of revenue segments and related key ratios such as, but not limited to, current year's components of revenues (e.g., by customer and by location) as a percentage of total revenues and analysis of current and prior year's monthly revenue trend.

(b) Existence and Valuation of Inventories

Description of the Matter

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

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

How the Matter was Addressed in the Audit

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

On inventory existence:

- testing the information technology (IT) general controls and application controls over the automated system related to inventory receipts, shipment and adjustments;
- testing the design and operating effectiveness of internal controls related to the Company's inventory count processes;
- conducting physical inventory count observation in selected stores and warehouses, including, among others, touring the facility before and after the inventory count observation, to gain an understanding of the location and condition of inventories prior to the count and after the count is concluded; determining that all sample inventory items were counted and no items were counted twice; obtaining relevant cut-off information and copy of count control documents; examining sample inventory items to test count against inventory records; clearing exceptions, if any, with appropriate personnel; and, projecting errors to the population; and,
- performing detailed analysis of inventory-related ratios such as, but not limited to, inventory turnover and current year's components of inventories as a percentage of total inventories.

On inventory valuation:

- determining the method of inventory costing and evaluating appropriateness and consistency of application of the valuation of inventories at lower of cost and net realizable value;
- testing the information technology (IT) general controls and application controls over the automated system related to updating and changing of prices;
- performing test of design and implementation of key controls on inventory costing;
- performing test on inventory costing of selected inventory items by recomputing unit cost and comparing to unit cost per books, examining supplier invoices and other documents supporting movements affecting the moving average unit cost, reporting unresolved difference, if any, to appropriate personnel and projecting errors to the population; and,
- determining whether inventory is stated at the lower of cost and net realizable value by verifying latest selling price, reviewing estimated cost to sell of sample inventory items and comparing the net selling price to the unit cost per books, reporting unresolved differences, if any, to appropriate personnel and projecting errors to the population.

(c) Performing Significant Portion of Audit Remotely

Description of the Matter

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

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

How the Matter was Addressed in the Audit

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

- considering the nature of the engagement and the engagement team's knowledge of the entity and its environment when determining whether it is possible to perform a significant portion, if not all of the engagement remotely;
- following the requirements of the PSA including providing proper supervision and review, even when working remotely;
- obtaining information through electronic means, which includes sending and receiving of confirmation electronically, obtaining calculations in electronic form to check the mathematical accuracy, scanning of hard-copy items for review and using real-time inspection technology such as video and screen-sharing;

- determining the reliability of audit evidence provided electronically using enhanced professional skepticism;
- performing inquiries through video call in order to judge body language and other cues and to have a more interactive audit engagement; and,
- examining critical hard copy documents (e.g., contracts, billing invoices, purchase invoices and official receipts) physically in response to the risk in revenues and costs, which is considered to be significant.

Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

PUNONGBAYAN & ARAULLO


By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8533227, January 4, 2021, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
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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)

	<u>Notes</u>	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>			
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	<u>401,217,020</u>	<u>295,791,775</u>
Total Current Assets		<u>8,992,607,142</u>	<u>8,124,449,069</u>
NON-CURRENT ASSETS			
Property and equipment - net	9	11,987,800,303	11,150,980,396
Other non-current assets	8	<u>794,599,370</u>	<u>409,701,058</u>
Total Non-current Assets		<u>12,782,399,673</u>	<u>11,560,681,454</u>
TOTAL ASSETS		<u>P 21,775,006,815</u>	<u>P 19,685,130,523</u>
<u>LIABILITIES AND EQUITY</u>			
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		<u>111,922,573</u>	<u>70,658,752</u>
Total Current Liabilities		<u>3,855,424,513</u>	<u>2,465,483,571</u>
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	<u>68,318,864</u>	<u>73,324,090</u>
Total Non-current Liabilities		<u>4,548,643,655</u>	<u>4,804,724,174</u>
Total Liabilities		<u>8,404,068,168</u>	<u>7,270,207,745</u>
EQUITY			
Capital stock	19	3,750,000,002	3,750,000,002
Additional paid-in capital		7,209,298,114	7,209,298,114
Revaluation reserves		(9,096,646)	(29,896,666)
Retained earnings		<u>2,420,737,177</u>	<u>1,485,521,328</u>
Total Equity		<u>13,370,938,647</u>	<u>12,414,922,778</u>
TOTAL LIABILITIES AND EQUITY		<u>P 21,775,006,815</u>	<u>P 19,685,130,523</u>

