COVER SHEET

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(Company's Full Name)

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

Robirose M. Abbot
Contact Person

09190815302
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 Stockholders

Domestic

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A, *AS AMENDED*

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, 2023**

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 or organization

6. (SEC Use Only)
   Industry Classification Code:

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

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

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

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

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

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

    Yes [/]   No [ ]

    If yes, state the name of such stock exchange and the classes of securities listed therein:
    Philippine Stock Exchange **Common shares**

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 [/]   No [ ]

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

Yes [/]   No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

₱1.35 Billion as of December 31, 2023

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, 2023
(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 72 stores[1] as of December 31, 2023, having an aggregate net selling space of approximately 296,933 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. Since then, the Company has added 22 stores in 2019, 5 stores in 2020, 7 of stores in 20212, 6 of stores in 2022 less 3 stores lost to fire incident in Starmall Alabang, and 12 stores in 2023. As of December 2023, AllHome's store network has grown to 72 stores.

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

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

Store Formats

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

Products

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

Product Category	**Products Offered**
Furniture	Office, living, dining, bedroom, outdoor and children's furniture
Appliances	Air-conditioners, refrigerators and freezers, washing machines, TVs, sounds systems, kitchen appliances, small appliances, digital items (including mobile phones and gadgets)
Linens	Comforters, duvets, bedsheets, curtains, pillows, towels
Homewares	Tableware, kitchenware, storage and organizers, décor

[1] *Net of three (3) Alabang stores affected by fire in January 2022*

Hardware	Electrical supplies and accessories, lighting, plumbing, paints and sundries, hardware, power and hand tools, automotive, lawn and garden products, DIY products, pet food and lifestyle products
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
Construction materials	Building materials, wood, and mouldings

Distribution Methods of Products

The Company, as mentioned in the preceding paragraphs, has three (3) store formats with a total of 72 stores as of 2023. Most of the stores are located in Mega Manila. The Company's network expansion program aims to put up more AllHome stores in other regions and locations as well, although the pandemic situation has the Company reevaluated its strategies and decided to focus its immediate expansion pipeline on NCR+ and the Tier 1 cities nationwide.

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

Store Format	Region	Number of stores
Large Mall Based	Mega Manila	16
	Luzon (outside Mega Manila)	3
	Visayas	2
	Mindanao	1
Large Free-Standing	Mega Manila	9
	Luzon (outside Mega Manila)	4
	Visayas	1
	Mindanao	4
Small Specialty	Mega Manila	29
	Luzon (outside Mega Manila)	1
	Visayas	2
Total		72

Note: Net of three (3) Alabang stores affected by fire in January 2022

Inventories are stored in 1 distribution center and forty (40) in-store warehouses located at the back of each store. Suppliers are responsible for packing and delivering the products to our distribution center located in 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 90%. 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 replenishes products three times per week, depending on store location and need.

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

Competition

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

Suppliers

The Company has steadily expanded its network of suppliers and concessionaires since commencing operations. The Company maintains a sourcing network comprising an aggregate of over 600 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.

Our three largest suppliers each accounting for at least 20% of our total purchases for the twelve months ended December 31, 2023 are Concepcion Midea Inc., Haier Electrical Appliances Phils. Inc., and TCL Sun Inc.

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.

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

Services

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

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

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

The pandemic has changed the way customers do their shopping, and as such, the Company established its omnichannel presence by creating its online shopping platform allhome.com.ph to cater to the growing online customers. Its online shopping platform allhome.com.ph also provides a 360-degree virtual walkthrough of its typical store so that online customers can visualize the layout and the different category offerings in the physical store. It also has an order tracker facility to let customers know the status of their orders.

To complement its online presence, the Company continues to enhance its services by creating a personal shopper service SHOP4U that serves the needs of its online customers who still want to discuss their home shopping needs to a live person in-store. The Company has also established its Click & Collect counter where online customers can opt to pick up their shopped merchandise instead of having them delivered.

Customers

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

Customer Loyalty Program- AllRewards and the Builders Loyalty Card

As a member of the network of AllValue stores, customers earn points for purchases at AllHome under AllValue's AllRewards membership program. Once the minimum balance of points is reached, the points can be used as payment for purchases at any AllValue Store.

The Company also launched towards the end of 2020 the Builders Loyalty Card, which is specifically intended for customers of hard categories – construction materials, tiles and sanitary wares, and hardware.

This loyalty card is aimed to tap and increase the Company's customer base from the network of architects, builders, contractors, designers and engineers. This is also in line with the Company's expansion of its in-house brands primarily in the hard categories.

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

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

Trademark	Date of Registration/Filing	Expiration
AllHome One-stop shop for your home	**March 17, 2019**	**March 17, 2029**
quick fix	**December 12, 2019**	**December 12, 2029**
LIVEART SPACE	**June 28, 2020**	**June 28, 2030**
FLUX	**June 28, 2020**	**June 28, 2030**
PIXIE DREAMS	**June 28, 2020**	**June 28, 2030**
POLYSHADE by AllHome	**June 28, 2020**	**June 28, 2030**
Artigiano	**June 28, 2020**	**June 28, 2030**

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

EMBOSS by AllHome	**September 17, 2021**	**September 17, 2031**
TOUGH NOTCH QUALITY TOOLS	**October 22, 2021**	**October 22, 2031**
ABODE PIECES	**September 17, 2021**	**September 17, 2031**
Blossoms	**October 15, 2021**	**October 15, 2031**
ELEMENTS	**December 11, 2021**	**December 11, 2031**
CURATED PIECES AllHome	**December 11, 2021**	**December 11, 2031**
SOUND PRO	**December 6, 2021**	**December 6, 2031**
AllHome BUILDER'S CENTRE	**December 16, 2021**	**December 16, 2031**
BERWICK CAR ACCESSORIES	**March 19, 2023**	**March 19, 2032**
STAHL by AllHome	**March 19, 2022**	**March 19, 2032**
EISEI BY BRÄUHN	**June 13, 2022**	**June 13, 2032**

AllREWARDS	October 15, 2022	October 15, 2032
AllDIGITAL	July 7, 2021	Pending
PetBuddy	July 7, 2021	Pending
Finestra UPVC Windows AllHome EXCLUSIVES	January 10, 2022	Pending
SNUGGLES	January 20, 2022	Pending
ROSSIO TILES	February 15, 2022	Pending
all about BEDS	February 21, 2022	February 21, 2032
kernïg	February 21, 2022	Pending
KREATIV	July 7, 2019	July 7, 2029
EZ SPACE	February 21, 2022	Pending
My Mother's Cupboard KITCHEN AND MORE EST. 2017	March 26, 2022	March 26, 2032

SOHO BEDDINGS	**April 4, 2022**	**Pending**
KITCHEN SECRETS	**April 25, 2022**	**Pending**
AllHome Appliances	**May 28, 2022**	**May 28, 2032**
CASTEL	**May 28, 2022**	**May 28, 2032**
LUSTRO TILES	**June 2, 2022**	**June 2, 2032**
Cabinets & Co.	**June 13, 2022**	**June 13, 2032**
Beyond Basic AllHome	**September 10, 2022**	**September 10, 2032**
saniclean	**September 19, 2022**	**September 19, 2032**
BRÄUHN	**September 19, 2022**	**September 19, 2032**
HOME THREADS	**September 19, 2022**	**September 19, 2032**

The Company has 10 applications pending with the Intellectual Property Office and no application is being prepared for filing.

<u>Government Approval and Regulations</u>

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 business operations and marketing activities, which includes, among others, license to operate.

As of December 31, 2023, 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, 2023, we had 562 employees broken down as follows:

Function	Number of Employees
Large Mall Based	278
Large Free Standing	96
Small Specialty	5
Head Office	173
Warehouse	10
TOTAL	**562**

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

The Company has no collective bargaining agreement with any employee and none of its employees belongs to a union. The Company believes that we have a good relationship with our employees. There have been changes in key officers during the year on account of resignations in the past year.

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. Among the series of trainings that the Company's training academy has provided to key employees are as follows:

- The Art of Supervisory
- Product Proficiency Training
- GREAT Service of Delivery Personnel Training
- Retail Salesmanship
- Store Warehouse Operations Training

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 and equip them also to ascend to higher positions in the future as part of the Company's manpower development program.The Company does not have an employee stock option plan.

Risks

Risks related to the Company's Business

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

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

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

- market conditions, the general state of the Philippine economy, global economic conditions, health and regulatory environment;
- its ability to identify suitable sites for store locations;
- its ability to lease appropriate real estate for store locations;
- its ability to obtain required permits and licenses and meet regulatory requirements to establish, fit-out and open new stores;
- its ability to bear the increase in logistics costs when regional expansion occurs;
- its ability to open new stores in a timely manner;
- its ability to introduce new in-house brands to the market;
- its ability to continue to attract customers to its stores;
- its ability to obtain financing and other support for expansion;
- its ability to maintain the scale and stability of its information technology systems to support its current operations and continuous business growth;
- the hiring, training and retention of skilled store personnel;
- the identification and relocation of experienced store management personnel;
- the effective management of inventory to meet the needs of its stores on a timely basis;
- its operating performance and the availability of sufficient levels of cash flow or necessary financing to support its expansion; and
- its ability to successfully address competitive merchandising, distribution and other challenges encountered in connection with expansion into new geographic areas and markets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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 capitalizes on pioneering the "one-stop shop" home store offering a comprehensive selection of products in a fast-growing segment of the retail sector in the Philippines, and constantly innovate and evolve amidst the shifts in customer buying behavior. The Company believes that the combined size and scale of its stores, its omnichannel presence, comprehensive product offerings and the "one-stop" shopping experience sets them apart from its competitors. Leveraging on its store network, omnichannel presence, and unique "one-stop shop"proposition, the Company believes that it is well-positioned to take advantage of the sustained growth of 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 its 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 homebuilders and new homeowners, its key customer base, allowing the Company to allocate and utilize capital more efficiently. The Company believes that they are well-positioned to continue to benefit from the Villar Group's land bank, extensive project pipeline, in-depth knowledge and resources to select and open new stores strategically and systematically. The Company targets to reach 100 stores by 2026, with focus on NCR+ locations and Tier 1 key cities and municipalities for its immediate store pipeline.

Strong operational expertise and a scalable business model for future expansion

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

Differentiated customer shopping experience in a retail ecosystem

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

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

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

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

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

<u>Strategies</u>

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

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

Item 2. Properties

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

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

Item 3. Legal Proceedings

The Company is a party to a certain case arising 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, 2023 and 2022.

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 market prices for each quarter within the last two fiscal years as traded on the Philippine Stock Exchange are as follows:

Quarter	2023			2022		
	High	Low	Close	High	Low	Close
1st	2.50	2.44	2.45	9.00	7.40	7.60
2nd	1.88	1.78	1.82	8.40	4.45	4.75
3rd	1.75	1.71	1.74	5.36	3.29	3.29
4th	1.12	1.10	1.12	3.29	1.37	1.65

The market capitalization of HOME as of December 31, 2023, based on the closing price of ₱1.12 per share, was approximately ₱4.2 billion.

Price Information as of the Latest Practicable Trading Date

Trading Date	High	Low	Close
26 April 2024	1.00	0.95	0.99

Stockholders

There are approximately 33 holders of common equity security of the Company as of December 31, 2023 (based on the number of accounts registered with the Stock Transfer Agent).

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

	Stockholder's Name	Common Shares	Percentage
1	AllValue Holdings Corp.	2,540,108,000	67.74%
2	PCD Nominee Corporation – Filipino	809,283,307	21.58%
3	PCD Nominee Corporation – Non Filipino	400,381,385	10.67%
4	Jharna P. Chandnani	50,000	0.00%
5	Rolando A. Aralar or Myrna I. Aralar or Roland I. Aralar	45,000	0.00%
6	Myra P. Villanueva	25,000	0.00%
7	Jose Domingo Poblete Swann	20,000	0.00%
8	Mike Jerome Paulino Salazar	14,700	0.00%
9	Myrna P. Villanueva	10,000	0.00%
10	Milagros P. Villanueva	10,000	0.00%
11	Raul Galvante Coralde	10,000	0.00%
12	Cherrubin Den Tee Chua	10,000	0.00%
13	Arnold Santillan	5,000	0.00%
14	Joyce Anne Malong Coralde	4,500	0.00%

15	Rachel P. Nacion	3,000	0.00%
16	Farida G. de Leon	3,000	0.00%
17	Mylene C. Arnigo	3,000	0.00%
18	Marietta V. Cabreza	2,500	0.00%
19	Juan Carlos V. Cabreza	2,500	0.00%
20	Irvin Dale Pabuaya Valencia	2,000	0.00%
	TOTAL	3,749,990,892	
	Other Stockholders	9,110	0.00%
	Total issued and outstanding common shares as of December 31, 2023	**3,750,000,002**	**100.00%**

Dividends

On November 29, 2023, the Company declared regular cash dividends amounting to ₱140.325 million, payable to its shareholders of record at December 15, 2023, paid on December 29, 2023.

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 2023 VS YEAR END 2022

RESULTS OF OPERATIONS
Year Ended December 31, 2023 compared to year ended December 31, 2022

Revenues

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

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

	As of and for the period ended 31 December		Percentage Change
	2023	2022	
Number of stores	72	60*	20.0%
Net Selling Area (in sqms)	296,933	295,303	0.5%
Net Sales (₱ millions)	12,065.4	12,565	-4.0%
SSSG**	-4.7%	-13.0%	

**63 stores less 3 Alabang stores*
***SSSG excludes Alabang stores*

Cost of Merchandise Sold
For the year ended 31 December 2023, cost of merchandise sold was at ₱7,486.5 million, a decrease of 6% from the ₱7,940.6 level for the same period in 2022 corresponding to the decrease in sales as well as due to lower cost of goods

as these were purchased in advance at lower cost.

Support, Fees, Rentals and Other Revenues

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

Selling, General and Administrative Expenses

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

- Increase in depreciation and amortization from ₱1,399.2 million for the year ended 31 December 2022 to ₱1,450.4 million for the year ended 31 December 2023 primarily as a result of increase in the number of stores.

- Increase in salaries and wages from ₱384.4 million for the year ended 31 December 2022 to ₱413.3 million for the year ended 31 December 2023 due to the additional manpower for the new stores and inflationary effect.

- Decrease in rentals from ₱317.5 million for the year ended 31 December 2022 to ₱273.0 million for the year ended 31 December 2023 due to lower sales which is the basis for the rental computation.

- Increase in outside services from ₱281.7 million for the year ended 31 December 2022 to ₱282.1 million for the year ended 31 December 2023 due to more efficient staffing in our stores.

- Increase in communication and utilities from ₱267.6 million for the year ended 31 December 2022 to ₱370.4 million for the year ended 31 December 2023 due to significant hike in power rates in 2023

- Increase in merchant fee from ₱150.0 million for the year ended 31 December 2022 to ₱155.3 million for the year ended 31 December 2023 due to higher debit/credit card and installment sales for the period.

- Decrease in taxes and licenses from ₱105.6 million for the year ended 31 December 2022 to ₱101.0 million for the year ended 31 December 2023 due to lower sales.

- Increase in repairs and maintenance from ₱25.0 million for the year ended 31 December 2022 to ₱30.0 million for the year ended 31 December 2023 due to weatherproofing maintenance services done in the stores.

- Increase in office and store supplies from ₱25.0 million for the year ended 31 December 2022 to ₱27.0 million for the year ended 31 December 2023 due primarily to increasing cost of supplies driven by inflation.

- Increase in advertising and promotions from ₱17.0 million for the year ended 31 December 2022 to ₱20.0 million for the year ended 31 December 2023 on account of higher marketing campaigns spent in 2023 in line with the Company's 10th year anniversary

- Increase in transportation expense from ₱16.5 million for the year ended 31 December 2022 to ₱18.0 million for the year ended 31 December 2023 due to increasing fuel prices and increase in deliveries from distribution centers to stores as well as inter-stores stock transfer.

- Increase in insurance expense from ₱13.2 million for the year ended 31 December 2022 to ₱16.2 million for the year ended 31 December 2023 to cover the newly opened stores and a more comprehensive coverage in existing stores.

- Increase in dues and subscription from ₱12.9 million for the year ended 31 December 2022 to ₱13.4 million for the year ended 31 December 2023 due to increase in the number of stores.

- Increase in professional fees from ₱12.9 million for the year ended 31 December 2022 to ₱14.7 million for the year ended 31 December 2023 primarily due to appraisal fee this 2023.

- Commission expense remained flat from ₱7.1 million the year ended 31 December 2022 to ₱7.1 million for the year ended 31 December 2023.

- Increase in representation and entertainment from ₱6.8 million for the year ended 31 December 2022 to ₱7.1 million for the year ended 31 December 2023 due to activities held in line with the Company's 10th year anniversary.

- Decrease in impairment loss from ₱50.9 million for the year ended 31 December 2022 to nil for the year ended 31 December 2023 due to fire loss in 2022.

- Increase in miscellaneous from ₱17.4 million for the year ended 31 December 2022 to ₱85.0 million for the year ended 31 December 2023 due to one-time inventory write-off in 2023.

<u>Finance Cost</u>

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

<u>Finance Income</u>

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

<u>Tax Expense</u>

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

<u>Net Profit</u>

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

FINANCIAL CONDITION

As of 31 December 2023 vs. 31 December 2022

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

- Cash decreased by 6% from ₱1,767.7 million as of 31 December 2022 to ₱1,657.5 million as of 31 December 2023 as the cash generated were used primarily for the purchase of inventory, capital expenditures of new stores, repairs and maintenance, and refresh of mature stores.

- Trade and other receivables increased by 5% from ₱655.3 million as of 31 December 2022 to ₱690.3 million as of 31 December 2023 due to timing difference in collection of corporate sales towards the end of the year.

- Merchandise inventories increased by 10% from ₱6,629.8 million as of 31 December 2022 to ₱7,379.1 million as of 31 December 2023 due primarily to the low sales during the period and remaining inventory for the holiday buys.

- Property and equipment decreased by 6% from ₱14,018.9 million as of 31 December 2022 to ₱13,116.7 million as of 31 December 2023 due primarily to capital expenditures spent for new stores and refresh of mature stores and software upgrades.

- Other assets increased by 15% from ₱3,662.8 million as of 31 December 2022 to ₱4,220.6 million as of 31

December 2023 due primarily to advances for purchases of imported items.

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

- Loans payable including the non-current portion increased by 2% from ₱5,941.4 million as of 31 December 2022 to ₱6,028.2 million as of 31 December 2023 due to additional borrowings to fund for newly stores opened during the period.

- Lease liability including the non-current portion decreased by 12% from ₱3,745.8 million as of 31 December 2022 to ₱3,314.4 million as of 31 December 2023 due to lease payments made.

- Income tax payable increased by 734% from ₱4.8 million as of December 31, 2022 to ₱39.4 million as of 31 December 2023 due to eligibility for regular corporate income tax rate in the 4th quarter from minimum corporate income tax rate as of the 3rd quarter.

- Deferred tax liabilities increased by 34% from ₱448.0 million as of December 31, 2022 to ₱598.8 million as of 31 December 2023 due to adjustments to temporary tax differences for the period.

- Retirement benefit obligation increased by 95% from ₱65.5 million as of 31 December 2022 to ₱127.4 million as of 31 December 2023 due to adjustment of provision for the retirement benefit.

Total stockholder's equity increased by 4% from ₱15,282.7 million as of 31 December 2022 to ₱15,915.7 million as of 31 December 2023 due to net income recorded primarily for the period.

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

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

Notes:

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

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

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

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

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

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

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

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

Cash decreased by 6% from ₱1,767.7 million as of 31 December 2022 to ₱1,657.5 million as of 31 December 2023 cash generated were used primarily for the purchase of inventory, capital expenditures of new stores, repairs and maintenance, and refresh of mature stores.

Trade and other receivables increased by 5% from ₱655.3 million as of 31 December 2022 to ₱590.4 million as of 31 December 2023 due to timing difference in collection of corporate sales towards the end of the year.

Merchandise inventories increased by 10% from ₱6,629.8 million as of 31 December 2022 to ₱7,279.1 million as of 31 December 2023 due primarily to the low sales during the period and remaining inventory for the holiday buys.

Property and equipment decreased by 6% from ₱14,019.0 million as of 31 December 2022 to ₱13,116.7 million as of 31 December 2023 due to depreciation for the period.

Other Assets increased by 15% from ₱3,663.0 million as of 31 December 2022 to ₱4,220.6 million as of 31 December 2023 due primarily to advances for purchases of imported items.

Lease liability including the non-current portion decreased by 11% from ₱3,745.8 million as of 31 December 2022 to ₱3,314.4 million as of 31 December 2023 due to lease payments made.

Deferred tax liabilities increased by 34% from ₱448.0 million as of December 31, 2022 to ₱598.8 million as of 31 December 2023 due to adjustments to temporary tax differences for the period.

Income tax payable increased by 724% from ₱4.8 million as of December 31, 2022 to ₱39.5 million as of 31 December 2023 due to eligibility for regular corporate income tax rate in the 4th quarter from minimum corporate income tax rate as of the 3rd quarter.

Retirement benefit obligation increased by 95% from ₱65.5 million as of 31 December 2022 to ₱127.4 million as of 31 December 2023 due to adjustment of provision for the retirement benefit.

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

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

Selling, general and administrative expenses increased from ₱3,059.8 for the year ended 31 December 2022 to ₱3,282.8, an increase of 7%

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

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

As a result of the foregoing, our net income decreased by about 14% from ₱933.8 million for the year ended 31 December 2022 to ₱797.2 million for the year ended 31 December 2023.

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

<u>COMMITMENTS AND CONTINGENCIES</u>

There is no material commitment and contingency as of 31 December 2023 and as of 31 December 2022.

REVIEW OF YEAR END 2022 VS YEAR END 2021

RESULTS OF OPERATIONS

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

Revenues

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

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

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

**63 stores less 3 Alabang stores*
***SSSG excludes Alabang stores*

Cost of Merchandise Sold

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

Support, Fees, Rentals and Other Revenues

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

Selling, General and Administrative Expenses

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

- Increase in depreciation and amortization from ₱1,200.7 million for the year ended 31 December 2021 to ₱1,399.2 million for the year ended 31 December 2022 primarily as a result of increase in the number of stores.

- Increase in salaries and wages from ₱363.7 million for the year ended 31 December 2021 to ₱384.4 million for the year ended 31 December 2022 due to the additional manpower for the new stores.

- Decrease in rentals from ₱467.4 million for the year ended 31 December 2021 to ₱317.5 million for the year ended 31 December 2022 due to lower sales which is used for the rental computation and the closure of Alabang stores.

- Decrease in outside services from ₱363.4 million for the year ended 31 December 2021 to ₱281.7 million for the year ended 31 December 2022 due to the manpower rationalization being implemented as well as due to the decline in customers' delivery charges due to lower sales for the period.

- Decrease in communication and utilities from ₱333.4 million for the year ended 31 December 2021 to ₱267.6 million for the year ended 31 December 2022 due to cost-saving measures being implemented.

- Increase in merchant fee from ₱120.9 million for the year ended 31 December 2021 to ₱149.9 million for the year ended 31 December 2022 due to higher debit/credit card and installment sales for the period.

- Decrease in taxes and licenses from ₱107.1 million for the year ended 31 December 2021 to ₱105.6 million for the year ended 31 December 2022 due to lower sales.

- Increase in repairs and maintenance from ₱19.1 million for the year ended 31 December 2021 to ₱25.0 million for the year ended 31 December 2022 due to the additional disinfection and sanitation protocols implemented in the stores as well as due to weatherproofing maintenance services done in the stores.

- Increase in office and store supplies from ₱23.1 million for the year ended 31 December 2021 to ₱25.0 million for the year ended 31 December 2022 due primarily to timing of purchases of supplies in the head office and due to increase in the number of stores.

- Decrease in advertising and promotions from ₱19.2 million for the year ended 31 December 2021 to ₱17.0 million for the year ended 31 December 2022 on account of cost-saving measures implemented and usage of online digital and social media platforms for marketing purposes.

- Increase in transportation expense from ₱9.6 million for the year ended 31 December 2021 to ₱16.5 million for the year ended 31 December 2022 due to increasing fuel prices and increase in deliveries from distribution centers to stores as well as inter-stores stock transfer.

- Increase in insurance expense from ₱9.2 million for the year ended 31 December 2021 to ₱13.2 million for the year ended 31 December 2022 to cover the newly opened stores and adjustment in coverages.

- Increase in dues and subscription from ₱11.8 million for the year ended 31 December 2021 to ₱12.9 million for the year ended 31 December 2022 due to increase in the number of stores.

- Decrease in professional fees from ₱18.0 million for the year ended 31 December 2021 to ₱12.9 million for the year ended 31 December 2022 primarily because of the one-time credit rating fee paid in 2021.

- Increase in commission expense from ₱4.5 million the year ended 31 December 2021 to ₱7.1 million for the year ended 31 December 2022 as most corporate sales during the period were generated by external or third party sales teams.

- Representation and entertainment was maintained at ₱6.8 million for the years ended 31 December 2021 and 31 December 2022.

- Decrease in impairment loss from ₱50.9 million for the year ended 31 December 2021 to nil for the year ended 31 December 2022 as recognized allowance for impairment is sufficient.

- Decrease in miscellaneous from ₱27.7 million for the year ended 31 December 2021 to ₱17.4 million for the year ended 31 December 2022 due to cost-saving measures implemented.

Finance Cost

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

Losses from Fire

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

Finance Income

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

Other gains

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

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

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

Tax Expense

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

Net Profit

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

FINANCIAL CONDITION

As of 31 December 2022 vs. 31 December 2021

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

- Cash decreased by 6% from ₱1,885.5 million as of 31 December 2021 to ₱1,767..7 million as of 31 December 2022 as the cash generated were used primarily for the capital expenditures of new stores, setting up of new head offices and data centers as previous offices were damaged by fire, and refresh of mature stores and software upgrades.

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

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

- Property and equipment increased by 3% from ₱13,605.5 million as of 31 December 2021 to ₱14,018.9 million as of 31 December 2022 due primarily to capital expenditures spent for new stores, setting up of new head offices and data centers as previous offices were damaged by fire, refresh of mature stores and software upgrades.

- Other assets increased by 3% from ₱2,882.2 million as of 31 December 2021 to ₱2,963.7 million as of 31 December 2022 due primarily to advances to suppliers and contractors.

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

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

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

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

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

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

Total stockholder's equity increased by 4% from ₱14,626.0 million as of 31 December 2021 to ₱15,282.7 million as of 31 December 2022 due to net income recorded for the period.

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

Key Performance Indicators	**12/31/2022**	**12/31/2021**
Revenues (P= millions)	₱12,564.8	₱14,324.9
Gross Profit (P= millions)	4,624.1	5,018.7
Gross Profit Margin (%) [a]	36.8%	35.0%
Net Profit (P= millions)	933.8	1,444.3
Net Profit Margin (%) [b]	7.4%	10.1%

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

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

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

Gross Profit decreased for the year ended 31 December 2022 compared to year ended 31 December 2021 due to the decrease in sales.

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

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

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

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

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

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

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

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

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

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

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

Material Changes to the Company's Statement of Income for the 12-month of 2022 compared to the 12-month of 2021 (increase/decrease of 5% or more)

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

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

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

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

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

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

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

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

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

COMMITMENTS AND CONTINGENCIES

There is no material commitment and contingency as of 31 December 2022 and as of 31 December 2021.

REVIEW OF YEAR END 2021 VS YEAR END 2020

RESULTS OF OPERATIONS

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

Revenues

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

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

	As of and for the period ended 31 December		Percentage Change
	2021	2020	
Number of stores	57	50	14.0%
Net Selling Area (in sqms)	297,469	331,590	-10.3%
Net Sales (₱ millions)	14,325	12,414	15.4%
SSSG	8.1%	3.5%	131.4%

The pandemic enabled the company to reassess and come up with operational efficiency initiatives such as allotting 25 larger store space for fulfillment/logistics area of increasing E-Commerce sales, increased store warehouse area to minimize DC spare requirement for increased outright buys and for in-house brand expansion, and maximizing store inventory capacity through vertical display efficiency resulting to smaller and optimized selling area.

Cost of Merchandise Sold

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

Selling, General and Administrative Expenses

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

- Increase in impairment loss from ₱5.6 million for the year ended 31 December 2020 to ₱50.1 million for the year ended 31 December 2021 as management assessed that additional receivables are no longer collectible.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Finance Cost

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

Finance Income

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

Support, Fees, Rentals and Other Revenues

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

Tax Expense

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

Net Profit

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

FINANCIAL CONDITION

As of 31 December 2021 vs. 31 December 2020

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

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

- Trade and other receivables decreased by 26% from ₱517.0 million as of 31 December 2020 to ₱383.8 million as of 31 December 2021 due mainly to collection of receivables during the period as well as due to the recognition of allowance for impairment loss.
- Inventories increased by 12% from ₱6,288.8 million as of 31 December 2020 to ₱7,055.6 million as of 31 December 2021 due primarily to the purchases for new stores, holiday buys and conversion of select concession merchandise to 27 outright to increase GP margin and expansion of in-house brands.

- Property and equipment increased by 14% from ₱11,987.8 million as of 31 December 2020 to

₱13,605.5 million as of 31 December 2021 due primarily to leasehold improvements, acquisition of store equipment, furniture, fixture, and office equipment for new stores, software and computer equipment upgrades.

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

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

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

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

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

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

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

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

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

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

Key Performance Indicators	**12/31/2021**	**12/31/2020**
Revenues (₱ millions)	₱14,324.9	₱12,414.1
Gross Profit (₱ millions)	5,018.7	3,928.1
Gross Profit Margin (%) [(a)]	35.0%	31.6%
Net Profit (₱ millions)	1,444.3	987.7
Net Profit Margin (%) [(b)]	10.1%	8.0%

Notes:

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

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

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

Revenues increased for the year ended 31 December 2021 compared to year ended 31 December 2020 due to the same store sales growth of existing stores and the additional revenues generated from the new stores.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Support, fees, rentals, and other revenues decreased by 11% from ₱397.8 million for the year ended 31 December 29 2020 to ₱355.9 million for the year ended 31 December 2021 primarily due to the decrease in vendor's support by 20% from ₱305.8 million to ₱246.0 million for the year ended 31 December 2021.

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

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

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

COMMITMENTS AND CONTINGENCIES

There is no material commitment and contingency as of 31 December 2021 and as of 31 December 2020.

Item 7. Financial Statements

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

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, 2021, 2022 and 2023, included in this report. James Araullo 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.

	2023	2022
	(in ₱ thousands with VAT)	
Audit and Audit-Related Fees……………………………….....	**1,700,000.00**	**1,600,000.00**

Punongbayan & Araullo does 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, 2023.

NAME	AGE	POSITION	CITIZENSHIP
Manuel B. Villar Jr.	74	Chairman	Filipino
Camille A. Villar	38	Vice Chairman	Filipino
Benjamarie Therese N. Serrano	61	Director, President & Chief Executive Officer	Filipino
Frances Rosalie T. Coloma	61	Director, Treasurer	Filipino
Manuel Paolo A. Villar	47	Director	Filipino
Raul Juan N. Esteban	61	Independent Director	Filipino
Jessie D. Cabaluna	66	Independent Director	Filipino
Marianita N. Domingo	52	Chief Operating Officer	Filipino
Robirose M. Abbot	51	Chief Finance Officer, Chief Risk Officer and Investor Relations Head	Filipino
Louella M. Fernandez	42	Controller and Compliance Officer	Filipino
Arbin Omar P. Cariño	42	Corporate Secretary	Filipino

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

Manuel B. Villar, Jr. *Chairman of the Board.* Mr. Villar, 73, 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.

Camille A. Villar. *Director,* Ms. Villar, 38, graduated from the 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.

Benjamarie Therese N. Serrano. *President and Chief Executive Officer,* 60, graduated from the University of the Philippines with a degree in Economics, and from the Asian Institute of Management with a Master's degree in Business Management. She is also the President of the other subsidiaries of AllValue. Ms. Serrano was the President of Vistamalls, Inc. (formerly named as Starmalls, Inc.) from 2017 to 2019.

Frances Rosalie T. Coloma. *Director, Treasurer.* Ms. Coloma, 60, 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, 46, 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.

Raul Juan N. Esteban. *Independent Director*, Mr. Esteban, 61, graduated from the Ateneo de Manila University with a degree in Bachelor of Science in Management Engineering. He became a brand manager of Unilever Philippines from 1983 to 1986. He was the Country Representative of PPF (A Subsidiary of Unilever) from 1986 to 1988. He was Founding Partner of AGB-Nielsen Philippines and was Chairman until 2012. He held various positions in the Advertising Board of the Philippines, Advertising Congress, MORES (Marketing & Opinion Research Society of the Philippines) and ESOMAR (World Association of Marketing, Social, and Opinion Research) from 2000 to present. Currently, he is the Managing Director of Philippine Survey and Research Center Inc. Mr. Esteban is currently an independent director of Vistamalls, Inc. (formerly, Starmalls, Inc.)

Jessie D. Cabaluna. *Independent Director.* Ms. Cabaluna, 66, graduated with a degree in Bachelor of Science in Commerce, major in Accounting from the 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.

Marianita N. Domingo. *Chief Operating Officer.* Ms. Domingo, 51, graduated from Colegio de San Juan de Letran in 1992 with a Bachelor of Science in Industrial Engineering. She is a Certified Professional in Supply Management. Ms. Domingo was the Chief Operating Officer of GetAll Corp. from 2022 to 2023. She was the COO and Co-Founder of SnapMart, Inc. from 2018 to 2023. She was the Senior Vice President for Transportation and 3PL Management at Lazada e-Services, Inc. from 2017 to 2018. She was the Senior Manager for Distribution and Warehousing of PMCTF Inc. from 2013 to 2015.

Robirose M. Abbot. *Chief Finance Officer, Chief Risk Officer and Investor Relations Head.* Ms. Abbot, 50, graduated from Silliman University in 1992 with a degree in Business Administration – Accounting, and completed her Masters in Business Administration from the Ateneo de Manila University in 2003, earning a Gold Medal (*summa cum laude*). She is a Certified Public Accountant. She was previously the General Manager – Business Resource Unit of Earth+ Style Corporation from 2010 to 2011. She was also the Chief Finance Officer of Philippine Realty & Holdings Corp. from 2011 to 2014, Ubix Corporation from 2014 to 2015, and in Raemulan Lands, Inc. from 2015 to 2019.

Louella M. Fernandez. *Controller and Compliance Officer*. Ms. Fernandez, 41, graduated cum laude from Jose Rizal University in 2004 with a Bachelor of Science in Accountancy. She is a Certified Public Accountant. Ms. Fernandez was a Finance Head at Vista Land & Lifescapes, Inc. from 2017 to 2019. She was the Controller of various companies such as Globalland Property Management Inc. & Subsidiary, Environet Total Services Inc. & Subsidiary, and GetAll Corp. before taking the role of Controller and Compliance Officer of AllHome.

Arbin Omar P. Cariño. *Corporate Secretary. Mr. Cariño*, 41, graduated from the De La Salle University. He took up Bachelor of Science in Chemistry and Bachelor of Secondary Education major in Physics and Math. Mr. Cariño earned his law degree from the San Beda College of Law. He is the Corporate Secretary of All Bank, Inc.

Resignation of Directors

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

Family relationships

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

Involvement in Certain Legal Proceedings of Directors and Executive Officers

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

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

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

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

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

Item 10. Executive Compensation

Aggregate executive compensation for the following key management officers:	**Position**	**Year**	**Salary and Bonus**
Benjamarie Therese N. Serrano	President	**Actual 2022** **Actual 2023** **Projected 2023**	**₱33.7 M** **₱28.1 M** **₱30.9 M**
Robirose M. Abbot	CFO / CRO / IR Head		
Marianita N. Domingo	COO		
Louella M. Fernandez	Controller / Compliance Officer		
Joselito A. Rivamonte	Chief Audit Executive		
Aggregate executive compensation for all other officers and directors, unnamed		**Actual 2022** **Actual 2023** **Projected 2023**	**₱35.0 M** **₱38.5 M** **₱42.4 M**

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

Standard arrangements

Other than payment of reasonable per diem of P100,000 per non-executive director for every meeting, there are no standard arrangements pursuant to which the Board of Directors are compensated, or are to be compensated, directly or indirectly, for any services provided as a director during 2022 and 2023.

Other arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly by the Company, during 2022 and 2023 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, 2023:

Title of Class of Securities	Name/Address of Record Owners and Relationship with Us	Name of Beneficial Owner /Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership[1]
Common Shares	AllValue Holdings Corp. LGF Bldg B, Evia Lifestyle Center, Vista City, Daang Hari, Almanza II, Las Piñas City Shareholder	Record Owner is also a 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 a Beneficial Owner	Non-Filipino	400,381,385	10.67%
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 a Beneficial Owner	Filipino	809,283,307	21.58%

[1]*Based on the total issued and outstanding common shares of 3,750,000,002 as of December 31, 2023.*

Security Ownership of Directors and Management

Security ownership of certain directors and management as of December 31, 2023:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common Shares	Manuel B. Villar Jr. C. Masibay Street, BF Resort Village, Las Piñas City	2,540,108,000 – Indirect	Filipino	67.74%
Common Shares	Manuel B. Villar Jr. C. Masibay Street, BF Resort Village, Las Piñas City	100 – Direct	Filipino	0.00%
Common Shares	Manuel Paolo A. Villar C. Masibay Street, BF Resort Village, Las Piñas City	100 – Direct	Filipino	0.00%
Common Shares	Camille A. Villar C. Masibay Street, BF Resort Village, Las Piñas City	100 – Direct	Filipino	0.00%
Common Shares	Benjamarie Therese N. Serrano 103 Parklane St., La Marea Subdivision, San Pedro, Laguna	100 – Direct	Filipino	0.00%
Common Shares	Frances Rosalie T. Coloma 1-10 Granwood Villas, BF Homes, Quezon City	100 – Direct	Filipino	0.00%
Common Shares	Raul Juan N. Esteban 21/F, Omm-Citra Buiding, San Miguel Avenue Ortigas Centre, Pasig City	1,000 – Direct	Filipino	0.00%
Common Shares	Jessie D. Cabaluna 87 Molave Ave., Molave Park Merville, Paranaque City	1 – Direct	Filipino	0.00%
TOTAL		**2,540,109,501**		**67.74%**

Voting Trust Holders of 5.0% or More

As of December 31, 2023, there is no party holding any voting trust for 5% or more of total shares outstanding.