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		<u>P 3,750,000,002</u>	<u>P 7,209,298,114</u>	<u>P 2,420,737,177</u>	<u>(P 9,096,646)</u>	<u>P 13,370,938,647</u>
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		<u>P 3,750,000,002</u>	<u>P 7,209,298,114</u>	<u>P 1,485,521,328</u>	<u>(P 29,896,666)</u>	<u>P 12,414,922,778</u>
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		<u>P 2,000,000,000</u>	<u>P -</u>	<u>P 678,603,864</u>	<u>P -</u>	<u>P 2,678,603,864</u>

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		<u>2,342,992,013</u>	<u>298,492,381</u>	<u>399,785,312</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>P 1,785,606,441</u>	<u>P 2,342,992,013</u>	<u>P 298,492,381</u>

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:

	<u>2020</u>	<u>2019</u>
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	<u>400,000,000</u>	<u>773,180,766</u>
	<u>P 1,785,606,441</u>	<u>P 2,342,992,013</u>

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:

	<u>2020</u>	<u>2019</u>
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	<u>24,941,442</u>	<u>16,716,248</u>
	533,558,833	287,700,630
Allowance for impairment losses	(<u>16,539,620</u>)	(<u>10,961,202</u>)
	<u>P 517,019,213</u>	<u>P 276,739,428</u>

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

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		<u>16,539,620</u>	<u>P 10,961,202</u>

7. MERCHANDISE INVENTORIES

Merchandise inventories pertain to goods owned by the Company, which include construction materials, home improvements, furnishings and décor products, among others, that are traded under the normal course of business, and amounted to 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.

	<u>Note</u>	<u>2020</u>	<u>2019</u>
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
		<u>401,217,020</u>	<u>295,791,775</u>
Non-current:			
Advances to suppliers		499,941,998	409,701,058
Materials and supplies	9	294,657,372	-
		<u>794,599,370</u>	<u>409,701,058</u>
		<u>P 1,195,816,390</u>	<u>P 705,492,833</u>

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	<u>P 2,491,088,333</u>	<u>P 418,549,620</u>	<u>P 99,241,653</u>	<u>P 3,961,445,624</u>	<u>P 3,930,966,470</u>	<u>P 42,527,427</u>	<u>P 1,043,981,176</u>	<u>P 11,987,800,303</u>
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	<u>P 2,225,524,905</u>	<u>P 261,945,231</u>	<u>P 82,943,016</u>	<u>P 2,549,752,655</u>	<u>P 4,395,580,713</u>	<u>P 99,373,658</u>	<u>P 1,535,860,218</u>	<u>P 11,150,980,396</u>
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	<u>P 1,390,372,453</u>	<u>P 147,237,118</u>	<u>P 59,366,241</u>	<u>P 1,294,556,491</u>	<u>P 3,159,007,747</u>	<u>P 75,853,974</u>	<u>P 77,927,483</u>	<u>P 6,204,321,507</u>

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.