Changes In Control

As of December 31, 2023, 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 2023 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).

In compliance with SEC Memorandum Circular No. 15, Series of 2017, the Company will submit its I-ACGR for the year ended December 31, 2023 on or before May 30, 2023.

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, 2023.

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 2023 through official disclosure letters dated:

March 8, 2023
Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion) 05/10/2023

April 14, 2023
Material Information/Transactions 04/14/2023

April 28, 2023
Notice of Analysts'/Investors' Briefing 04/28/2023

May 2, 2023
Change in Directors and/or Officers (Resignation, Removal or Appointment, Election and/or Promotion) 05/02/2023

May 2, 2023
Notice of Annual or Special Stockholders' Meeting 05/02/2023

May 2, 2023
Press Release 05/02/2023

May 19, 2023
Notice of Analysts'/Investors' Briefing 05/19/2023

May 23, 2023
Press Release 05/23/2023

June 1, 2023
[Amend-1] Notice of Annual or Special Stockholders' Meeting 06/01/2023

June 23, 2023
Results of Annual or Special Stockholders' Meeting 06/23/2023

June 23, 2023
Results of Organizational Meeting of Board of Directors 06/23/2023

June 26, 2023
[Amend-1] Results of Organizational Meeting of Board of Directors 06/26/2023

June 26, 2023
[Amend-1] Results of Annual or Special Stockholders' Meeting 06/26/2023

August 9, 2023
Notice of Analysts'/Investors' Briefing 08/09/2023

August 14, 2023
Material Information/Transactions 08/14/2023

August 15, 2023
Press Release 08/15/2023

November 10, 2023
Notice of Analysts'/Investors' Briefing 11/10/2023

November 14, 2023
Declaration of Cash Dividends 11/14/2023

November 14, 2023
Material Information/Transactions 11/14/2023

November 15, 2023
Press Release 11/15/2023

November 15, 2023
[Amend-1] Declaration of Cash Dividends 11/15/2023

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in MANDALUYONG CITY on APR 2 6 2024.

By:

BENJAMARIE THERESE N. SERRANO
President

ARBIN OMAR P. CARIÑO
Corporate Secretary

ROBIROSE M. ABBOT
Chief Financial Officer, CRO and Head of IR

LOUELLA M. FERNANDEZ
Controller and Compliance Officer

SUBSCRIBED AND SWORN, to before me, this APR 2 6 2024 at MANDALUYONG CITY, affiants exhibiting to me their respective valid identification documents, to wit:

Name	Valid ID	Date and Place of Issue
Benjamarie Therese N. Serrano	Passport No. P7225892B	07.19.2021 – DFA Manila
Robirose M. Abbot	Driver's License No. N26-05-005526	08.16.2019 – LTO Muntinlupa
Arbin Omar P. Cariño	Driver's License No. C07-98-165603	03.28.2019 – LTO
Louella M. Fernandez	PRC Registration No. 0113433	11.19.2004 – PRC

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

Doc. No. 327;
Page No. 67;
Book No. XXII;
Series of 2024.

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

ALLHOME CORP.

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

Financial Statements

Supplementary Schedules

AllHome
One-stop shop for your home

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **AllHome Corp.** is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2023, and 2022 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

MANUEL B. VILLAR, JR.
Chairman of the Board

BENJAMARIE THERESE N. SERRANO
President and CEO

ROBIROSE M. ABBOT
Chief Finance Officer

BUREAU OF INTERNAL REVENUE
RDO 53A - LAS PIÑAS CITY
RECEIVED
29 APR 2024
RCO'S NAME: LORIEBELLE P. CADILIMAN
RCO' CODE: 220044 INITIAL:

AllHome
One-stop shop for *your* home

SUBSCRIBED AND SWORN, to before me this APR 26 2024 at ________________________, affiants exhibiting to me their respective Passports, to wit:

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

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

ATTY. ARBIN OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ROLL No. 57146
IBP Lifetime Member No. 018537
PTR No. 5415602 / 05 Jan. 2024 / Mandaluyong City
MCLE Compliance No. VII-0020373 issued dated 03 June 2022
Notarial Commission Appointment No. 0328-23
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

Doc No. 200
Page No. 41
Book No. XXII
Series of 2024

P&A Grant Thornton

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

T +63 2 8988 2288

Report of Independent 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, 2023, on which we have rendered the attached report dated April 25, 2024.

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

PUNONGBAYAN & ARAULLO

By: James Joseph Benjamin J. Araullo
Partner

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

April 25, 2024

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

T +63 2 8988 2288

Report of Independent Auditors

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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AllHome Corp. (the Company), which comprise the statements of financial position as of December 31, 2023 and 2022, and statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2023 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

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

(a) Revenue Recognition

Description of the Matter

Revenue is one of the key performance measures used to assess the Company's business performance. Revenue is recognized when the control over the goods has been transferred at a point in time to the customer, i.e., generally when the customer has acknowledged delivery of goods. Revenue from sale of merchandise is generated through direct sales to customers. For the year ended December 31, 2023, the total revenues amounted to P12,065.4 million.

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

The Company's disclosures about its revenues and revenue recognition policy are included in Notes 2, 3 and 13.

How the Matter was Addressed in the Audit

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

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

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

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

- testing the design and operating effectiveness of internal controls related to the Company's sale and receipts processes, which include inquiry and examination of supporting documents;

- performing test of details of revenue transactions on a sampling basis during the year and performing sales cut-off test, including, among others, examining sales transactions near period end, and analyzing and reviewing sales returns to determine whether revenues are appropriately recognized in the proper period; and,

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

(b) Existence and Valuation of Inventories

Description of the Matter

The Company's total inventories amounting to P7,279.1 million as of December 31, 2023 represents 27% of total assets of the Company. Inventories are valued at the lower of cost and net realizable value. Cost is determined using the moving average method. Management uses estimates in assessing whether inventories are valued at the lower of cost and net realizable value. Moreover, the Company's inventories are considered voluminous and majority of these are kept in the Company's stores and warehouses. Relative to these, we determined that existence and valuation of inventories are key audit matters.

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

How the Matter was Addressed in the Audit

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

On inventory existence:

- testing the design and implantation effectiveness of IT general controls and application controls over the automated system related to inventory receipts, shipment and adjustments;

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

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

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

On inventory valuation:

- determining the method of inventory costing and evaluating appropriateness and consistency of application of the valuation of inventories at lower of cost and net realizable value;
- testing the design and implementation effectiveness of IT general controls and application controls over the automated system related to updating and changing of prices;
- performing test of design and operating effectiveness of controls on inventory costing process;
- performing test to ascertain appropriateness of inventory costing for selected inventory items by recomputing unit cost and comparing to unit cost per books, examining supplier invoices and other documents supporting the movements affecting the moving average unit cost; and,
- determining whether inventory is stated at the lower of cost and net realizable value by verifying latest selling price, reviewing estimated cost to sell of sample inventory items and comparing the net selling price to the unit cost per books.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2023 but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2023 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2023 required by the Bureau of Internal Revenue as disclosed in Note 26 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The engagement partner on the audits resulting in this independent auditors' report is James Joseph Benjamin J. Araullo.

PUNONGBAYAN & ARAULLO

By: James Joseph Benjamin J. Araullo
Partner

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

April 25, 2024

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

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

See Notes to Financial Statements.

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

	Notes	2023	2022	2021
SALES	13	P 12,065,428,801	P 12,564,760,820	P 14,324,858,249
COST OF MERCHANDISE SOLD	14	7,486,478,117	7,940,627,825	9,306,108,486
GROSS PROFIT		4,578,950,684	4,624,132,995	5,018,749,763
SUPPORT, FEES, RENTALS AND OTHER REVENUES	13	222,051,248	254,715,152	355,909,344
GROSS PROFIT INCLUDING OTHER REVENUES		4,801,001,932	4,878,848,147	5,374,659,107
OTHER OPERATING EXPENSES				
Selling expenses	14	1,989,105,721	1,844,664,177	1,946,627,457
General and administrative expenses	14	1,293,770,811	1,215,189,914	1,209,781,380
		3,282,876,532	3,059,854,091	3,156,408,837
OPERATING PROFIT		1,518,125,400	1,818,994,056	2,218,250,270
OTHER INCOME (CHARGES) - Net				
Finance costs	15	(456,832,526)	(408,366,914)	(393,694,939)
Finance income	5	1,540,234	1,482,701	1,196,741
Losses from fire - net	15	-	(233,605,568)	-
Other gains	6, 12	-	66,253,972	-
		(455,292,292)	(574,235,809)	(392,498,198)
PROFIT BEFORE TAX		1,062,833,108	1,244,758,247	1,825,752,072
TAX EXPENSE	17			
Current		106,777,947	177,681,330	373,915,538
Deferred		158,796,930	133,308,146	7,534,437
		265,574,877	310,989,476	381,449,975
NET PROFIT		797,258,231	933,768,771	1,444,302,097
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss:				
Remeasurements of retirement benefit plan	16	(32,001,955)	15,530,620	12,063,408
Deferred tax income (expense)	17	8,000,489	(3,882,655)	(3,665,613)
		(24,001,466)	11,647,965	8,397,795
TOTAL COMPREHENSIVE INCOME		P 773,256,765	P 945,416,736	P 1,452,699,892
Basic and Diluted Earnings per Share	20	P 0.21	P 0.25	P 0.39

See Notes to Financial Statements.

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

	Note	Capital Stock	Additional Paid-in Capital	Retained Earnings	Revaluation Reserves	Total Equity
Balance at January 1, 2023		P 3,750,000,002	P 7,209,298,114	P 4,312,433,045	P 10,949,114	P 15,282,680,275
Dividends declared	19	-	-	(140,250,000)	-	(140,250,000)
Total comprehensive income (loss) for the year		-	-	797,258,231	(24,001,466)	773,256,765
Balance at December 31, 2023		**P 3,750,000,002**	**P 7,209,298,114**	**P 4,969,441,276**	**(P 13,052,352)**	**P 15,915,687,040**
Balance at January 1, 2022		P 3,750,000,002	P 7,209,298,114	P 3,667,414,274	(P 698,851)	P 14,626,013,539
Dividends declared	19	-	-	(288,750,000)	-	(288,750,000)
Total comprehensive income for the year		-	-	933,768,771	11,647,965	945,416,736
Balance at December 31, 2022		P 3,750,000,002	P 7,209,298,114	P 4,312,433,045	P 10,949,114	P 15,282,680,275
Balance at January 1, 2021		P 3,750,000,002	P 7,209,298,114	P 2,420,737,177	(P 9,096,646)	P 13,370,938,647
Dividends declared	19	-	-	(197,625,000)	-	(197,625,000)
Total comprehensive income for the year		-	-	1,444,302,097	8,397,795	1,452,699,892
Balance at December 31, 2021		P 3,750,000,002	P 7,209,298,114	P 3,667,414,274	(P 698,851)	P 14,626,013,539

See Notes to Financial Statements.

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

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

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

See Notes to Financial Statements.

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021
(With Corresponding Figures as of January 1, 2022)
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

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

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

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

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

1.2 Approval of Financial Statements

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

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

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

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

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

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

(c) Functional and Presentation Currency

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

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

2.2 Adoption of mended PFRS

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

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

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

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

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

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

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

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

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

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

(c) Effective Subsequent to 2023 but not Adopted Early

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

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)

(ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)

(iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)

(iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)

(v) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

2.3 Financial Instruments

(a) Financial Assets

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

(i) Classification and Measurement of Financial Assets

The Company's financial assets include only financial assets at amortized cost and are presented in the statement of financial position as Cash and Cash Equivalents, Trade and Other Receivables and Security deposits presented as part of Other Non-current Assets.

(ii) Impairment of Financial Assets

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

(b) Financial Liabilities

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

2.5 Merchandise Inventories

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

2.6 Property and Equipment

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

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

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

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

2.7 Revenue and Expense Recognition

Revenue arises mainly from the sale of merchandise.

The Company enters into transactions involving the sale and delivery of merchandise representing construction materials, home improvement, furnishings and décor products. In addition, the Company also recognizes vendors' support and marketing fees in relation to the vendors' participation in the marketing/promotional activities of the Company.

The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(c). The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods transfers to the customer. As a matter of accounting policy, when applicable, if the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

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

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

(a) *Sale of merchandise* – Revenue is recognized when the control transfers at a point in time with the customer, i.e., generally when the customer purchased the merchandise. For individual customers, payment of the transaction price is due immediately at the point the customer purchases the merchandise. On the other hand, invoices for merchandise purchased by corporate customers are due based on agreed terms and are provided upon receipt of merchandise by the customer. For e-commerce sales, revenue is recognized when control of goods have been transferred to the customer, being the point when the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location.

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

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

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

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

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

The Company operates a customer loyalty incentive programme where individual customers accumulate points for purchases made which entitle them for award credits on future purchases. The Company allocates a portion of the consideration received to loyalty points. This allocation is based on the relative stand-alone selling prices. The stand-alone selling price is estimated based on the equivalent value given when the points are redeemed by the customer and the likelihood of redemption, as evidenced by the Company's historical experience. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(c).

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

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

2.8 Leases

The Company accounts for its leases as follows:

(a) Company as Lessee

Subsequent to initial recognition, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term which is from 2 to 16 years, inclusive of reasonably certain extension period.

The Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, Right-of-use Assets and Lease Liabilities have been presented under Property and Equipment, and separately from Other Liabilities, respectively.

(b) *Company as Lessor*

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

2.9 Impairment of Non-financial Assets

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

2.10 Employee Benefits

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

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

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

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

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

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

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

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

(b) Determination of Timing of Satisfaction of Performance Obligations

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

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

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

(c) Determination of Transaction Price of Contract with Customer

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

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

(d) Determination of ECL on Trade and Other Receivables and Security Deposits

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

(e) Capitalization of Borrowing Costs

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

(f) Recognition of Provisions and Contingencies

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

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosure of provisions and contingencies are discussed in Note 21.

3.2 Key Sources of Estimation Uncertainty

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

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

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

(b) Estimation of Allowance for ECL

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

(c) Determination of Net Realizable Value of Merchandise Inventories

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

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

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

The carrying amounts of property and equipment and right-of-use assets are analyzed in Note 9. Based on management's assessment as at December 31, 2023 and 2022, there is no change in estimated useful lives of property and equipment and right-of-use assets during those years. Actual results, however, may vary due to changes in estimates brought about by changes in factors mentioned above.

(e) Evaluation of Impairment of Non-financial Assets

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

Management has assessed that no impairment losses are required to be recognized on non-financial assets in 2023, 2022 and 2021.

(f) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2023 and 2022 will be fully utilized in the coming years. The carrying values of deferred tax assets netted against deferred tax liabilities as of those reporting periods are disclosed in Note 17.

(g) Valuation of Post-employment Defined Benefit Obligation

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

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

4. SEGMENT REPORTING

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

In addition, corporate assets which are not directly attributable to the business activities of any operating segment are not allocated to a segment. There have been no changes from prior periods in the measurement methods used to determine reported segment profit or loss.

The Company has only one reportable segment, which is the trading business. Further, the Company has only one geographical segment as all its operations are based in the Philippines. The revenue of the Company consists mainly of sales to external customers through its retail and e-commerce channels. The Company has no significant customer which contributed to 10% or more to the revenue of the Company.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following components:

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

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

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

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

6. TRADE AND OTHER RECEIVABLES

This account is composed of the following:

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

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

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

Others pertain to accrued interest receivable.

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

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

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

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

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

7. MERCHANDISE INVENTORIES

Merchandise inventories pertain to goods owned by the Company, which include construction materials, home improvements, furnishings and décor products, among others, that are traded under the normal course of business, and amounted to P7,279.1 million and P6,629.8 million as of December 31, 2023 and 2022, respectively (see Note 14.1). The Company did not provide any allowance for inventory obsolescence as the merchandise inventories are deemed saleable. Merchandise inventories were all stated at cost, which is lower than net realizable value, as of December 31, 2023 and 2022.

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

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

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

8. OTHER ASSETS

The composition of this account is shown below.

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

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

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

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

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

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

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

9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2023 and 2022 are shown below.

	Store Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvements	Right-of-use Assets - Store Outlets	Right-of-use Assets - Warehouse	Construction - in - Progress	Total
December 31, 2023								
Cost	P 3,454,178,124	P 1,879,888,702	P 157,841,169	P 8,440,768,088	P 4,676,928,712	P 101,469,882	P 93,059,039	P 18,804,133,716
Accumulated depreciation and amortization	(1,088,212,398)	(748,207,026)	(100,054,750)	(1,526,638,105)	(2,192,838,514)	(31,443,335)	-	(5,687,394,128)
Net carrying amount	**P 2,365,965,726**	**P 1,131,681,676**	**P 57,786,419**	**P 6,914,129,983**	**P 2,484,090,198**	**P 70,026,547**	**P 93,059,039**	**P 13,116,739,588**
December 31, 2022								
Cost	P 3,449,979,760	P 1,772,464,582	P 151,989,912	P 8,044,058,302	P 4,673,328,612	P 264,792,594	P 131,545,136	P 18,488,158,898
Accumulated depreciation and amortization	(881,671,190)	(495,615,809)	(86,843,884)	(1,077,978,126)	(1,738,629,173)	(188,516,076)	-	(4,469,254,258)
Net carrying amount	P 2,568,308,570	P 1,276,848,773	P 65,146,028	P 6,966,080,176	P 2,934,699,439	P 76,276,518	P 131,545,136	P 14,018,904,640
January 1, 2022								
Cost	P 3,099,516,830	P 1,135,094,594	P 152,686,138	P 6,698,191,627	P 4,802,663,990	P 477,153,101	P 477,012,330	P 16,842,318,610
Accumulated depreciation and amortization	(716,464,106)	(296,118,945)	(75,664,243)	(710,423,641)	(1,336,311,763)	(101,835,275)	-	(3,236,817,973)
Net carrying amount	P 2,383,052,724	P 838,975,649	P 77,021,895	P 5,987,767,986	P 3,466,352,227	P 375,317,826	P 477,012,330	P 13,605,500,637

The reconciliation of the net carrying amount of property and equipment at the beginning and end of 2023, 2022 and 2021 is shown below.

	Store Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvements	Right-of-use Assets - Store Outlets	Right-of-use Assets - Warehouse	Construction - in - Progress	Total
Balance at January 1, 2023, net of accumulated depreciation and amortization	P 2,568,308,570	P 1,276,848,773	P 65,146,028	P 6,966,080,176	P 2,934,699,439	P 76,276,518	P 131,545,136	P 14,018,904,640
Additions:								
Other property and equipment	4,251,684	107,459,390	5,851,256	-	-	-	358,223,689	475,786,019
Right-of-use assets (see Note 12)	-	-	-	-	3,600,100	68,831,566	-	72,431,666
Reclassifications	-	-	-	396,709,786	-	-	(396,709,786)	-
Depreciation and amortization charges for the year	(206,594,528)	(252,626,487)	(13,210,865)	(448,659,979)	(454,209,341)	(75,081,537)	-	(1,450,382,737)
Balance at December 31, 2023, net of accumulated depreciation and amortization	**P 2,365,965,726**	**P 1,131,681,676**	**P 57,786,419**	**P 6,914,129,983**	**P 2,484,090,198**	**P 70,026,547**	**P 93,059,039**	**P 13,116,739,588**
Balance at January 1, 2022, net of accumulated depreciation and amortization	P 2,383,052,724	P 838,975,649	P 77,021,895	P 5,987,767,986	P 3,466,352,227	P 375,317,826	P 477,012,330	P 13,605,500,637
Additions – Other property and equipment	402,924,232	643,704,165	3,429,433	673,472,546	-	-	543,472,271	2,267,002,647
Reclassifications	39,546,189	9,998,698	-	839,394,578	-	-	(888,939,465)	-
Disposals	(73,142,270)	(5,492,493)	(1,662,485)	(139,006,427)	-	-	-	(219,303,675)
Lease pretermination	-	-	-	-	(75,800,915)	(159,270,380)	-	(235,071,295)
Depreciation and amortization charges for the year	(184,072,305)	(210,337,246)	(13,642,815)	(395,548,507)	(455,851,873)	(139,770,928)	-	(1,399,223,674)
Balance at December 31, 2022, net of accumulated depreciation and amortization	P 2,568,308,570	P 1,276,848,773	P 65,146,028	P 6,966,080,176	P 2,934,699,439	P 76,276,518	P 131,545,136	P 14,018,904,640
Balance at January 1, 2021, net of accumulated depreciation and amortization	P 2,491,088,333	P 418,549,620	P 99,241,653	P 3,961,445,624	P 3,930,966,470	P 42,527,427	P 1,043,981,176	P 11,987,800,303
Additions:								
Other property and equipment	73,604,543	556,615,112	652,190	636,926,411	-	-	1,202,741,263	2,470,539,519
Right-of-use assets (see Note 12)	-	-	-	-	-	444,514,786	-	444,514,786
Reclassifications	-	-	-	1,679,579,958	-	-	(1,769,710,109)	(90,130,151)
Disposals	-	-	(6,481,449)	-	-	-	-	(6,481,449)
Depreciation and amortization charges for the year	(181,640,152)	(136,189,083)	(16,390,499)	(290,184,007)	(464,614,243)	(111,724,387)	-	(1,200,742,371)
Balance at December 31, 2021, net of accumulated depreciation and amortization	P 2,383,052,724	P 838,975,649	P 77,021,895	P 5,987,767,986	P 3,466,352,227	P 375,317,826	P 477,012,330	P 13,605,500,637

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

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

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

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

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

In 2023, 2022 and 2021, certain construction materials and supplies under Non-current Assets amounting to P44.8 million, P49.8 million and (P90.1 million), respectively, were reclassified to (from) Construction-in-progress under Property and Equipment in the statements of financial position (see Note 8).

The Company's right-of-use assets pertain to store and warehouse facilities with terms ranging from 2 to 16 years, inclusive of reasonably certain extension period [refer also to Note 3.1(a)], and an average remaining lease term of five years as of December 31, 2023 (see Note 12). In addition, there are leases with extension options and with variable consideration. Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublease the asset to another party, the right-of-use asset can only be used by the Company. The Company must keep those properties in a good state of repair and return the properties in their original condition at the end of the lease. There are no leases with options to purchase or terminate. The Company has no low-value leases.

In 2022, the Company wrote off certain property and equipment as a result of the fire incident in its Alabang store outlets on January 8, 2022, with total cost and accumulated depreciation of P279.5 million and P60.2 million, respectively (see Note 15.2). The details of the related pretermination of lease due to fire incident is discussed in Note 12.1.

In 2021, the Company wrote-off certain property and equipment with total cost and accumulated depreciation of P17.3 million and P10.8 million, respectively. The related loss arising from this transaction is presented as part of Miscellaneous expenses under General and Administrative Expenses in the 2021 statement of comprehensive income (see Note 14.2).

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

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

As of December 31, 2023 and 2022, the gross carrying amount of the Company's fully depreciated property and equipment that are still used in operations is P116.2 million and P95.9 million, respectively.

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

The Company also recognized rental income from its operating leases as lessor amounting to P15.6 million, P18.1 million and P24.8 million in 2023, 2022 and 2021, respectively, and is presented as part of Support, Fees, Rentals and Other Revenues in the statements of comprehensive income (see Note 13).

10. TRADE AND OTHER PAYABLES

This account consists of:

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

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

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

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

The Company operates a customer loyalty incentive programme where individual customers accumulate points for purchases made which entitle them for award credits on future purchases. In 2023 and 2022, the Company recognized deferred revenue for the unredeemed points amounting to P5.9 million and P7.2 million, respectively, which is presented as part of Others.

11. LOANS PAYABLE

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

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

11.1 Short-term Loans

The Company obtained various short-term loans from various local banks for the Company's working capital requirements with fixed interest rates ranging from 2.00% to 8.25% in 2023 and 4.87% to 9.50% in 2022, and with terms of 150 to 360 days. The short-term loans in 2023 and 2022 are rolled over upon maturity. There are no loan covenants on the Company's short-term loans. As of December 31, 2023 and 2022, the outstanding balance of short-term loans amounted to P2,272.0 million and P2,931.4 million, respectively

11.2 Long-term Loans

In 2023, the Company obtained five-year corporate loans, from various local banks, to partially finance the construction and expansion of the Company's stores and refinance existing loan obligation, with fixed interest rates ranging from 2.00% to 8.50% and is payable in quarterly installments. As of December 31, 2023, the outstanding balance from these loan amounts to P1,500.0 million.

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

In 2021, the Company obtained four-year corporate loans, from various local banks, to partially finance the construction and expansion of the Company's stores and refinance existing loan obligation, with fixed interest rates ranging from 5.00% to 5.85% and is payable in quarterly installments. The outstanding balance from these loans was P1,896.3 million and P2,610.0 million as of December 31, 2023 and 2022, respectively.

Certain loans of the Company with local banks are subject to covenants. The Company has to maintain a minimum current ratio of at least 1.00, maximum debt-to-equity ratio of not more than 2.50 and a minimum debt-service coverage ratio of at least 1.00. The ratios are computed on the basis of the Company's annual audited financial statements. The Company has properly complied with the loans covenants as of December 31, 2023 and 2022 (see Note 24).

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

Interest payable from these loans amounted to P34.5 million, P26.3 million and P19.3 million as of December 31, 2023, 2022 and 2021, respectively, and is presented as part of Accrued expenses under Trade and Other Payables in the statements of financial position (see Note 10). There were no assets used as collateral for any of the Company's loans.

A reconciliation of the carrying amounts of short-term and long-term loans at the beginning and end of December 31, 2023, 2022 and 2021 is presented below and in the succeeding page.

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

	Short-term Loans	Long-term Loans	Total
Balance as of January 1, 2022	P 2,044,418,931	P 2,900,000,000	P 4,944,418,931
Cash flows from financing activities:			
Additional borrowings	2,931,388,027	400,000,000	3,331,388,027
Repayment of borrowings	(2,044,418,931)	(290,000,000)	(2,334,418,931)
Balance as of December 31, 2022	P 2,931,388,027	P 3,010,000,000	P 5,941,388,027
Balance as of January 1, 2021	P 2,042,913,149	P -	P 2,042,913,149
Cash flows from financing activities:			
Additional borrowings	3,877,505,782	2,900,000,000	6,777,505,782
Repayment of borrowings	(3,876,000,000)	-	(3,876,000,000)
Balance as of December 31, 2021	P 2,044,418,931	P 2,900,000,000	P 4,944,418,931

12. LEASES

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

The security deposits paid in connection with the leases amounting to P231.6 million and P236.8 million as of December 31, 2023 and 2022, respectively, is presented as Security deposits under Other Non-current Assets in the statements of financial position (see Note 8). Management believes that no allowance for ECL is required for security deposits since there has been no significant change in the credit quality of the accounts [see Note 22.2(c)].

12.1 Lease Liabilities

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

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

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

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

The use of termination option to certain lease contracts gives the Company added flexibility in the event it has identified more suitable premises in terms of cost and/or location. The future cash outflows to which the Company is potentially exposed to that are not reflected in the measurement of lease liabilities represent the amount of remaining utility bills until clearance from the contract, other damages to the premises, if any, and the security deposits and advance rentals to be forfeited. An option is only exercised when consistent with the Company's business strategy and the economic benefits of exercising such option exceeds the expected overall cost.

With the exception of lease with variable consideration, the lease contracts have a remaining lease term of five years as of December 31, 2023.

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

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

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

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

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

12.2 Lease Payments Not Recognized as Liabilities

The Company also entered into lease agreements that contain variable payment linked to sales generated from certain stores. The expenses relating to these leases amounting to P272.8 million, P317.5 million and P467.4 million in 2023, 2022 and 2021, respectively, are presented as Rentals under Selling Expenses in the statements of comprehensive income (see Notes 12.3 and 14.2).

If the sales of the Company had changed by an average of +/-1.0%, the variable rent expense would have changed by +/- P2.0 million, +/- P2.4 million and +/- P3.3 million in 2023, 2022 and 2021, respectively.

12.3 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases, including payments in lease agreements that contain variable payment linked to sales as mentioned in Note 12.2, amounted to P1,020.1 million, P1,126.5 million and P1,248.0 million in 2023, 2022 and 2021, respectively.

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

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

13. REVENUES

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

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

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

The Company also recognized rental income from its operating leases as lessor amounting to P15.6 million, P18.1 million and P24.8 million in 2023, 2022 and 2021, respectively (see Note 9).

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

14. COST AND EXPENSES

14.1 Cost of Merchandise Sold

The details of cost of merchandise sold are shown below.

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

14.2 Other Operating Expenses

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

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

These expenses are classified as follows:

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

15. OTHER INCOME (CHARGES)

15.1 Finance Costs

Finance costs include the following:

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

15.2 Losses from Fire

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

16. SALARIES, WAGES AND EMPLOYEE BENEFITS

16.1 Salaries, Wages and Employee Benefits

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

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

16.2 Post-employment Defined Benefit Plan

(a) Characteristics of the Defined Benefit Plan

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

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

(b) Explanation of Amounts Presented in the Financial Statements

The most recent actuarial valuation in 2023 and 2022 dated April 8, 2024 and March 31, 2023, respectively, was performed by a professionally qualified external actuary.

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

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

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

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

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

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

The interest expense is included as part of Finance costs under Other Income (Charges) – Net section of the statements of comprehensive income (see Note 15).

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

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

	2023	2022
Discount rates	6.14%	7.37%
Expected rate of salary increases	10.00%	10.00%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 33 years. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

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

(i) Interest Rate Risk

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

(ii) Longevity and Salary Risks

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

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, and the timing and uncertainty of future cash flows related to the retirement plan as of December 31, 2023 and 2022 are discussed below and in the succeeding page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31, 2023 and 2022:

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

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the 2023 statement of financial position.

(ii) Funding Arrangements and Expected Contributions

The plan is currently unfunded by P127.4 million based on the latest actuarial valuation. While there are no minimum funding requirement in the country, the size of the underfunding may pose a cash flow risk that the Company may be exposed to if several employees retire within the same year.

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

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

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

Management expects that a substantial portion of the undiscounted expected benefit payments is probable after 10 years from the end of the reporting period. The weighted average duration of the defined benefit obligation at the end of the reporting period is 19.22 years.

17. INCOME TAXES

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

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

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

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

The Company is subject to minimum corporate income tax (MCIT) computed at 1.5% in 2023 and 1% in 2022 and 2021, of gross income, net of allowable deductions as defined under the tax regulations, or to RCIT, whichever is higher. The Company reported RCIT in 2023, 2022 and 2021 as RCIT was higher than MCIT in those years.

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

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

The Company claimed itemized deductions for 2023, 2022 and 2021 in computing for its income tax due.

18. RELATED PARTY TRANSACTIONS

The Company's related parties include its ultimate parent company, parent company, related parties under common ownership, key management personnel and others.

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

All individual material related party transactions shall be approved by at least two-thirds (2/3) vote of the Company's board of directors, with at least a majority of the independent directors voting to approve the material related party transactions. In case that a majority of the independent directors' vote is not secured, the material related party transaction may be ratified by the vote of the stockholders representing at least two-thirds of the outstanding capital stock. For aggregate related party transactions within a 12-month period that breaches the materiality threshold of 10% of the consolidated total assets based on the latest financial statements, the same board approval would be required for the transactions that meet and exceeds the materiality threshold covering the same related party.

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

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

Management determines possible impairment based on the related parties' ability to repay the advances upon demand at the reporting date taking into consideration the historical defaults from the related parties. Management assessed that the outstanding receivables from related parties as of December 31, 2023 and 2022 are recoverable since these related parties have the capacity to pay the advances upon demand. There were no impairment losses recognized for these receivables from related parties in 2023, 2022 and 2021.

18.1 Sale of Merchandise

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

18.2 Key Management Personnel Compensation

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

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

19. EQUITY

19.1 Capital Stock

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

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

On July 8, 2019, the SEC approved the Company's application for the increase of authorized capital stock from P2,000.0 million to P6,000.0 million divided into 5,900,000,000 common shares with par value of P1.00 per common share and 1,000,000,000 preferred shares with par value of P0.10 per preferred share. On the same date, the Company issued 1,000,000,000 common shares for the payment of certain advances from its parent company that were converted into equity and two common shares for a consideration of P2.00 to independent directors.

On October 10, 2019, the Company, by way of a primary offering (IPO), sold 750,000,000 shares of its common stock (Offer Share) at an offer price of P11.50 per Offer Share, and generated proceeds of P7,959.3 million from such IPO, net of IPO expenses amounting to P665.7 million (see Note 19.2).

As of December 31, 2023, 2022 and 2021, the Company's number of shares registered totaled 3,750,000,002 with par value of P1.00 per share and closed at a price of P1.12 in 2023. The total number of stockholders is 32 as of December 31, 2023 and 2022, with the shares held in the name of PCD Nominee Corporation belonging to 128 participants. The public float lodged with PCD Nominee Corporation is counted only as one stockholder.

19.2 Additional Paid-In Capital

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

19.3 Dividends Declaration

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

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

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

19.4 Revaluation Reserves

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

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

20. EARNINGS PER SHARE

Basic earnings per share (EPS) is determined by dividing net profit by the weighted average number of common shares issued, adjusted for any stock dividends or stock splits, less any shares held in treasury during the reporting period (see Note 20).

Diluted EPS is also computed by dividing net profit by the weighted average number of common shares issued and outstanding during the reporting period. However, net profit attributable to common shares and the weighted average number of common shares outstanding are adjusted to reflect the effects of any potentially dilutive preferred shares, convertible loans and stock options.

EPS were computed as follows:

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

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

21. COMMITMENTS AND CONTINGENCIES

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

21.1 Legal Claims

The Company is a party to certain case from the normal course of business. The Company and its legal counsel believe that any eventual liabilities under this case will not have a material effect on the financial statements. Accordingly, no provision for probable losses arising from legal contingencies was recognized in the financial statements as of December 31, 2023 and 2022.

21.2 Others

There are other commitments, guarantees and contingent liabilities that may arise in the normal course of operations of the Company which are not reflected in the financial statements. As of December 31, 2023 and 2022, management is of the opinion that losses, if any, from these items will not have any material effect on the Company's financial statements, taken as a whole.

22. RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

22.1 Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. In 2023, 2022 and 2021, the Company is exposed to changes in market interest rates through its cash in banks and short-term placements, which are subject to variable interest rates.

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

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

On the other hand, the Company's long-term bank loans are subject to fixed rates ranging from 2.00% to 8.50% per annum in 2023 and 5.00% to 7.09% per annum in2022 (see Note 11). Accordingly, management assessed that the Company is not significantly exposed to changes in market interest rates for its bank borrowings in 2023 and 2022.

22.2 Credit Risk

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

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

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

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

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

(a) Cash and Cash Equivalents

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

(b) Trade and Other Receivables

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

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

The expected loss rates are based on the payment and aging profiles over a period of five years before December 31, 2023 and 2022, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified that the Philippine gross domestic product in 2023 and 2022 was the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

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

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

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

On the other hand, based on the analysis, there is no loss allowance provided as at December 31, 2023 and 2022, on the Company's non-trade receivables as the Company does not have any non-trade receivables which has been outstanding for more than three months. The Company's management continues to monitor counterparties default rates and macroeconomic factors affecting the counterparties' ability to settle the receivables. Management considers the credit quality of non-trade receivables that are not past due or impaired to be good.

(c) Security Deposits

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

22.3 Liquidity Risk

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

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

As of December 31, 2023 the Company's financial liabilities have contractual maturities which are summarized below.

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

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

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

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

23. CATEGORIES AND FAIR VALUE MEASUREMENTS

23.1 Carrying Amounts and Fair Values Category

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

For the Company's financial assets and liabilities carried at amortized cost as at December 31, 2023 and 2022, management considers that the carrying values of these financial instruments approximate their fair values either because these instruments are short-term in nature or the effect of discounting for those maturities of more than one year is not material, hence, no further comparison between the carrying amounts and fair values is presented.

A description of the Company's risk management objectives and policies for financial instruments is provided in Note 22.

23.2 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2023 and 2022. For financial assets and financial liabilities subject to enforceable master netting agreements or similar arrangements, each agreement between the Company and counterparties (i.e. related parties including parent company and companies under common ownership) allows for the net settlement of the relevant financial assets and financial liabilities when both elect to settle on a net basis. In the absence of such an election, financial assets and financial liabilities will be settled on a gross basis, however, each party to the master netting agreement or similar agreement will have the option to settle all such amounts on a net basis in the event of default of the other party.

As of December 31, 2023 and 2022, the Company does not have any financial assets that may be potentially set-off against its outstanding liabilities to related parties.

23.3 Fair Value Hierarchy

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

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

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

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

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

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

There are no financial assets and financial liabilities measured at fair value as of December 31, 2023 and 2022. Neither was there transfers among fair value levels in those years.

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

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

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

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:

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

The Company monitors capital on the debt-to-equity ratio on its covenants with certain financial institutions. In 2023 and 2022, the Company has to maintain a minimum current ratio of at least 1.00, maximum debt-to-equity ratio of 2.50:1.00, and a minimum debt-service coverage ratio of at least 1.00. The Company has properly complied with the loans' covenants as of December 31, 2023 and 2022 (see Note 11).

25. SUPPLEMENTAL INFORMATION ON NON-CASH ACTIVITIES

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

- In 2023, 2022 and 2021, the Company capitalized borrowing costs amounting to P238.8 million, P196.7 million and P190.1 million, respectively, to property and equipment (see Notes 9 and 11).

- In 2023, 2022 and 2021, the Company has unpaid interest arising from loans payable amounting to P34.5 million, P26.3 million and P19.3 million, respectively, which is presented as part of Accrued expenses under Trade and Other Payables in the statements of financial position (see Notes 10 and 11).

- In 2023, 2022 and 2021, certain construction materials and supplies under Non-current Assets amounting to P44.8 million, P49.8 million and (P90.1 million), respectively, were reclassified to (from) Construction-in-progress under Property and Equipment in the statements of financial position (see Notes 8 and 9).

- In 2023, the Company recognized additional right-of-use assets amounting to P72.4 million and the corresponding lease liability of the same amount (see Notes 9 and 12). In 2022, the Company pre-terminated some of its lease contracts which resulted to the derecognition of right-of-use assets and lease liabilities with remaining carrying amounts of P235.1 million and P267.3 million, respectively, and recognition of gain on lease pre-termination amounting to P32.2 million (see Notes 9 and 12).