	<u>Store Equipment</u>	<u>Furniture, Fixtures and Office Equipment</u>	<u>Transportation Equipment</u>	<u>Leaschold Improvements</u>	<u>Right-of-use Assets - Store Outlets</u>	<u>Right-of-use Assets - Warehouse</u>	<u>Construction in Progress</u>	<u>Total</u>
Balance at January 1, 2020, net of accumulated depreciation and amortization	P 2,225,524,905	P 261,945,231	P 82,943,016	P 2,549,752,655	P 4,395,580,713	P 99,373,658	P 1,535,860,218	P 11,150,980,396
As previously reported								
Additions –								
Other property and equipment	12,599,103	128,188,389	9,180,667	74,487,245	-	-	1,827,548,106	2,052,003,510
Right-of-use assets (see Note 12)	-	-	-	-	-	5,575,953	-	5,575,953
Reclassifications	412,434,884	90,000,000	21,216,472	1,501,118,420	-	-	(2,319,427,148)	(294,657,372)
Lease modification	-	-	-	-	-	(20,939,092)	-	(20,939,092)
Depreciation and amortization charges for the year	(159,470,559)	(61,584,000)	(14,098,502)	(163,912,696)	(464,614,243)	(41,483,092)	-	(905,163,092)
Balance at December 31, 2020, net of accumulated depreciation and amortization	<u>P 2,491,088,333</u>	<u>P 418,549,620</u>	<u>P 99,241,653</u>	<u>P 3,961,445,624</u>	<u>P 3,930,966,470</u>	<u>P 42,527,427</u>	<u>P 1,043,981,176</u>	<u>P 11,987,800,303</u>
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	<u>P 2,225,524,905</u>	<u>P 261,945,231</u>	<u>P 82,943,016</u>	<u>P 2,549,752,655</u>	<u>P 4,395,580,713</u>	<u>P 99,373,658</u>	<u>P 1,535,860,218</u>	<u>P 11,150,980,396</u>

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:

	<u>Note</u>	<u>2020</u>	<u>2019</u>
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
		<u>P 1,315,790,296</u>	<u>P 2,023,727,076</u>

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

Non-trade payables 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.

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

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:

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

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

	<u>2020</u>	<u>2019</u>
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	<u>-</u>	<u>30,563,594</u>
Balance as of December 31, 2020	<u>P 4,565,520,336</u>	<u>P 4,942,209,363</u>

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
		<u>P 1,174,698,619</u>	<u>P 922,784,507</u>

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
<u>2020:</u>				
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
		<u>P 12,416,058,045</u>	<u>P 395,852,398</u>	<u>P 12,811,910,443</u>
<u>2019:</u>				
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
		<u>P 12,066,911,730</u>	<u>P 345,696,855</u>	<u>P 12,412,608,585</u>
<u>2018:</u>				
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
		<u>P 7,198,696,012</u>	<u>P 203,136,100</u>	<u>P 7,401,832,112</u>

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
Transportation 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:

	<u>2020</u>	<u>2019</u>
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	<u>P 68,318,864</u>	<u>P 73,324,090</u>

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):

	<u>2020</u>	<u>2019</u>
<i>Reported in profit or loss:</i>		
Current service cost	P 12,850,645	P 11,850,357
Interest expense	3,662,586	2,047,963
	<u>P 16,513,231</u>	<u>P 13,898,320</u>
<i>Reported in other comprehensive loss (income):</i>		
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)	-
	(<u>P 29,714,314</u>)	<u>P 42,709,522</u>

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:

	<u>2020</u>	<u>2019</u>
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
<i>Reported in profit or loss:</i>			
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
	<u>292,600,282</u>	<u>329,346,931</u>	<u>105,715,139</u>
Deferred tax expense relating to originating and reversal of other temporary differences	<u>130,400,192</u>	<u>120,183,392</u>	<u>113,224,068</u>
	<u>P 423,000,474</u>	<u>P 449,530,323</u>	<u>P 218,939,207</u>
<i>Reported in other comprehensive loss:</i>			
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	<u>18,000</u>	<u>1,810,657</u>	<u>-</u>
Tax expense	<u>P 423,000,474</u>	<u>P 449,530,323</u>	<u>P 218,939,207</u>

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 Comprehensive Income					
	Statements of Financial Position		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 -
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)	-	-	-
	<u>205,724,463</u>	<u>164,795,572</u>	<u>(49,843,185)</u>	<u>(58,870,753)</u>	<u>-</u>	<u>(8,914,294) 12,812,856</u>
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	-	-
	<u>(505,327,413)</u>	<u>(325,084,036)</u>	<u>180,243,377</u>	<u>179,054,145</u>	<u>113,224,068</u>	<u>-</u>
Deferred tax liabilities - net	(P 299,602,950)	(P 160,288,464)				
Deferred tax expense (income)			<u>P 130,400,192</u>	<u>P 120,183,392</u>	<u>P 113,224,068</u>	<u>(P 8,914,294) P 12,812,856</u>

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.

Notes	Amount of Transactions			Outstanding Balances Receivables (Payables)	
	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	-	-
Related Parties Under Common Ownership:					
Lease liability (PFRS 16)	12	-	4,124,540,460	-	3,818,778,732
Right-of-use asset (PFRS 16)	9, 12	-	3,734,180,917	-	3,332,771,608
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	-	-
Transferred retirement benefit obligation	6, 16.2	8,195,857	16,716,248	-	24,912,105
Advances paid (obtained)	18.1	-	-	-	-
Advances granted (collected)	18.2	-	128,607,284	-	-
Assignment of advances	18.2	-	(128,607,284)	-	-
Advances assigned	18.1	-	2,000,000	-	-
Rentals	12	325,946,167	166,629,474	-	(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		(	<u>128,607,284)</u>
Balance at end of year		P	<u>-</u>

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		(	<u>128,607,284)</u>
Balance at end of year		P	<u>-</u>

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	-
	<u>P 65,540,791</u>	<u>P 23,200,000</u>

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	<u>3,750,000,002</u>	<u>3,750,000,002</u>	<u>2,000,000,000</u>	<u>P 3,750,000,002</u>	<u>P 3,750,000,002</u>	<u>P 2,000,000,000</u>

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 2019, 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:

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

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.

	Notes	Current		Non-current	
		Upon demand/ Within Six Months	Six to 12 Months	One to Three Years	Later than Three Years
Trade and other payables	10	P 1,253,226,994	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:

	Notes	Current		Non-current	
		Upon demand/ Within Six Months	Six to 12 Months	One to Three Years	Later than Three Years
Trade and other payables	10	P 1,955,788,449	-	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:

	Notes	December 31, 2020		December 31, 2019	
		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
<i>Financial Asset –</i>				
Due from related parties	P 470,583,000	(P 128,607,284)	(P 341,975,716)	P -
<i>Financial Liability –</i>				
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
<u>December 31, 2020</u>				
<i>Financial assets:</i>				
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
	<u>P 1,785,606,441</u>	<u>P -</u>	<u>P 517,019,213</u>	<u>P 2,302,625,654</u>
<i>Financial liabilities:</i>				
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
	<u>P -</u>	<u>P -</u>	<u>P 7,861,660,479</u>	<u>P 7,861,660,479</u>
<u>December 31, 2019</u>				
<i>Financial assets:</i>				
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
	<u>P 2,342,992,013</u>	<u>P -</u>	<u>P 269,259,418</u>	<u>P 2,612,251,431</u>
<i>Financial liabilities:</i>				
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
	<u>P -</u>	<u>P -</u>	<u>P 6,897,997,812</u>	<u>P 6,897,997,812</u>

24. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

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

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

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:

	<u>Tax Base</u>	<u>Output VAT</u>
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	<u>1,909,178</u>	<u>229,101</u>
	<u>P 12,812,498,976</u>	<u>P 1,537,499,877</u>

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	(<u>1,363,155,030</u>)
Balance at end of year	<u>P -</u>

(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		<u>1,431,645</u>
	P	<u><u>102,253,048</u></u>

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		<u>2,288,631</u>
	P	<u><u>112,192,594</u></u>

(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.