- In 2023, 2022 and 2021, certain advances to contractors under Non-current Assets amounting to P110.4 million, P80.0 million and P483.4 million, respectively, were reclassified to Construction-in-progress under Property and Equipment in the statements of financial position (see Notes 8 and 9).

- In 2022, the Company recorded dividends payable to its parent company amounting P35.0 million which is presented as part of Non-trade Payables under Trade and Other Payables in the 2022 statement of financial position (see Note 10). There was no outstanding payable in 2023 and 2021.

- In 2021, the Company transferred certain employees to related parties under common ownership, which resulted in a reduction of the net obligation amounting to P0.8 million in 2021. The outstanding receivable as at December 31, 2021 is presented as part of Others under Trade and Other Receivables in the 2021 statement of financial position (see Note 16). There was no similar transaction in 2023 and 2022.

26. SUPPLEMENTARY INFORMATION REQUIRED BY THE BIR

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

(a) Output VAT

In 2023, the Company declared output VAT as follows:

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

The tax bases are included as part of Sales and Support, Fees, Rentals and Other Revenues in the 2023 statement of comprehensive income. The tax bases for Other Income are based on the Company's gross receipts for the year; hence, may not be the same as the amounts of revenue reported in the 2023 statement of comprehensive income.

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

(b) Input VAT

The movements in input VAT in 2023 are summarized below.

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

(c) Excise Tax

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

(d) Documentary Stamp Tax (DST)

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

(e) Taxes and Licenses

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

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

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

(f) *Withholding Taxes*

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

Expanded	P	100,829,022
Compensation and benefits		16,019,978
Final		4,348,606
	P	**121,197,606**

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

(g) *Deficiency Tax Assessments*

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

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

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of AllHome Corp. (the Company) for the year ended December 31, 2023, on which we have rendered our report dated April 25, 2024. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Company's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO

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

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

April 25, 2024

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

ALLHOME CORP.
(A Wholly Owned Subsidiary of AllValue Holdings Corp.)
SCHEDULE D - LONG TERM DEBT
December 31, 2023
(Amounts in Philippine Pesos)

Title of Issue and type of obligation	Amount shown under caption "Current portion of long-term debt" in related balance sheet	Amount shown under caption "Long-Term Debt" in related balance sheet
Term Loans	P 3,449,496,491	P 2,578,750,000

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

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

ALLHOME CORP.
(A Subsidiary of AllValue Holdings Corp.)
Lower Ground Floor, Building B, Evia Lifestyle Centre
Almanza II, Las Piñas City
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2023

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

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

P&A Grant Thornton

Report of Independent Auditors on Components of Financial Soundness Indicators

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

T +63 2 8988 2288

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of AllHome Corp. (the Company) for the years ended December 31, 2023 and 2022, on which we have rendered our report dated April 25, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as of December 31, 2023 and 2022 and for each of the two years in the period ended December 31, 2023 and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: James Joseph Benjamin J. Araullo
Partner

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

April 25, 2024

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

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

ALLHOME CORP.

Annex A: Sustainability Report

CONTEXTUAL INFORMATION

Company Details	
Name of Organization	AllHome Corp.
Location of Headquarters	Lower Ground Floor, Building B, Evia Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City
Location of Operations	Philippines
Report Boundary: Legal entities (e.g., subsidiaries) included in this report	AllHome Corp. and its stores in Mega Manila, Luzon, Visayas, and Mindanao
Business Model, including Primary Activities, Brands, Products, and Services	AllHome Corp. (the "Company") is a pioneering "one-stop shop" home store in the Philippines. AllHome started with just four stores and a little over 23,000 sqm of net retail space in Mega Manila and Pampanga in 2013. By year end 2023, the Company owns 72 stores with an aggregate net selling space of approximately 296,933 sqm. The Company's product offering spans seven (7) key categories from over 800 local and international Brands. These product categories are furniture, hardware, appliances, tiles and sanitary wares, homewares, linens, and construction materials. **Store Formats** The Company has three (3) store formats in operation in Mega Manila, Luzon, Visayas, and Mindanao: 1. Large mall-based store, with an average store size of 7,000 to 8,000 sqms in net selling space with a total net selling space of over 164,000 sqms for 22 stores; 2. Large free-standing store, with an average store size of 7,000 sqms in net selling space with a total net selling space of over 123,500 sqms for 18 stores; and 3. (3) Small specialty store, ranging from 250 sqm to 400 sqm in net selling space with a total net selling space of about 7,400 sqms for 32 stores. All large stores are under the "AllHome" name. Small specialty stores include Quick Fix, AllDigital and Pet Buddy stores.
Reporting Period	January 1, 2023 to December 31, 2023
Highest Ranking Person responsible for this report	**Robirose M. Abbot** Chief Financial Officer, Chief Risk Officer, and Head of Investor Relations

MATERIALITY PROCESS

AllHome, like the other companies under the Villar Group, is guided by the GRI and SASB Standards in the conduct of its materiality process with the following steps:

1. **Pre-identification of topics** – Issues and topics from different references such as the sector-specific publications from GRI and SASB standards for Multiline and Specialty Retailers & Distributors, and industry peers were collated. As there were topics in the last SEC Annex report that can be under common topics, the list was simplified with a few additional categories to ensure that the economic, environmental, social, and governance (EESG) aspects of the organization were covered.
2. **Identification of Material Topic**s – The Company revisited the list to assess if the topics are material to the operations and stakeholders. A form is provided that allowed the Company to identify topics that are material by selecting "Yes" or "No."
3. **Materiality Assessment** – Topics deemed as material are processed into an online survey where the Company further assessed the criticality of impact of each topic using a five-point scale (1 as low to no impact; 5 as highest impact).

AllHome employees affirmed that sustainability is "very important" to the company's overall success. The proof point was among the key results of a 2023 employee survey that assessed the staff's perspectives on issues affecting the company. This is aligned to its corporate values that include an ethical responsibility to its employees, customers, suppliers, communities and other retail stakeholders as it continued to expand its reach across the country.

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

2023 MATERIAL TOPIC	
1	Economic Performance
2	Customer satisfaction
3	Training and Development
4	Governance
5	Energy
6	Ethical Business Practices
7	Regulatory Compliance
8	Procurement Practices
9	Responsible Supply Chain
10	Eco Products Tax
11	Occupational Health and Safety
12	Well-being Marketing and Promotion
13	Water Management
14	Community
15	Data Protection and Cyber Security
16	Local Employment
17	Water Use

If the pandemic years saw the Company revving up its agility mode, then optimization of all channels of resource potential was AllHome's battle cry in 2023. A heightened market sensitivity that prompted quick response enabled the Company not merely to endure but also thrive despite lockdown constraints boosted by an all-in attitude towards digitized marketing platforms and upgraded data security infrastructure.

The country's pioneering one-stop shop home store redirected all its resources towards implementing initiatives that saw the optimization of each store's revenue potential, energy, and manpower rationalization, and even optimization of in-store warehouses to save on rented warehouses, among others.

Despite its minimal impact on the environment as determined by AllHome's stakeholders, the Company sustained its energy-saving practices and other environmental-friendly initiatives across its operations.

The materiality assessment results indicate that economic performance is of critical importance to stakeholders and the organization. Following closely, customer satisfaction emerges as the second most significant factor, underscoring AllHome's dedication to customer-centric values. Additionally, training and development for employees are identified as the third most critical aspect in 2023.

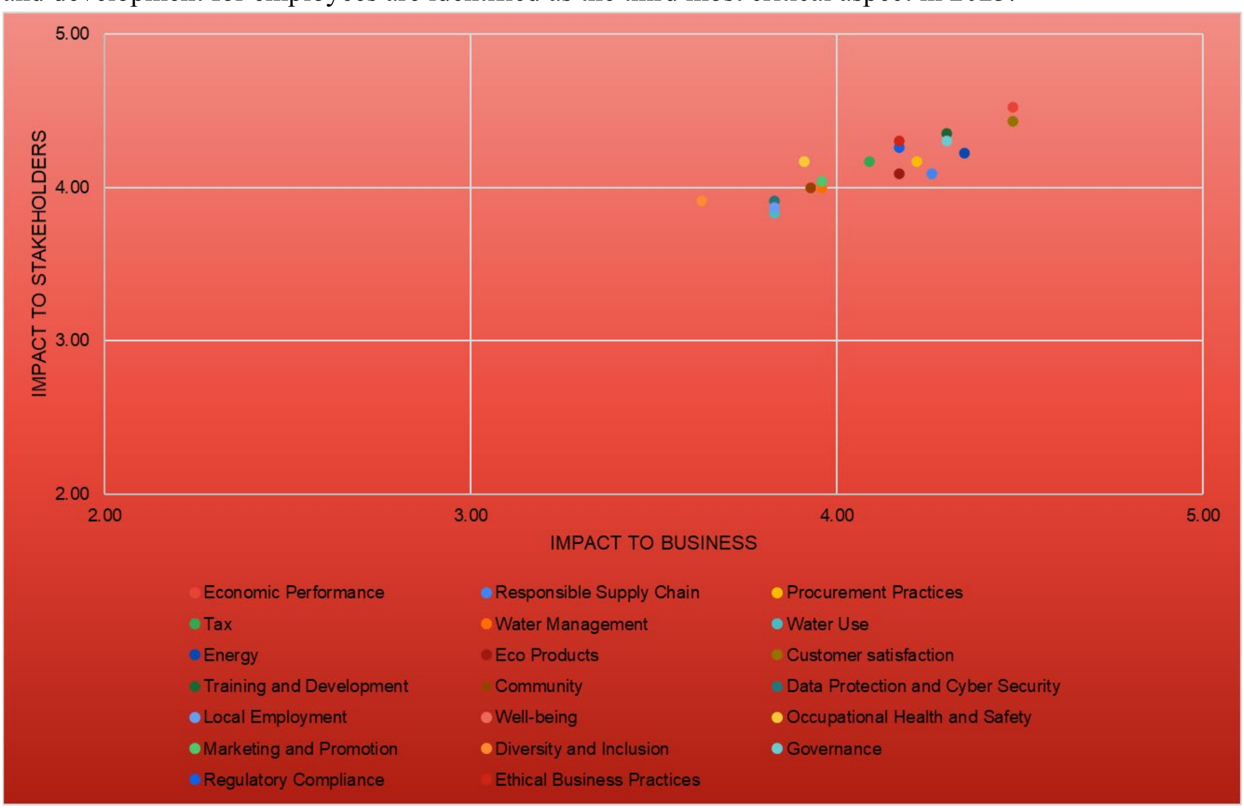

Figure 1. AllHome 2023 Materiality Matrix

ECONOMIC & GOVERNANCE DISCLOSURES

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount (in million PhP)		
	2023	2022	2021
Direct economic value generated (revenue)	12,065.43	12,564.76	14,324.86
Direct economic value distributed:			
a. Operating costs	3,282.88	3,059.85	3,156.41
b. Employee wages and benefits	413.31	384.43	363.65
c. Payments to suppliers, other operating costs	9,601.3	9,850.33	9,812.33
d. Dividends given to stockholders and interest payments to loan providers	140.25	288.75	197.63
e. Taxes given to government	437.87	508.78	654.10
f. Investments to community (e.g., donations, CSR)	2.01	1.08	2.01

AllHome's Impact	Stakeholders Affected
In 2023, AllHome demonstrated remarkable resilience and growth, showcasing its unwavering commitment to sustainable business practices and stakeholder value. The company achieved significant milestones in both financial performance and strategic expansion initiatives. Recording robust sales figures amounting to ₱12,065.43 million for the fiscal year ending 31 December 2023, AllHome's impressive financial performance was bolstered by the steady recovery of the economy and	Employees, Investors, Business Partners, and Customers

the gradual easing of restrictions.

President and CEO Benjamarie Therese Serrano attributed AllHome's success to a comprehensive array of strategic initiatives focused on optimizing operations and maximizing revenue potential. These initiatives spanned various domains, including store management, energy efficiency, workforce development, and warehouse optimization. Serrano underscored the company's dedication to continuous improvement and innovation, noting tangible results emerging from these efforts.

Despite encountering challenges in the hard category performance, Serrano identified an opportunity to expand market share by emphasizing AllHome's unique value proposition as a one-stop full-line home center. Offering customers a diverse range of products and unparalleled convenience, AllHome has positioned itself as the preferred destination for comprehensive home improvement solutions.

Throughout 2023, AllHome continued its strategic expansion endeavors, increasing its footprint to encompass a total of 72 stores. This expansion included 22 large mall-based stores, 18 large free-standing outlets, and 32 small specialty store formats. With a clear vision for growth, the company aims to further penetrate key markets in Luzon and Mindanao, providing customers in these regions with enhanced accessibility to its products and services. By prioritizing customer satisfaction and sustainable growth, AllHome remains steadfast in its commitment to delivering value to stakeholders and communities alike.

Management Approach to Impacts
In synergy with the other companies under the Villar Group, AllHome prioritizes profitability and growth that will most benefit its stakeholders and the environment for all its decisions. The Company adheres to the principles of Transparency, Materiality and Completeness, ensuring a culture of compliance permeates within the organization. AllHome's financial resources are shared with the (1) employees through competitive benefits and incentives; (2) beneficiaries/partner communities through corporate social responsibility (CSR) programs and product discounts/promotions; (3) stockholders through dividends; (4) government through timely filing of taxes; and (5) suppliers through operational expenses. The Company ensures a consistent and fair representation of financial reports by hiring one of the country's top four auditing companies to handle its periodic audits. AllHome has also tasked an Audit

Committee to enhance the oversight capabilities of the management over AllHome's financial reporting and tax requirements, internal and external audit processes, and compliance with applicable laws and regulations among others. In addition, AllHome employs a dedicated Compliance Officer to ensure its internal stakeholders adhere to its corporate principles and best practices.

The Company has already made it a policy to keep abreast of any changes in the tax regulations as a way of ensuring effective tax planning. This will also allow AllHome to optimize all permissible allowances, deductions, concessions, exemptions, rebates, and exclusions available under the law, thereby minimizing the tax liability and allocating such savings to business expansion.

The Company also provides employees with the necessary training and other skills development opportunities to keep up with tax updates and to ensure that the right taxes are paid on time. Regular tax planning activities were conducted to analyze financial situations, mitigate tax liability, and maximize tax relief and credits. AllHome's controllership department in tandem with its centralized OP tax department under its Chief Tax Office handles stakeholder engagement on any tax concerns.

Developments in 2023

AllHome bagged awards at the 2023 Haier Business Partners Convention

The Philippines' leading home improvement retailer shined at the 2023 Haier Business Partners Convention. AllHome won the esteemed "High-End Transformation Award" for achieving the highest sales of high-end Haier products and the "Outstanding Contribution Diamond Award" for its exceptional contribution to Haier's sales.

These accolades not only affirmed AllHome's success in attracting discerning customers by ensuring it delivers quality and innovative products and services but also in positioning itself as a leader in the high-end home appliance segment.

2023 AllHome Executive Movements

During its March 2023 board meeting, AllHome Corp. management elected ***Marianita N. Domingo*** as the new Chief Operating Officer (COO) and ***Louella M. Fernandez*** as the new Controller and Compliance Officer of the Company (COC).

COO Domingo, 51, graduated from Colegio de San Juan de Letran in 1992 with a Bachelor of Science in Industrial Engineering. She is a Certified Professional in Supply Management and has extensive management experience. Domingo was the Chief Operating Officer of GetAll Corp. from 2021 to 2022 and was the COO and Co-Founder of SnapMart Inc. from 2018 to 2022. She was the Senior Vice President for Transportation and 3PL Management at Lazada e-Services Inc. from 2017 to 2018. She also worked as Senior Manager for Distribution and Warehousing of PMCTF Inc. from 2013 to 2015.

COC Fernandez, 41, is a Certified Public Accountant who graduated cum laude from Jose Rizal

University in 2004 with a Bachelor of Science in Accountancy. She was a Finance Head at Vista Land & Lifescapes Inc. from 2017 to 2019. She was the Controller of various companies such as Globalland Property Management Inc. & Subsidiary, Environet Total Services Inc. & Subsidiary, and GetAll Corp. before taking the role of Controller and Compliance Officer of AllHome. The Company also announced the resignation of Mary Lee S. Sadiasa as Chief Operating Officer and Paul D. Estañero as Controller and Compliance Officer, effective March 8, 2023.

Risks to AllHome	Stakeholders Affected
AllHome identified the five key risk areas – Market Risk, Interest Rate Risk, Credit Risk, Liquidity Risk, and Foreign Exchange Risk. The risk to the business operations, while still present, has been reduced.	Employees, Investors, Business Partners, and Customers

Management Approach to Risks
AllHome applies its Enterprise Risk Management framework during risk assessments. This enables the organization to make the most of all business opportunities while possible adverse risks are minimized or avoided. The Company's financial resources are effectively managed in all areas and levels through the following tactics: ● Utilization of strategic location selection criteria for store network expansion ● Capitalization of synergistic relationships with affiliates (i.e., access prime locations across the country and consolidated purchases for similar product needs through Vista Land; access to a pool of third-party contractors or builders in the Villar group; establish and maintain as primary captive market the residential communities by Villar group) ● Implementation of an effective cash and collection management ● A sound cost and operational expenses control ● Deployment of strategic and periodic merchandise buys to maximize volume discounts and logistics requirements ● Efficient loan management ● Implementation of safety protocols such as early closure of stores to give time for sanitation and replenishment of essential products, social distancing, and limiting customer traffic is stored

Opportunities	Stakeholders Affected
Encouraged by its success in previous years, Company is well-entrenched by 2023 in AllHome's ability to respond favorably to the new challenges in the ever changing retail landscape.	Employees, Investors, Business Partners, Customers, and Local Communities

At the heart of the AllHome experience is to be true to its purpose of being a one-stop, full line, home retail establishment. The Company uses this a foundation for its many marketing innovations, all designed to elevate every customer's shopping adventure. AllHome's sustained its presence in digital selling, tapping what it calls its "omni-channel strategy" to build bridges between online and physical store buyers. Encouraged by the ecommerce results, AllHome continued to seek opportunities in improving market share and operational efficiency levels by optimizing its digital platforms and deploying several best-in-class industry tools to monitor and leverage customer preferences such as Zendesk, AllRewards Employees, Investors, Business Partners, Customers, and Local Communities Loyalty System and MoEngage.	

Management Approach to Opportunities
With positive earnings exceeding expectations in 2023 and on track to hitting the corporate goal of 100 stores in 2026, AllHome is reflecting the results of agile thinking, well-thought strategies and risk-mitigating measures.