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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

Punongbayan & Araullo
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1200 Makati City
Philippines
T +63 2 8988 22 88

The Board of Directors

AllHome Corp.

(A Subsidiary of AllValue Holdings Corp.)

Lower Ground Floor, Building B
EVIA Lifestyle Center, Vista City
Daang Hari, Almanza II
Las Piñas City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of AllHome Corp. (the Company) for the year ended December 31, 2020, on which we have rendered our report dated March 22, 2021. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Company's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

By: **Nelson J. Dinio**
Partner

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

March 22, 2021

Certified Public Accountants

Punongbayan & Araullo (P&A) is the Philippine member firm of Grant Thornton International Ltd (GTIL).

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Offices in Cavite, Cebu, Davao
BOA/PRC Cert. of Reg. No. 0002
SEC Accreditation No. 0002-FR-5

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
List of Supplementary Information
December 31, 2020

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

ALLHOME CORP.
(A 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	
<i>Advances to officers and employees</i>	P 7,480,010	p -	(P 7,480,010)	p -	p -	P -	P -	p -

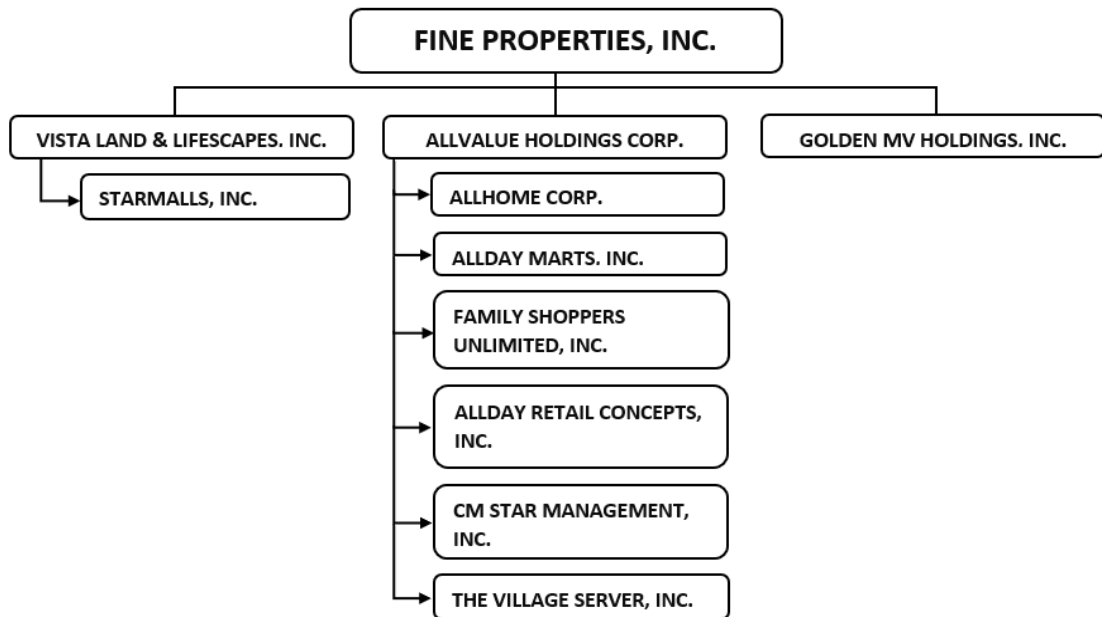
ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2020

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Related Parties	Directors, Officers and Employees	Others
Common Shares at P1.00 par value	<u>5,900,000,000</u>	<u>3,750,000,002</u>	<u>-</u>	<u>2,540,108,000</u>	<u>502</u>	<u>1,209,891,500</u>
Preferred Shares at P0.10 par value	<u>1,000,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
Lower Ground Floor, Building B, Evia Lifestyle Centre
Almanza II, Las Piñas City
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 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	(<u>52,500,000</u>)
Unappropriated Retained Earnings Available for Dividend Declaration at End of the Period	<u>P 2,527,424,430</u>