Climate-related risks and opportunities[1]

Governance Disclose the organization's governance around climate related risks and opportunities	
a) Describe the board's oversight of climate related risks and opportunities	AllHome is dependent on its climate governance policies to properly ascertain climate-related risks and opportunities as well as develop sound solutions on managing such environmental-related issues. Thanks to the AllHome Enterprise Risk Management (ERM) framework, the Company's Board of Directors (BOD or the Board) has an enhanced oversight to effectively identify, monitor, assess, and manage key business risks. The ERM also guides the Board in

[1] 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.

	pinpointing relevant business units and their risk exposures, as well as in directing the deployment of effective risk management and risk mitigation strategies to ensure that the Company's business objectives are achieved. It operates using the ERM Policy to identify key risk areas, designate key performance indicators, and direct the monitoring of these with due diligence. This empowers the Company to better anticipate and prepare for possible threats to its operational and financial viability. The Board also discusses and collaborates on the required adjustments or expansions of policies. This includes adopting of best practices from within and outside the Company and industry to augment its mechanisms and strategies for climate-related risks and opportunities.
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 reports to shareholders that cover any climate-related risks and opportunities identified in the operations.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	The Company identifies climate-related risks under the clause "Risks relating to natural catastrophes" in the ERM Policy. Specifically, AllHome identifies typhoons, earthquakes, flooding, and fire as natural calamities that may impact its operations. Since AllHome is a tenant of Vistamalls, damage to structures is managed by Vistamalls. However, damage to the stores, such as incidents of flooding, is managed by AllHome. An identified short-term climate-related risk is power outages which would require the increased use of generators. The identified medium- and long-term climate-related risks are high-intensity typhoons and flooding which can affect the supply chain, thereby disrupting store operations.
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial	Risks categorized as relating to natural catastrophes include high-intensity typhoons and floods, which impact operations by delaying supply deliveries and restocking. These can also lead to a chain of incidents such as the unavailability of supplies, damages to facilities and products as well as customer traffic. Furthermore, these may

planning	result in damages of property and loss of potential income for some stores that must close early or open late.
c) Describe the resilience of the organization's strategy, taking into consideration different climate- related scenarios including a 2ºC or lower scenario	The AllHome ERM framework classifies climate-related risks under the "Risks related to natural catastrophes." The Company provided work instructions and emergency response protocols to mitigate the identified risks. Plans are in place to add more comprehensive measures to enhance present mechanisms that will mitigate risks. One option is the procurement of insurance plans and other options to compensate for such losses.
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	
a) Describe the organization's processes for identifying and assessing climate- related risks	AllHome conducts consultations which are participated by employees and other relevant stakeholders to contextualize the business and its operations. These are based on governance/management structure, products, physical environment, service dependencies, and competitors. The AllHome Board, together with the management personnel and other technical experts, hold avenues for identifying the potential climate-related events and the risks they pose for the Company. These consultation sessions allow Management to ideate and identify the appropriate risk-mitigation measures that will ensure that the Company continues to achieve its strategic business objectives. For more information, access AllHome's ERM Policy here.
b) Describe the organization's processes for managing climate- related risks	All climate-related risks are considered high risk by AllHome given their impact to business operations. In a similar process, other risks identified as not caused by natural calamities are assessed according to the likelihood of failure and the degree of consequence. After which the incident will be referenced in building controls and measures to eliminate, minimize, transfer, and/or manage the risks. The ERM framework has built-in control mechanisms for effective response in case of natural disasters. The framework also empowers Management to create and deploy appropriate risk-mitigation measures to ensure minimal to nil impact to the Company.

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

Procurement Practices

Proportion of spending on local suppliers

Disclosure	2023	2022	2021
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	100	100	100

Impacts to Risks	Stakeholders Affected
AllHome is touted as the country's pioneering one-stop full line home center. The Company was founded with Filipino homeowners and builders as the primary market. AllHome sources all its products from Philippine-based companies that specialize in construction, interior design, and other home-building and home-improving products. The Company mandates priority policy to local suppliers over foreign suppliers. AllHome recognizes the following risk areas that may materially impact its operations: delivery delays, security of products during transport, and supply availability from the pool of Philippine suppliers. Other risk-events that the Company has identified is the possible shortage of suppliers to produce required quantity, quality, and novelty required by AllHome. AllHome also faces risks of product redundancy because competitors have a high likelihood of offering the same products as AllHome. Any disruption in the supply chain can negatively impact AllHome's financial well-being.	Suppliers of furniture, appliances, homewares, linens, construction materials, hardware, tiles, and sanitary wares; Customers; Competitors

Management Approach to Impacts and Risks
AllHome mitigates such risks by ensuring that its inventory is supplied by a diverse source of suppliers for each product category, allowing a mix of foreign and local manufacturers where possible. AllHome avails of its imported products by coursing them through local importers and/or consolidators. AllHome also develops its own in-house brands not only to promote brand loyalty, but also to ensure product differentiation against its competitors.

Opportunities	Stakeholders Affected
As the Philippines' first and only "one-stop shop" home-improvement retailer, AllHome has committed and ceaselessly embarked on continuous improvements and expansion plans to sustain its position in a rapidly global-flattening market. The Company takes pride in its unique value proposition of offering its customers the convenience of fulfilling all their home furnishing and home improvement needs in one location by providing a comprehensive selection of brands and value-for-money products. The organization regularly curates its stocks and tests to carefully cater to the ever-changing demands and tastes of the younger generation that is steadily dominating the Philippine home-improvement marketplace.	Customers, Suppliers of furniture, appliances, homewares, linens, Construction materials, hardware, tiles and sanitary wares

Management Approach to Opportunities
AllHome is founded on innovation and a competitive spirit. It pursues its mission-vision to be "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." AllHome aims to be the true one-stop shop home improvement center for home buyers and home builders alike. It is for this reason that the AllHome Merchandising team in tandem with Product Category Heads as well as its network of local importers/consolidators are tasked to be always on the lookout for new and innovative home improvement products and designs that can be available both locally and internationally.

Governance

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	2023	2022	2021
Percentage of employees trained on the organization's anti-corruption policies and procedures	100	100	100
Percentage of business partners trained on the organization's anti-corruption policies and procedures	0	0	0
Percentage of directors and management who received anti-corruption training	100	100	100
Percentage of employees who received anti-corruption training	100	100	100

Incidents of Corruption

Disclosure	2023	2022	2021
Number of incidents of corruption wherein directors were removed or disciplined	0	0	0
Number of incidents of corruption wherein employees were dismissed or disciplined	0	0	0
Number of incidents of corruption wherein contracts with business partners were terminated	0	0	0

AllHome's Impact	Stakeholders Affected
Honesty is a critical corporate value of the organization while Transparency serves as the cornerstone of its Corporate Governance. AllHome Management aims to cultivate a workplace with transparency across the organization by taking proactive steps to	Employees, Business Partners, Investors

ensure that relevant stakeholders such as its employees are provided with comprehensive and updated communications channels and training on the company's anti-corruption policies and procedures. The Company conducts annual corporate values sessions as well as refresher courses on the Code of Discipline and other Company Guidelines and third-party seminars on related topics to reinforce compliance to core values. These are also part of on-boarding orientation for newly-hired employees. AllHome also regularly audits its communication procedures to ensure that appropriate disclosures and accounting are conducted by all employees including management. The Company ensures due process in accordance with labor laws are implemented in case of reports of possible incidents of corruption. Employees are required to submit (1) Disclosure Forms for any tokens/giveaways received regardless of amount, any employee caught in violation to the policy are dealt with accordingly; (2) the company has put in place a feedback system through its Whistle Blowing policy which encourages employees to report any wrongdoings they observed within the company.	

Management Approach to Impacts

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

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

- Conflict of Interest Policy – directors and employees must avoid situations where conflict of interest might occur
- Insider Trading and Related Party Transactions Policy – all material information shall be publicly disclosed to promote transparency
- Policy relating to Health, Safety and Welfare of Employees, including Company- sponsored Trainings – employees are not allowed to accept/give bribes to government entities, political

parties, or business partners ● Whistle-blowing Policy – any member of the Company may discuss or disclose in writing any form of a potential violation of the Company's policies

Risks to AllHome	Stakeholders Affected
In accordance with the AllHome ERM framework, the Company has identified risk-events such as data corruption and breach of confidentiality, loss of trust and good relationship with investors, employees, and the public, increased costs due to manipulation of company resources, delayed and disrupted operations, and other regulatory threats. AllHome is primarily engaged in buying, selling, distributing, marketing, at wholesale and retail, of all kinds of goods, commodities, wares, and merchandise of every kind and description in the home-construction and home- improvement markets. This makes the Company's operations largely devoted to procurement and selling transactions which are historically susceptible to corruption issues. Additionally, cost/credit term agreements with suppliers are deemed at risk of corruption, which may not be optimally beneficial for the Company should the corruption incidents occur.	Employees, Suppliers, Business Partners, Investors, Customers, Management

Management Approach to Risks
AllHome has a robust Code of Business Conduct & Ethics as part of its measures to encourage and institutionalize Transparency throughout its corporate governance. Hence, the Company, through the Internal Audit Department, conducts compliance self-tests and internal audits to mitigate its operational risks and to ensure that internal control policies are strictly observed. In addition, the Audit Committee together with the Controller and Compliance Officer ensures that updated processes and procedures are in place so that members of the Company and every dealing made by the Company adhere to statutory laws and regulations. To ensure that the principles of Transparency, Confidentiality, Trust, and Security are firmly observed, the AllHome Management has instituted that all new hires are trained on anti- corruption policies as well as on the Company's Code of Business Conduct and Ethics during their employee orientation. Reminders are also provided during assemblies.

Long-time employees, on the other hand, are required to undergo a refresher training on company policies as part of their annual employee evaluation, while more senior employees are specially trained on these topics as part of regulatory requirements. For cases of policy violations, any director, officer, manager, or employee may discuss or disclose in writing any concern or potential violation of national laws and company policies and procedures, without fear of retaliation as indicated by the AllHome Whistle-blower Policy.

Opportunities	Stakeholders Affected
AllHome regularly reviews and updates its policies, making sure that there are appropriate clauses on the confidentiality and security of information, transparency in the Company's internal workings, and the proper management of operations and company assets. Additional effort is being undertaken to further improve processes that can detect, prevent, and deter corruption with the organization as well as with its business negotiations.	Employees, Suppliers, Business Partners, Investors, Customers, Management

Management Approach to Opportunities
AllHome strictly abides by its Code of Business Conduct & Ethics. The organization has ensured that its anti-corruption policies are properly cascaded to relevant stakeholders such as suppliers and business partners before contract signing and at the finalization of deals as part of the supplier accreditation policy, procedures, and checklist

ENVIRONMENT DISCLOSURES

Resource Management

Energy consumption within the organization

Energy Type	2023	2022	2021
Gasoline (in GJ)	Data not available	Data not available	Data not Available
Diesel (in L)	33,651	21,750	13,418
Electricity (in MWh)	30,801	31,966[2]	16,443

Reduction[3] of energy consumption

Energy Type	2022 vs 2023	2021 vs 2022	2020 vs 2021
Gasoline	Data not available	Data not available	Data not available
Diesel	-11,901	-8,332	1,282
Electricity	-1,165	-15,523	2,880

AllHome's Impact	Stakeholders Affected
The almost back to the pre-pandemic business hours and shopping conditions with its busy foot traffic, the continuous improvement of the AllHome shopping experience and opening of new stores for the year all contributed to higher energy consumption in 2023.	Employees, Service Providers, and Customers

Management Approach to Impacts
AllHome promotes energy efficiency across its operations through proper scheduling and balancing the use of equipment and fixtures on a day-by-day basis.

[2] Electricity in 2023 has increased due to economic reopening, a better shopping experience, and the opening of new stores. Before, there were fewer operating hours, also to improve the shopping experience of our customers in terms of comfortable temperatures in our malls. The number of new stores opened in 2023 is greater than it was before the pandemic.

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

The Company keeps track of each store's energy consumption and notes any fluctuation in consumption versus previous periods. AllHome also regularly conducts maintenance checks of its equipment to ensure optimized efficiency. During the gradual return to regular business operations in 2023, AllHome also reverted to restoring store lighting to business-as-usual premium aesthetic levels to best showcase the stores' products and make shopping more pleasant in better air-conditioned surroundings. AllHome integrates energy-related considerations into its analysis of current and future property investments by investing in solar panels. As of 2023, 13 stores have been installed with solar panels including six large-format stores. The conversion to renewable energy sources has provided an estimated 8% to 10% energy savings to the stores' consumption

Risks to AllHome	Stakeholders Affected
Due to the nature of its business, AllHome is most prone to risks brought about by prolonged power interruptions due to natural catastrophes such as intense typhoons and extreme flooding.	Employees, Service Providers, and Customers

Management Approach to Risks
AllHome's safety protocols include regular preventive maintenance of its generator sets to guarantee maximum fuel efficiency and readiness during power interruptions.

Opportunities	Stakeholders Affected
AllHome keeps up with the latest best practices in the utilization and maximization of natural lighting during day time to lessen its electricity consumption.	Employees, Service Providers, and Customers

Management Approach to Opportunities
The branches of AllHome's depot-type stores were designed to accommodate natural lighting through the ceiling. This reduces the number of lights needed during daytime. All AllHome facilities also utilize energy efficient lighting fixtures and equipment like energy-saving light bulbs and energy-saving LED store signage.

Water consumption within the organization

Disclosure	2023	2022	2021
Water withdrawal	63,694	63,449[4]	N/A
Water consumption	63,694	63,449[5]	34,874
Water recycled and reused	N/A	N/A	N/A

The Company has no full control of its water because small specialty and large mall-based stores are leased with Vistamalls. However, AllHome has determined that its water usage, which is mainly for domestic purposes, has minimal impact on the environment.

This notwithstanding the Company has upheld water conservation directives that encourage concerned personnel to control or reduce their water use. The Company also monitors water consumption of each store and checks for any fluctuations contrary to the norm as compared with previous periods' water consumption.

AllHome also has set long-term water management goals. It intends to improve water quality by reducing pollution, minimizing use, or eliminating dumping of hazardous materials, and halving the portion of untreated wastewater.

The Company follows government agency standards in setting internal water discharge settings as well as in monitoring the quality of effluent discharge such as the policies implemented by the Laguna Lake Development Authority.

AllHome understands the critical value of water as a natural resource and the current threat posed by low watershed levels as well as the business importance of water footprints across the economic chain.

Materials used by the organization

	Quantity	
	2023	2022
Materials used by weight or volume		
a. Renewable	15,300 kilo carton and 5,400 pcs of plastic	16,000 kilo carton and 6,000 pcs of plastic

4 Water withdrawal is classifieds as a third -party water

5 The amount of water increased due to the normal store hours compared to the shortened operating hours of 2021 and 2020, and the addition of two stores: Mintal (Davao) and Agro.

b. non-renewable	N/A	N/A
Percentage of recycled input materials used to manufacture the organization's primary products and services	85% for cartons and 55% for plastics	90% for cartoons and 60% for plastics

AllHome's Impact, Risks, and Opportunities	Stakeholders Affected
AllHome stores are obliged to reuse cartons as packaging for the purchased merchandise of customers. Other cartons and used papers sold to recyclers contribute to increased income for the Company. The Company also promotes regular information dissemination on waste and materials management practices not only to increase awareness of staff but also to boost material use efficiency which in return allows the Company to divert its generated waste materials. AllHome's record for recycles included: 15,300 kilos of cartons repurposed for packaging purchases and other items as well as 5,400 pieces of plastics materials were used for wrapping donations or items for sale. Reused materials may not have similar qualities as new materials that may affect their reliability.	Employees, Customers, Recyclers

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

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

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

Environmental Impact Management

Air Emissions

Greenhouse Gases (GHG) (in Tonnes CO_2e)

Disclosure	2023	2022	2021
Direct (Scope 1) GHG Emissions	56.68	58.56[6]	36.13
Energy indirect (Scope 2) GHG Emissions	22,457	22,766	11,710

Air Pollutants

As of 2023, monitoring of air pollutants such as nitrous oxides (NOx), sulfur oxides (SOx), and particulate matter (PM) is not available. Even so, AllHome continues to track its energy use and manage accordingly.

AllHome's Impact, Risks, and Opportunities	Stakeholders Affected
The AllHome business model relies heavily on electricity and fuels such as gasoline to maintain the business. With a network of stores of varying sizes in different locations across the Philippines, the Company's energy usage powers its operations via generator sets, vehicles, and electricity- powered installations as part of its stores. This limits emissions to its vehicles, generator sets, and electricity use. In 2023, both Scope 1 and Scope 2 emissions of the Company decreased by 1.45% and 4.5% respectively, largely due to the indirect emissions from the electricity consumption and diesel generator. Full reopening of the economy due to the easing of pandemic restrictions, better shopping experience of the customers, and new stores resulted in higher energy consumption in 2023.	AllHome

Management Approach to Impact, Risks, and Opportunities
AllHome monitors emissions from generator sets annually and monthly through load testing. This is required as part of renewing the Company's Permit to Operate (PTO). Company-owned vehicles go through emission testing in compliance with the DENR requirements. For stores that are leased, the

[6] The computation of scope 1 and 2 GHG emissions is aligned with SEC guidelines.

administrative team of Vistamalls conducts in-house physical checking monthly to monitor emissions for the entire mall. AllHome shares the responsibility to limit emissions by practicing energy-saving initiatives like using energy-efficient lighting and equipment and turning off devices and equipment when not in use.

Solid and Hazardous Wastes

Solid Waste

Disclosure	2023	2022	2021
Recyclable wastes generated (in tonnes)	16.4	17.6	3.4

Hazardous Waste

Disclosure	Unit	2023	2022	2021
Total weight of hazardous waste generated[7]	pcs.	7,973	15,425[8]	280
Total weight of hazardous waste transported	N/A	N/A	N/A	N/A

AllHome's Impacts and Opportunities	Stakeholders Affected
As a premier one-stop shopping center on home improvement, 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 renovation projects. The Company is mindful that continued reliance on plastics such as	AllHome, Customers, Local Communities

[7] The data covers busted bulbs and batteries generated by all stores

[8] The increase in hazardous waste generated is because of two new stores and the replacement or upgrading of busted light bulbs. There were many busted light bulbs in previous years that were not replaced since the stores are either closed for in-store purchases or not fully operational. These bulbs were replaced only in 2022, when the alert levels were relaxed. In line with the economic recovery, Allhome upgraded many light bulbs from 40 watts to 80 watts.

for packaging purposes has adverse effects on the environment. It is estimated that products enclosed in plastic packaging materials can generate up to 16 tons of carton waste and 5,400 plastic pieces. As a responsible business enterprise, AllHome is taking progressive steps to significantly reduce the plastic waste generated by its operations. The Company plans to strengthen its implementation of reusing used packaging materials like cartons to reduce waste generation and lessen the clogging of affected waterways. AllHome does not handle its hazardous waste since the Malls and its branches are responsible for hazardous waste management.	

Management Approach to Impacts and Opportunities
AllHome supports the sustainability of its enterprise operations both in the industry and in the communities where it operates. It recognizes that the protection and conservation of the environment are vital to the longevity of its business. As an expansive business network across the Philippines with heavy reliance on carton usage, AllHome has an instituted waste segregation policy and program. Employees are trained and reminded to observe proper waste segregation and the importance of controlling our waste and its impact to our environment. The Company also separates recyclable materials for sale or re-use. For the rest of the waste generated by the Company's operations, third-party hauler services are contracted for further waste collection. These contracted services are separate from those contracted by Vistamalls. In stores, monitoring of wastes and waste-related activities will be continued by each store's repair and maintenance team. Customers are also reminded of proper waste disposal through signages and bring their own utensils or reuse disposable materials such as shopping bags. Security personnel are also tasked to monitor the compliance of customers. In addition to this, AllHome supports the policies and efforts of local government units to ban single-use plastics by encouraging its customers to use reusable bags upon bagging their purchases.

Effluents

AllHome measured the volume of water discharge at a total of 63,694.00 cu.m. in 2023.

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	2023	2022	2021
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	0	0	0
Number of non-monetary sanctions for non-compliance with environmental laws and/or regulations	0	0	0
Number of cases resolved through dispute resolution mechanism	0	0	0

Some AllHome large free-standing stores are not tenants of the mall. For other large stores that are Vistamall lessees, AllHome is not required to monitor compliance with environmental regulations. This notwithstanding, the Company puts in place energy-saving initiatives and progressive waste segregation policies. It ensures compliance with the environmental policies and house rules as imposed by the owners of the mall where AllHome stores are located.

For reporting year 2023, the Company has no reports on material non-compliance. AllHome continues to conduct regular department updates on permit/license requirements to avoid non-material incidents of non-compliance.

SOCIAL DISCLOSURES

Employee Management

Employee Hiring and Benefits

Employee Data

Disclosure	2023	2022	2021
Total number of employees[9]	563	514	639
a. Number of female employees	299	269	325
b. Number of male employees	264	245	314
Attrition rate[10]	22%	-18.39%	22%
Ratio of lowest paid employee against minimum wage	Confidential	Confidential	Confidential

Employee Benefits

List of Benefits	Y/N	% of female employees who availed in 2023	% of male employees who availed in 2023
SSS	Y	14.38%	11.90%
PhilHealth	Y	4.08%	1.24%
Pag-IBIG	Y	5.50%	5.68%
Parental leaves	Y	0.17%	0.35%

[9] The data includes regular and probationary employees assigned in the head office and stores.
[10] 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)

Vacation leaves	Y	46.71%	41.20%
Sick leaves	Y	37.83%	28.95%
Medical Benefits (aside from PhilHealth)	Y	0.72%	0.18%
Housing assistance (aside from Pag-IBIG)	Y	0	0
Retirement fund (aside from SSS)[11]	N	0	0
Telecommuting	Y	0	0

Diversity and Equal Opportunity

Disclosure	2023	2022	2021
% of female employees in the workforce	53	52	51
% of male employees in the workforce	47	48	49
Number of employees from indigenous communities and/or vulnerable sector[12]	N/A	N/A	N/A

AllHome's Impact
The Company offers learning and development opportunities, and competitive compensation and benefits packages for all its employees nationwide in the spirit of pursuing its mission of providing excellent service to all its stakeholders. This initiative proves to be effective in sustaining employee engagement and retention.

[11] AllHome has yet to determine when to establish a retirement fund.
[12] Vulnerable sectors include, 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).

AllHome also takes pride in its reputation as an employer that actively promotes equal employment opportunities. In 2023, the Company's manpower resource data revealed an almost 1:1 ratio for female and male employees, which is a proof point of its commitment for equality to all who wish to work at AllHome. In terms of Board composition, AllHome adheres to diversity of views and opinions in the decision-making process. As of 2023, 57% of the members of the Board are female.

Management Approach to Impacts

AllHome aspires to be known as an "Employer of Choice" in the Philippine home improvement industry by offering competitive salary and benefits packages. 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.

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

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

The company upgraded the medical plan of all employees, strengthened the online consultation of healthcare providers, and designated an affiliate clinic to cater the RT-PCR testing of all employees.

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

AllHome fosters a company culture where every voice is welcome and valued. The Management promotes diversity and inclusion in the workplace and implements non- discriminatory practices. The Company had also successfully built a multigenerational workforce that speaks well of an enriched talent pool.

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

Gender Equality is evident in the employee composition of AllHome. The Company ensures that all employees regardless of rank and position are 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.

Management Approach to Risks

Having a Competitive Spirit is a welcome corporate value of AllHome. 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 include, but is not limited to the following:

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

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

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

Risks to AllHome

The threat of attrition is identified as one of the Company's Operational Risks. AllHome identified zero significant risk because the Company has zero reports on discrimination against any employee, supplier, or applicant based on gender, age, disability, educational attainment, race, and religion.

Opportunities

AllHome's continued expansion and increase in revenue earnings has prompted the Company to continue to provide ways for its employees to enjoy exclusive perks, rewards, and incentives

By 2023, AllHome's network has grown to 72 stores across Mega Manila, Luzon, Visayas, and Mindanao. This, in turn, enables the Company to provide more opportunities for employment for the local communities around its branches.

Management Approach to Opportunities
AllHome's career longevity and retention program features a rewards and incentives program that gives tribute to deserving employees (individually and as a team). The Company's Loyalty Award Program boasts of rewards such as free local and foreign travels as well as competitive salary increases based on performance evaluation. The Company has a quarterly engagement activity, Jumpstart, wherein rewards and recognitions are announced during the event. Individual and team performance are duly recognized. AllHome launched the first-ever virtual Jumpstart via Zoom in 2020. By 2023, Jumpstart was redubbed as Leader's Assembly and was held in in-person sessions. AllHome also offers the PreMium Awards program. This recognizes stores and individuals who have achieved and surpassed given targets of the month/year AllHome strictly complies with the directives from the Department of Labor and Employment as well as its own corporate policies to ensure fair and equal employment opportunities are implemented by providing accessible and diverse options for applicants. Interested individuals may file their job applications online, on-ground, and on-site. AllHome prioritizes applicants from the local communities within the vicinity of its stores before considering applicants from other locations. Through these approaches, the Company ensures that its employee base is diverse in terms of culture, religion, ethnicity, and socioeconomic background.

Employee Training and Development

Disclosure	2023	2022	2021
Total training hours	11,392	16,084	10,474
a. Female employees	6,235	9,040	5,216
b. Male employees	5,190	7,044	5,258

Average training hours[13]	20.29	31.29	16.39
a. Female employees	20.85	33.61	16.05
b. Male employees	19.66	28.75	16.75

AllHome's Impact
All AllHome training programs were created with clearly defined objectives of increasing productivity and elevating performance. It is believed that productive team members equate to an increase in sales and employee productivity. This would also allow advanced preparation for future talent needs due to expansion of store networks. Webinars continued to play an important part in AllHome's learning and development initiatives. In 2023, AllHome prioritized employee growth and sustainability through targeted training programs. These initiatives covered essential store operations, sales management, specialized external training, personal development, industry engagement, and regulatory compliance. By equipping our workforce with vital skills and knowledge, we aim to drive operational excellence, enhance customer satisfaction, and contribute to our sustainability goals. On the other hand, the number of training sessions declined due to a growing preference for face-to-face workshops. Company records showed that 47 internal and 57 external training sessions on technical and behavioral programs were provided.

Management Approach to Impacts
Training is provided based on the result of in-house audits, customer feedback, and store assessment of its workforce vis-à-vis store standards. It is also provided in preparation for the employees' career advancement in the Company. AllHome Training Academy meticulously designed its training modules by considering in-house audit results, customer feedback, and thorough store assessments. These efforts generated a targeted and customized approach to address specific areas of improvement.

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

Risks to AllHome
Despite more and more people sporting covid booster shots and moving largely unmasked in 2023, connectivity remained to be a top challenge for training This barrier has limited the learning absorption of team members on products with high or technical specification and therefore, may also impact AllHome's capacity to maintain a highly skilled workforce that is mandatory for its target clientele of discerning shoppers. AllHome's workaround solution in 2023 is to continue its hybrid approach in training its teams. This, however, exposed personnel who reside in areas with poor internet service to suffer connectivity challenges. For face-to-face training and meetings that involve large gatherings or have immune-compromised participants, swab testing is required to ensure a negative result for the safety of all participants.

Management Approach to Risks
AllHome believed in employing uniform training programs to sustain a standardized skill set across the entire workforce. The Company found this approach as the most effective in producing efficient staff with low risk of operational disruptions due to skill disparities. In 2023, AllHome continued training via webinars while exploring the eLearning capability of the Company's system applications and products (SAP) system.

Opportunities and Management Approach
AllHome employs many employees in its stores and connections with its other operations. The success of the Company depends on its ability to hire, retain and educate an effective workforce with the requisite skills and knowledge to serve its customers. Thus, it commits to provide proper and adequate training and development programs for its employees. AllHome will continue to conduct annual evaluations for all employees to improve their performances. Standards are used to evaluate the improvement of skills, work performance, and adherence to corporate values. Particularly, annual performance, sales performance, and customer service performance are evaluated. Training will be provided continually as preparation for an employee to perform future roles and responsibilities. Additionally, replacement planning will be done to proactively identify key personnel in

operation functions. Succession planning will help direct AllHome to develop a plan to prepare multiple individuals to potentially perform certain functions.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	2023	2021	2022
Safe Man-Hours	812,268	913,536[14]	1,594,768
No. of work-related injuries	17	19	18
No. of work-related fatalities	0	0	0
No. of work-related ill-health	0	0	0
No. of safety drills	80	100	100

AllHome's Impact
AllHome's operations require employees to be involved in the transportation and installation of home improvement fixtures in the structures of its customers as well as in its facilities. In 2023, there were reported incidents of bruises, dislocations, burns, and muscle strains which are caused by lifting merchandise off racks. This prompted the Company to review its Occupational Health and Safety Management and ensure its personnel undergo the proper training following OHSM protocols.

Management Approach to Impacts
AllHome also actively participates in the drills facilitated by the national government. A total of 80 safety drills were participated by all stores and offices in 2023. AllHome adopts a health and safety policy pursuant to Section 32 of R.A. 11058 (An Act Strengthening Compliance with Occupational Safety and Health Standards and Providing Penalties for Violations Thereof) and its Implementing Rules and Regulations under Section 14 of D.O. 198-18. The health and safety policy of the Company guarantees that it equips a place of employment that is free from hazardous conditions that are likely to cause physical harm to employees and its clients. This

[14] The decrease in Safe Man hours is due to negative attrition and a lower number of employees in 2023.

includes the provision of proper orientation to all employees, risk assessment and prevention programs, and training of safety officers and first aiders. Communication of this policy on all various forms are through e-mail, adequate signage throughout the workplace, and routine safety check.

The Basic Occupational Safety and Health (BOSH) and First Aid training were continued in 2023 for select AllHome employees who have been assessed as capable to respond to emergencies. These training were conducted for free on a yearly basis and participated by employees from different stores and office locations. Employees who completed the training received certificates, meals and transportation allowance for off-site training.

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

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

The various occupational health services that the Company provides include the implementation of policies on non-discrimination, provision of reasonable working arrangements, educational and awareness campaigns, and improvement of workplace conditions among others. By providing employees a working space free from harm, with proper ventilation and adequate sanitary facilities, the possibility of disease transmission can be reduced. A monitoring system is also used to ensure that facilities are well kept and safe for all employees.

Furthermore, periodic annual medical examinations are also conducted as a follow-up on previous findings, to allow early detection of occupational and non-occupational diseases and determine the effect of exposure of employees to health hazards.

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

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

Risks And Management Approach

AllHome employees are informed during company-mandated training about the safety procedures and standards that should be always observed to promote physical safety as well as awareness of merchandising safety standards.

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

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

The Company continuously communicated COVID-19 policies and guidelines to remind employees of the health and safety protocols. Safety Officers are assigned to ensure the policies are enforced and practiced. 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.

Community quarantines and alert levels were relaxed in 2023, and work-from-home was implemented for those employees with symptoms who had been exposed to or tested positive for COVID and were provided shuttle services to ease transportation concerns and reduce the risk of exposure. The Company also developed a guideline to properly manage cases of those who have potentially contracted the disease and their close contacts. Employees who feel unwell and those who develop symptoms are advised to stay at home, self-isolate, and contact a medical professional for advice on testing and referral. To keep track of employees' health, the Company organizes on-site annual physical examinations and also provides health care plans to employees and their dependents. Employees are also encouraged to keep an active and healthy lifestyle through information campaigns and fitness activities. Additionally, employees are also regularly screened for COVID-19 symptoms.

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

AllHome identified Safety Officers for each area. They are responsible for promoting the health and safety policy program, resolving worker health and safety complaints, and monitoring compliance with health and safety regulations. To identify and assess hazards, Safety Officers undergo Basic Occupational Safety and Health Training. They conduct periodic workplace inspections. Through regular site inspection, audit, and assessment, The Company identifies areas that need to be checked and regularly monitored. Employees and authorized personnel such as Safety officers and security personnel can report directly to the Facilities Management department if they notice any work-related hazards. In effect, the concerned department could act promptly to check issues that need to be addressed.

Opportunities
AllHome complies with the standard business safety protocols, with safety processes in place to keep staff and customers protected during their AllHome shopping trips.

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

Labor Laws and Human Rights

Disclosure	2023	2022	2021
Number of legal actions or employee grievances involving forced or child labor	0	0	0

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

Topic	Y/N	If Yes, cite reference in The Company policy

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

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	N/A	%
Number of consultations conducted with employees concerning employee-related policies	12	#

Impacts, Risks, and Opportunities

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

The Company exercises Human Rights due diligence work by identifying and taking action on actual and potential human rights risk for workers in its operations and the services it uses. The Company's approach to due diligence is based on engagement and collaborative action. It enables better visibility on operational processes, reduced attrition, improved hiring and training and enhanced reputation and credibility.

The Company ensures that its employees' human rights are protected. Policies are in place to prevent discrimination and allow grievances through its Whistle-blowing and Open-Door policies.

AllHome has zero recorded issues and legal actions involving forced or child labor in 2023. The Company strictly adhered and conducts due process in cases of policy violations. It does not have any collective bargaining agreement with any employee and none of its employees belong to a union.

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

To eliminate or mitigate the risks posed, AllHome proactively informs employees on the policies and procedures which are also in line with the country's labor laws.

Management Approach to Impacts, Risks, and Opportunities
AllHome commits to protect its employees and stakeholders from any form of discrimination or harassment. It also ensures that employees are provided with just and humane treatment, equal employment opportunity and protection from any harm and discrimination. True to its mission and core values, the Company strives to protect human rights and respect individuals from all walks of life. This is embedded in the Company's Code of Discipline and communicated through the core orientation. Employees are always reminded of the Company's core values and the importance of showing respect for one another, including one's personal boundaries, and policies and procedures that are in line with the country's labor laws. All new hires are also informed of the solid guidelines as part of the new employee orientation. For any operational changes, the Company provided a one-week notice period to functions that are affected by those changes. The Company has a simplified implementation mechanism as follows: have a designated complaint mechanism in place, respond promptly to complaints, and investigate discrimination, prevention, and remedial actions. Any officer or employee, who experiences or witnesses any act of harassment or discrimination in the workplace, shall report immediately to the Committee on Decorum and Investigation or to the Employee Relations (HR). The Committee shall investigate the incident and upon completion of the investigation, inform all parties of the outcome and decision. For just causes of termination of employment, due process comprises the twin notice rule and that is to give the concerned employee a written notice as to the cause or basis on which his impending dismissal rests and reasonable opportunity to address the same. Such grievances are dealt with promptly, fairly and in accordance with the company policies. The Management created effective approaches for communication, giving the employees, suppliers, and other stakeholders the opportunity to voice out their concerns with the assurance of fair treatment and utmost confidentiality. The Company employs the two-way communication approach wherein

listening to employee issues and concerns effectively builds loyalty and drives improved productivity. Every Department Head is encouraged to learn by listening on issues and concerns before they become formal grievances. This process can also discover potential employee relations issues. These communication strategies are often top-down, with Senior Management setting the tone for cascading messages. Another approach is to ensure that key leaders are being coached and trained on their role in ensuring effective company-wide communication. Communication training encompasses company communication policies and train-the-trainer initiatives.

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.

The company maintains an open-door policy when it comes to work-related concerns and complaints. AllHome encourages employees to participate through suggestion schemes, employee surveys, meetings, pep talks, and store visits. Sharing of opinions fosters teamwork and provides an opportunity for the improvement of its products and services. Their involvement also helps in making the organization a better workplace. These suggestion schemes were delivered via digital platforms such Zoom and Viber. The Company prohibits employment-based retaliation against anyone who brings a complaint or any work-related concerns.

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

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

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

AllHome continues to improve the awareness of all stakeholders through training and ensure diversity in the workplace is sustained. The Company will continue to implement a clear framework in addressing grievances through an established internal procedure for complaints. Such grievances are dealt with promptly, fairly and in accordance with the company policies.

Supply Chain Management

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

<table>
<tr><th>Topic</th><th>Reference in The Company Policy</th></tr>
<tr><td>Environmental performance</td><td>As stipulated under the Conduct of Business and Fair Dealings policy, AllHome requires suppliers to provide information on their environmental performance such as safe operations in its facilities and offices. Verification is done through site inspections</td></tr>
<tr><td>Forced labor</td><td rowspan="4">AllHome requires suppliers to provide information on its manpower that are verified through background checks. This is in accordance with the Company’s provision on the Conduct of Business and Fair Dealings policy.</td></tr>
<tr><td>Child labor</td></tr>
<tr><td>Human Rights</td></tr>
<tr><td>Bribery and corruption</td></tr>
</table>

Impacts and Risks

AllHome has steadily expanded its network of suppliers and concessionaires since the start of its operations. It maintains a sourcing network comprising an aggregate of over 700 suppliers (including concessionaires).

Aside from its retail partners and suppliers, the Company also relies on third-party distributors and suppliers, including concessionaires for its inventory intake and store displays, and other third-party service providers such as logistical services for the delivery of its products to its stores, distribution centers and in-store warehouses. Any deterioration in the relationships between new and existing suppliers, distributors and third-party service providers or other changes relating to these parties, including changes in supply and distribution chains exposes AllHome to the risk of being unable to carry merchandise and products that are in demand. Ultimately, this could have an adverse effect on the business, financial condition and results of operations.

As a member of the retail industry which relies heavily on the procurement and transport of goods, AllHome puts great efforts into choosing its suppliers. The quality of the brands and products being sold and the reputation of suppliers would also reflect on the Company’s performance. In 2023, AllHome recorded zero significant negative environmental and social impacts in its supply chain.

The risks identified by the AllHome Enterprise Risk Management framework involves delivery delays in the company’s supply chain, security of products during transport, and supply availability.

The AllHome Enterprise Risk Management framework identifies power interruptions as one of its main risk-events. In situations of prolonged power interruptions brought about by natural catastrophes such as intense typhoons and extreme flooding, the fuel consumption of AllHome may be affected due to the increased usage of generator sets to maintain and support business operations.

A Track Record of Growth and Profitability

AllHome considered building relationships with key stakeholder such as suppliers as among the factors for its success and that this relationship can be fostered by leveraging on its expanding store network and business scale.

Optimizing flexibility to fine-tune the product mix from the comprehensive inventory of specific stores to better serve customer demographics and preferences also proved to be a winning formula for significant earnings. Business opportunities are identified through a proactive sales data analysis of each product category.

Management Approach to Impacts and Risks

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

AllHome employs strict auditing mechanisms and processes for all its suppliers. New suppliers undergo a strict audit process before considering their products in AllHome stores. Suppliers are required to conform to the standards set out in the terms of the contract. These standards include a commitment to timely and reliable delivery of products, meeting the required specifications, and adherence to relevant laws and regulations such as DTI regulations on trademarks and product authenticity. In addition, prior to the delivery or display of the products in its stores, quality control teams conduct a sample check of the products by visual inspection. AllHome also does not rely on any single supplier as it maintains a wide network of suppliers. This ensures a robust source and network of suppliers that can respond to any supply-related challenges. As the home improvement industry is susceptible to changes in the market trends and customers 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."