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





Report of Independent Auditors on Components of Financial Soundness Indicators

Punongbayan & Araullo
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T +63 2 8988 22 88

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of AllHome Corp. (the Company) for the 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
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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

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
<p>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:</p> <ol style="list-style-type: none">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	<p>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.</p> <p>In 2020, the Company invested in active engagement with customers and maximization of the seven product categories that helped increase AllHome's profitability.</p> <p>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</p>

		<p>Impacts on Local Communities section of this Annex.</p> <p>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.</p> <p>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.</p> <p>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.</p>
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	<p>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.</p> <p>To address the aforementioned financial risks, AllHome has employed the following risk-mitigating measures:</p>

<p>AllHome identified the COVID-19 Pandemic as a major risk that limited business operations which affected the cash flows of the Company.</p>		<ul style="list-style-type: none"> • 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
<p>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.</p> <p>The Company has observed an increased demand for home improvement in 2020 as customers are recreating their personal spaces by prioritizing comfort, refurbishing, and</p>	<p>AllHome, Employees, Investors, Business Partners, Customers, and Local Communities</p>	<p>AllHome practices financial sustainability by ensuring the investment decisions are viable and beneficial to all the company's stakeholders.</p> <p>The resulting financial gains of AllHome are manifested through continuous contributions to its stakeholders</p> <p>The presence of supermarkets in the AllValue retail ecosystem proved invaluable to AllHome</p>

<p>renovating their homes. The switch to contactless and digital transactions had an increasing preference to minimize the travel to and from stores.</p> <p>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.</p> <p>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.</p>	<p>during the ECQ. The Company has put up complementary pop-up stores that provided essential home products to the customers.</p> <p>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.</p> <p>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.</p>
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Climate-related risks and opportunities²

Governance Disclose the organization's governance around climate related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	<p>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.</p> <p>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</p>

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.

	<p>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.</p> <p>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.</p> <p>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".</p>
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	<p>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.</p> <p>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.</p> <p>The short-term climate-related risks that the Management has identified include power outages which would require the increased use of generators.</p> <p>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.</p>
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.

<p>c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario</p>	<p>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.</p>
<p>Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks</p>	
<p>a) Describe the organization's processes for identifying and assessing climate-related risks</p>	<p>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.</p> <p>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.</p> <p>For more information, access AllHome's ERM Policy here.</p>
<p>b) Describe the organization's processes for managing climate-related risks</p>	<p>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.</p> <p>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.</p> <p>For climate-related risks, AllHome rated them as a high risk for its operations.</p>
<p>c) Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management</p>	<p>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.</p>
<p>Metrics and Targets</p>	

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

<p>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.</p> <p>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.</p> <p>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.</p>	<ul style="list-style-type: none"> • AllHome • Suppliers of furniture, appliances, homewares, linens, construction materials, hardware, tiles and sanitary wares 	<p>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.</p>
What are the Opportunity/ies Identified?	Which stakeholders are affected?	Management Approach
<p>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 the aforementioned buyers and customers.</p>	<ul style="list-style-type: none"> • AllHome • Suppliers of furniture, appliances, homewares, linens, construction materials, hardware, tiles and sanitary wares 	<p>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."</p> <p>One of the ways that AllHome does is through the efforts of the Merchandising team which works</p>

		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.
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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	<p>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.</p> <p>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.</p> <p>AllHome has transparency and anti-corruption policies in place, which are codified within its Code of Business Conduct & Ethics:</p> <ul style="list-style-type: none"> ● Conflict of Interest Policy – directors and employees must avoid situations