AllHome makes sure that fuel wastage is mitigated or prevented. To do this, AllHome conducts regular preventive maintenance of its generator sets to guarantee maximum fuel efficiency.

Opportunities
Since AllHome champions business and environmental sustainability, it encourages its suppliers to adopt good procurement and sustainability practices as part of their mechanisms and processes. AllHome keeps up with the latest best practices for sustainable businesses and as such identified the utilization and maximization of natural lighting during daytime to lessen its electricity consumption. This also allows AllHome to become an environmentally friendly enterprise.

Management Approach to Opportunities
Strict measures are embedded in the supplier's accreditation process as outlined in the Code of Business Conduct and Ethics that includes financial, operational, social, and environmental metrics for accrediting a supplier. To maintain transparency of results with suppliers, the Merchandising Group of the company conducts quarterly review of the supplier's performance to see if AllHome will renew their annual contract. Normally, the minimum contract with suppliers is one year. In case of short engagements (<1 year), monthly performance reviews are conducted, and corresponding action items are identified and tracked to ensure that service level agreements are met, (e.g. Delivery Fill Rate and On-Time Delivery). 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. AllHome employs strict auditing mechanisms and processes for all its suppliers. New suppliers undergo a strict audit process before AllHome 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.

Suppliers to AllHome are tasked to also improve their sustainability gradually for the duration of their contract through the following means:

1. Supplier Sustainability
   - By providing promoters to monitor sales and inventory level for each store
2. Transparency with Suppliers
   - Regular Business Reviews
   - Regular sending of non-moving Inventory for Promotion Support
   - Monthly sending of Sales Performance

Below is a typical Business Review agenda with suppliers:

Business Review Agenda:

1. Sales Review vs Previous Years
   - Per Store
   - Per Sub Category
   - Per Brand (if applicable)
2. Sales Target for Next Year and Incentives
3. Manpower Status and Incentives
4. Promotion Support (Opening Support, Marketing Promotion, etc.)
5. Distribution Charge Support
6. Fill Rate
7. Inventory Review (Fast Moving, Non-Moving, etc.)
8. Payment Terms
9. Commission Rate
10. New Item Offerings

Relationship with Community

Significant Impacts on Local Communities

AllHome has identified that its operations in the local home improvement industry have no significant negative impact and risk to the local communities. AllHome has always been mindful of the communities where its 72 stores are located nationwide. Sourcing and hiring talents within the vicinity of their respective locations is one of the ways AllHome gives back and benefits the communities.

Local stores are encouraged to entertain and support projects in their communities. Project proposals are vetted to see if they are in line with the corporate values of AllHome.

AllHome has always built stores closer to residential areas rather than commercial areas. Consumers are more inclined to shop closer to home as it is the most convenient to them in the face of worsening traffic. With having an Everyday QuickFix as their neighbor, everything that is needed for daily activities and household projects can be obtained in a matter of minutes—customers get what they need when they need it.

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

AllHome upholds its responsibility to the communities where they are present through its company-led corporate social responsibility (CSR) activities through AllHome Builds. This program aims to promote a sustainable lifestyle to all its stakeholders. AllHome's financial resources for beneficiaries and partner communities are allocated through product discounts and promotions. AllHome puts value in employee volunteerism to develop well-rounded staff and thus highly encouraged participation in CSR activities such as clean up drives.

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

In 2023, AllHome supported various communities through the following initiatives:

- **Project AKBAY.** In partnership with the University of the Philippines-Diliman BS Interior Design students. AllHome donated appliances and other items to a child rehabilitation center in Quezon City. This project is part of the university's service-learning program, where senior students are tasked to apply their talents and skills in uplifting the community of their chosen beneficiaries through projects such as renovating interior spaces of select government or NGO facilities. This school year, the class of 2023 has chosen the Kuya Center for Street Children as its primary beneficiary for ID 179 Renovation Project, nicknamed Project Akbay.
- **Butuan Donation.** AllHome donated tiles for Brigada Eskwela
- **Santiago City Donation.** AllHome donated tiles to Santiago's Department of Education branch
- **Las Pinas National High School STEM Classroom & Faculty Room Renovation.** AllHome donated and contributed to the renovation of the school's Science & Technology Engineering & Mathematics (STEM) Room and Science Faculty Room, supporting the school's efforts to provide quality education in the new learning environment.
- **Caritas Manila Partnerships.** AllHome was instrumental in repairing and renovating the Our Lady of Assumption Parish Convent and others chapels in Butuan City. The Company also

donated construction materials to Caritas Manila which spearhead the chapel renovation projects in Agusan del Norte. Other religious facilities in Jabonga, Agusan del Norte that benefited from AllHome's donations were the Our Lady of Assumption Parish Convent, Birhen dela Paz Chapel in Barangay Cayatulog, Birhen sa Fatima Chapel in Barangay Bunga; and San Vicente Chapel in Barangay Bangonay.

AllHome also supported Caritas Segunda Mana Donations-in-Kind Program, which aims to convert in-kind physical donations into cash. In return, the funds are used for its feeding and nutrition campaign.

The Company also supported Caritas Manila's feeding programs in communities heavily affected by the COVID-19 pandemic and the recent typhoons. The beneficiaries included about 3,000 indigent families (15,000 individuals) in 15 identified feeding centers across Metro Manila.

Camille Villar, President and CEO of AllValue Group that handles operations of the retail arm of the Villar Group, said the Company is active in providing assistance to underserved communities, especially in the countryside. "Whenever we can, we reach out to communities that need help in terms of reconstructing their homes, particularly, during calamities. It has been part of our corporate responsibility," Villar said.

AllHome president Benjamarie Therese Serrano said the company is committed to giving back to the community – owing this to the vision of Villar Group chairman Manny Villar.

"AllHome has been in the forefront of making beautiful homes for about a decade. Along with this, it has always been ready to give back to our communities which need help," Serrano said.

AllHome Builds, the company's socio-corporate arm, has recently bagged the bronze award during the 2023 Stevie Awards for Women in Business under the category for Community-Involvement Program of the Year for Women-owned and Women-led Organizations.

- **PetBuddy donation to PAWS.** AllHome Builds, through PetBuddy, collaborated with the Philippine Animal Welfare Society (PAWS) during a free spay and neuter outreach in Brgy. Burgos, Rodriguez, Montalban, Rizal, in celebration of World Kindness Day in November. PetBuddy donated pet essentials like dog and cat food, vitamins and more.
- **Imus National High School.** AllHome donated to the Imus National Highschool Brigada Eskwela project
- **Iloilo Donation,** AllHome donated water closets and electric fans to Iloilo National Highschool.
- **Gawad Kalinga Roofing Donation.** AllHome donated roofing materials to the Gawad Kalinga Community to renovate its GK Western Union located in Barangay Bucana, Naic,

Cavite.

- **Habitat for Humanity.** AllHome donated paints for Bignay-Maunlad Socialized Housing (Habitat for Humanity Philippines)
- **Christmas Carols at AllHome.** As part of #CelebratingTheMagicOfChristmas at AllHome, select stores transformed into enchanting venues for chorale performances by the project beneficiary, the Psalm of David Harmonic Orchestra held during weekends in December. The Psalm of David Harmonic Orchestra, Inc., a non-stock, non-government organization dedicated to promoting the "Music Against Drugs" campaign.

Customer Management

Customer Satisfaction

Disclosure	2023	2022	2021
Customer Satisfaction Score	4.4	4.2/5[15]	8.9/10
Conducted by third party?	Yes	Yes	No

AllHome's Impact
For the year 2023, AllHome received a 4.4 out of 5 stars from an online customer satisfactory survey that gathered reviews from customers for every AllHome branch. The Company's Market Research Team consolidated, processed, and analyzed the data and reported the insights to management and critical teams who, in turn, transform the takeaways into business strategies all designed to support AllHome's commitment to better serve its clients.

Management Approach Impacts
It is AllHome's ambition to make shopping for the home a unique and hassle-free experience. Unique because it is the only one stop shop for all home needs. It boasts of a wide selection of items for everything home and building materials. The stores also provide inspiration through the showcase areas. It is hassle-free because store personnel are trained to answer customer questions while they are

[15] Customer Satisfaction Score of 2023 is 4.4 for 31 AllHome stores in the Philippines

shopping, and complementary services such as interior styling, installations, furniture delivery and assembly are available.

As the Philippines' leading home improvement retailer, AllHome emerged as the unrivaled winner at the Customer Engagement Excellence Awards Philippines 2023. This recognition is considered a significant achievement for AllHome, whose already exceptional personalization of customer interactions and communication elevated engagement and retention to a remarkable 300% improvement from an already remarkable standard.

Personalization: The key to customer engagement success

In a world where customers crave tailored experiences, AllHome realized the importance of personalization as a catalyst for enhanced customer engagement and retention. By harnessing the power of customer data and segmentation, AllHome successfully sent targeted messages, tailored recommendations, and personalized offers, revolutionizing the customer experience in the process.

AllHome's triumph was made possible by leveraging comprehensive data analytics, AllHome gained valuable insights into customer preferences, behaviors, and purchase history, allowing them to create targeted and relevant experiences.

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

Customer Experience

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

Even prior to the accelerated acceptance and adoption of e-commerce, AllHome began its journey in embracing the inevitable shift to a digital way of doing business. AllHome introduced three channels to the market: its e-commerce platform, www.allhome.com.ph; SHOP4U personal shopper service, and its Viber Communities— Shop Online at AllHome and AllHome Builders Centre Shopping Community.

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

AllHome offers the AllHome Personal Shopper service SHOP4U, wherein orders are submitted through

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

The Company has created two Viber communities – Shop Online at AllHome with over 10,000 members– that are available to answer inquiries and to receive orders every day. Other engagements include live chat, product ratings for items ordered on the e-commerce site, Facebook Messenger, and Google My Business reviews.

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

In 2023, AllHome saw growth opportunity in after-sale services and launched a one-stop-solutions team that supplements the core business in home retail. The services offered are as follows: Aircon Installation and Repair, Interior Styling Consultation that involved Furniture and Modular Cabinet Assembly, Full-service Paint Mixing and Gift Wrapping. AllHome also offered Move-in packages for new home owners, taking advantage of its tie-ups with leading developers to provide a stress-free way to fit out newly turned over houses and condo units.

Another innovative marketing strategy that enjoyed a growing patronage was the AllHome's Park-and-Shop concept, which leveraged on AllHome's "standalone" formats that offered the advantage of separate entry and exit points. This convenient direct access to parking spaces made AllHome a preferred shopping destination as consumers need not carry their purchases over long distances to their cars.

Product and Service offerings

AllHome offers a variety of merchandise that ranges from hardware, construction materials, appliances, furniture, and home furnishings. To boost value, the Company also offers free consultations on home and interior styling, personal shopper service, e-commerce site, assembly and delivery, and a 0%

installment payment scheme. It also offers AllHome exclusives (its in-house brands), customizable furniture, and hassle-free delivery.

Co-located Retail Ecosystem

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

Risks to AllHome

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

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

Management Approach to Risks

AllHome relies on experience, data and established processes to accurately forecast and manage fluctuations in demand. These processes include conducting internal and customer surveys, reviewing industry reports, attending trade shows and industry benchmarking to assess changes in consumer preferences.

AllHome always welcomes feedback, comments, and suggestions from its customers. There are physical customer service desks, store hotlines and emails, and social media accounts to address customer needs and concerns.

Online Customer Feedback and Suggestion Form can be easily accessed through scanning the QR code which are located near the checkout counters. This initiative was formally launched in May 2021 and continued in 2023 to immediately capture and address the concerns on a per-store level. These forms are readily available for customers to use at any time for any feedback, complaints, or suggestions they may have. The response rate for QR is almost half of the total responses received from online google reviews and manual surveys. This is also introduced to customers by the Sales Specialists as part of their closing pitch.

Opportunities and Management Approach

With the rise of "revenge retail" as a customer behavior trend, AllHome Vice Chairman Camille Villar maintained confidence in the chain's ability to capitalize on market shifts and emerging customer preferences.

Furthermore, continuous feedback and improvement are integral to AllHome. Through the customer satisfaction surveys, the Company is able to include new value-added services, such as furniture assembly and water heater installation that were based on customer demand. Hence, it will continue to use the survey to identify more opportunities that will enhance customer experience and maximize all product and service offerings.

AllHome has a complete customer service program that covers various modules, including the basic standards and culture of service, and continuing education on technical/product proficiency series, to help frontliners sell with ease and confidence alongside retail salesmanship. The program includes an internal customer service compliance audit that is tied up to the store's performance objectives to ensure consistency of execution.

Health and Safety

Disclosure	2023	2022	2021
No. of substantiated complaints[16] on product or service health and safety	0	0	0
No. of complaints addressed	N/A	N/A	N/A

AllHome's Impact, Risks, and Opportunities
The entire network of AllHome stores are fully compliant to the safety protocols set by the Department of Health and other relevant government agencies. Thanks to the growing utilization of AllHome's digital platforms there was zero complaints on health and safety recorded for 2023. Digitization continued to be a part of the strategy while the stores prepared for higher foot traffic.

Management Approach to Impact, Risks, and Opportunities
AllHome is committed to maintaining a secure shopping environment for customers and a safe work environment for employees. In 2023, AllHome's "Park and Shop" concept encouraged more customers to take advantage of the direct access to parking spaces, especially those stores inside Vistamalls. This not only added convenience but reduces shopper traffic congestion within the shopping areas. The Company boosted its online presence with various initiatives that build on the organization's primacy through an omnichannel approach. For more information on the digital channels available, see Customer Satisfaction section. The Company's product offerings have labels on their safe use that are provided by the respective brands. Sales personnel demonstrate the correct operation and use of the products. Furniture assembly services are also offered to eliminate the risk of improper assembly by customers which might lead to accidents. Despite the lowered Covid risks in 2023, AllHome still sustained sanitation practices. The bathrooms, elevator buttons, and escalator handrails are disinfected regularly. All AllHome stores are regularly disinfected by ShieldTec or EnviroNet. Queuing stickers can be seen in the areas where the lines take

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

place. Posters that promote the practice of social distancing, keeping hands sanitized, and other precautionary measures to follow and observe are seen throughout the stores to help remind customers and employees.

Marketing and Labelling

Disclosure	2023	2022	2021
No. of substantiated complaints on marketing and labeling	4	13	0
No. of complaints addressed	4	13	0

AllHome's Impact

AllHome keeps itself abreast of developments in the retail industry and business trends. With this knowledge, the company can promote its competitiveness among its peers. Any concerns on marketing and labeling are resolved immediately at store level. Efficiency information is displayed visibly inside the store. AllHome educates consumers through social media posts on energy and efficiency performance of appliances available at AllHome. The Company also promotes energy-saving products inside the stores

Management Approach to Impacts

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

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

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

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

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

- Digital Marketing: AllHome maximizes the digital space through its e-commerce site and search engine optimization (SEO) efforts. The Company also uses social media sites like Facebook, Instagram, Tiktok and Youtube to generate awareness and advertise their products. In 2023, website views reached 2,282,645.

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

- In-store Display: featured products are highlighted at each store entrances

These strategies are used to promote AllHome's seasonal catalogue, seasonal and major sale events, exhibits, and store events or demos. All promos go through the Department of Trade and Industry for the necessary permits and a third-party agency is contracted for the production, delivery, and installation of the marketing materials.

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

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

Opportunities

AllHome continued its local marketing campaign that consists of flyer distribution, SMS and email blasts, out-of-home advertisements (billboards, lamp post banners) and above the line advertisements on local radio, especially for provincial stores.

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

Management Approach to Opportunities

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

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

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

Customer privacy

Disclosure	2023	2022	2023
No. of substantiated complaints on customer privacy	0	0	0
No. of complaints addressed	N/A	N/A	N/A
No. of customers, users, and account holders whose information is used for secondary purposes	0	0	0

Data Security

Disclosure	2023	2021	2022
No. of data breaches, including leaks, thefts and losses of data	0	0	0

AllHome's Impact
AllHome operates rigorously with strict data and information security in accordance with the Data Privacy Act (DPA). The Company has existing controls and measures to protect customer data regarding its collection, handling, use, sharing, processing, disposal, or storage, especially sensitive and critical data. Thanks to these processes, AllHome recorded zero substantiated complaints on customer privacy and zero cases of data breaches in 2023.

Management Approach to Impacts
AllHome implements a strict policy on the Code of Conduct and Business Ethics that prohibits deliberate disclosures of pertinent data. Any deviations must be handled with due diligence according to the disciplinary process of the Company. For more information, see the Privacy Policy here. The Company also abides by the procedure and regulations set by the Government which include compliance with the guidelines set by the Department of Trade and Industry and with the DPA. Its processes are in line with the DPA. The Data Privacy Officers (DPOs) regularly attend training and seminars accredited and organized by the National Privacy Commission (NPC). Since 2020, the Company uses multi-layer security technologies from anti-virus to intrusion prevention system/intrusion detection system (IPS/IDS) on its data centers.

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

Management Approach to Risks

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

To address challenges in data security, AllHome subscribed to the Zero Trust Network access for remote users to comply with its data security policy. No data breach incidents were reported in 2023.

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

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

Opportunities

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

Management Approach Opportunities

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

CONTRIBUTION TO THE UN SDGS

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

Key Products and Services	Construction Materials Hardware Tiles and Sanitary Wares Furniture Appliances Homewares Linens
Societal Value / Contribution to UN SDGs	**SDG 4: Quality Education** ● AllHome donated tiles, water closets, and electric fans to different schools. Construction materials were also donated to renovate the Science, Technology, Engineering, and Mathematics (STEM) room for Las Piñas National High School to improve the learning environment for students. **SDG 5: Gender Equality** ● Ensures that all employees, regardless of gender, receive just and humane treatment, equal employment opportunities and protection from any harm and discrimination. Beyond ensuring that sound and transparent Company policies, rules, and regulations are implemented, its practices are designed to be in line with the requirements of due process. **SDG 8: Decent Work and Economic Growth** ● Retail trade fosters economic growth through the extensive supply of inventories from different local suppliers and the establishment of a wide retail network across the country, resulting in job creation and employment opportunities for people living in nearby communities around AllHome stores. **SDG 9: Industry, Innovation, and Infrastructure**

	● Construction materials, hardware, tiles, and sanitary wares are intermediate and final products that are commonly used in infrastructure development. The AllHome home improvement company / retail facility serves to meet Filipinos' needs for structural improvement. ● The furniture, appliances, homewares, and linens industry are continuously evolving. There is a growing demand for innovative products on the market that could help improve people's lives, even in simple ways. **SDG 11: Sustainable Cities and Communities** ● AllHome, as a home improvement company, helps to encourage the creation of sustainable cities and communities by making home improvement materials and products more affordable and accessible, which can contribute to making housing more affordable and accessible to more Filipinos. **SDG 12: Responsible Consumption and Production** ● AllHome continued to push its sustainability initiatives on the operations front. The conversion to renewable energy sources has provided an estimated 8% to 10% energy savings on the stores' consumption, proving that its installation and usage have been truly beneficial to the company.
Potential Negative Impact of Contribution and	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.
Management Approach	AllHome continues to take a proactive stance in the responsible and sustainable conduct of its business to benefit all its stakeholders.

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