		<p>where conflict of interest might occur</p> <ul style="list-style-type: none"> • 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	<p>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.</p> <p>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.</p>
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.
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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,	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

which may not be optimally beneficial for the company if there is corruption.		<p>members of the company and every dealing made by the company adhere to statutory laws and regulations.</p> <p>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.</p>
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	<p>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:</p> <ul style="list-style-type: none"> • 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 helps the Company to divert its generation of wastes.	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.
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	
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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 ₂ e
Energy indirect (Scope 2) GHG Emissions	13,762.02	Tonnes CO ₂ e
Emission of ozone-depleting substances (ODS)	N/A	Tonnes CO ₂ e

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.	AllHome	<p>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.</p> <p>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.</p>

³ International Union for Conservation of Nature

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.		
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
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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 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.	AllHome	<p>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.</p> <p>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 to observe proper waste segregation.</p>
What are the Risk/s Identified?	Which stakeholders are affected?	<p>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.</p> <p>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.</p> <p>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.</p>
N/A		
What are the Opportunity/ies Identified?	Which stakeholders are affected?	
<p>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.</p> <p>The Company will strengthen its implementation of reusing used packaging materials like cartons to reduce waste generation and lessen the clogging of nearby waterways.</p>	Customers, Local Communities	

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	#
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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.

What is the impact and where does it occur? What is the organization's involvement in the impact?	Management Approach
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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)

<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
What are the Risk/s Identified?	Management Approach
<p>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.</p> <p>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</p>	<p>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:</p> <ul style="list-style-type: none"> ● Competitive salary and compensation packages ● Good, comfortable, and proper work environment and culture ● Quarterly bonding for each department

Risks as set down in its Enterprise Risk Management framework.	<ul style="list-style-type: none"> • Annual team-building sessions • Equal and fair opportunities and performance evaluation • Training and development sessions <p>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.</p>
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.	<p>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.</p> <p>AllHome continues to recognize both individual and team performance.</p> <p>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.</p>

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
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<p>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.</p> <p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p>
<p>What are the Risk/s Identified?</p>	<p>Management Approach</p>
<p>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.</p> <p>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</p> <p>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.</p>	<p>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.</p> <p>Training for both organic and inorganic employees ensures that AllHome maintains a qualified workforce and is able to operate effectively.</p> <p>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.</p>
<p>What are the Opportunity/ies Identified?</p>	<p>Management Approach</p>

<p>The Company considers regular performance evaluation to improve its employees' performance.</p>	<p>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.</p> <p>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.</p>
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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.	<p>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.</p> <p>For any operational changes, the Company provided a 1 week notice period to functions that are affected by those changes.</p>
What are the Risk/s Identified?	Management Approach
<p>The Company recognizes the need for employees to have a clear and safe grievance mechanism to maintain a good and collaborative working environment.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
What are the Opportunity/ies Identified?	Management Approach

<p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
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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).*

<p>What is the impact and where does it occur? What is the organization's involvement in the impact?</p>	<p>Management Approach</p>
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<p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p>
What are the Risk/s Identified?	Management Approach
<p>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.</p>	
What are the Opportunity/ies Identified?	Management Approach
<p>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.</p>	<p>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.</p> <p>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.</p>

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-related 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
<p>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.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>Communication on all various forms including e-mail, adequate signage throughout the workplace, and routine safety check.</p> <p>In compliance with the DOLE guidelines for the implementation of workplace policy and program on tuberculosis, Hepatitis B, and HIV,</p>

	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
What are the Risk/s Identified?	Management Approach
<p>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.</p>	<p>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.</p> <p>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.</p>

	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>To identify and assess hazards, Safety Officers undergo Basic Occupational Safety and Health Training. They conduct periodic workplace inspections.</p> <p>Through regular site inspection, audit, and assessment, the Company identifies areas that need to be checked and regularly monitored.</p>
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	<p>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.</p> <p>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.</p>
What are the Opportunity/ies Identified?	Management Approach
<p>The Company continues to adapt to the new normal where employees are safe while maintaining productivity and customers are taken care of during their shopping experience.</p>	<p>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 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.</p> <p>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</p>

	and suggestions are gathered through employee feedback and surveys through Zoom and Viber chats/calls, and emails.
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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.	<p>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.</p> <p>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.</p>

	<p>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.</p> <p>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.</p> <p>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.</p>
What are the Risk/s Identified?	Management Approach
<p>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".</p>	<p>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.</p> <p>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</p>

Non-compliance to labor laws may put the Company at risk of being penalized or could possibly be charged in court.	<p>promptly to complaints, and investigate discrimination, prevention, and remedial actions.</p> <p>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.</p> <p>Employees are always reminded of the company's core values and the importance of showing respect for one another, including one's personal boundaries.</p>
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

	<p>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.</p>
What are the Risk/s Identified?	Management Approach
<p>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.</p>	<p>In order to mitigate risks, AllHome employs strict auditing mechanisms and processes for all its suppliers.</p> <p>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.</p> <p>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.</p> <p>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".</p>
What are the Opportunity/ies Identified?	Management Approach
<p>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.</p>	<p>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.</p> <p>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</p>

	concerns may also be raised during the supplier's performance review done every quarter.
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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.	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

<p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>
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	<p>Some of the community initiatives are the LIKHA project, PICC donation project, Tablet Donation, and Omegang Kay Ganda.</p> <ul style="list-style-type: none"> • 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.
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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.	<p>AllHome was able to satisfy its customers because of its innovative and constant high-quality approach to its businesses and stakeholders:</p> <ul style="list-style-type: none"> • Customer Experience – AllHome provides a complete shopping experience for architects, builders, contractors, designers, and engineers. It is the Philippines' first

<p>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.</p> <p>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.</p>	<p>one-stop shop for all home improvement needs, which offers all seven (7) categories of home-related/improvement merchandise under one roof.</p> <ul style="list-style-type: none"> ● 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. <p>All these makes AllHome an innovative retail company.</p> <p>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.</p> <p>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.</p> <ol style="list-style-type: none"> 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.
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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
<p>AllHome will continue to use CSat as a way of identifying more opportunities for improvement.</p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>Other services that AllHome provides are the following:</p> <ul style="list-style-type: none"> ● 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
<p>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.</p> <p>The issues/concerns cited were not directly related to health and safety, but rather to whether AllHome is an essential business during the pandemic.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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,</p>

	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
<p>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.</p> <p>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.</p>	<p>AllHome insisted on ways to still be able to cater to the needs of Filipinos at the time of the pandemic.</p> <p>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.</p> <p>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.</p> <p>The constant reminders of AllHome's standards and service culture helped minimize this challenge.</p>
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
<p>There is no significant Marketing and Labelling impact to AllHome since there were no substantiated complaints on marketing and labeling for 2020.</p>	<p>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.</p> <p>The Company has digitized its marketing strategies to continue to engage with its target market.</p> <ul style="list-style-type: none"> ● 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 <p>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</p>

	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.	<p>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.</p> <p>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.</p> <p>For more information, see the Privacy Policy here.</p>
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

	<p>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.</p> <p>Upon accessing the company's website, customers are asked for their consent to share their cookies to present products that match their preferences.</p>
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.	<p>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).</p> <p>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.</p>
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.

	<p>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.</p> <p>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.</p>
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	<p>SDG 8: Decent Work and Economic Growth</p> <ul style="list-style-type: none"> 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. <p>SDG 9: Industry, Innovation, and Infrastructure</p> <ul style="list-style-type: none"> 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. <p>SDG 11: Sustainable Cities and Communities</p>	<p>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.</p> <p>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.</p>	

	<ul style="list-style-type: none"> ● 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	<p>SDG 8: Decent Work and Economic Growth</p> <ul style="list-style-type: none"> ● 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. <p>SDG 9: Industry, Innovation, and Infrastructure</p> <ul style="list-style-type: none"> ● 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. 	