COVER SHEET

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ALLHOME CORP.

(Company's Full Name)

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

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

Robirose M. Abbot	**09190815302**
Contact Person	Company Telephone Number

1 2 / **3 1**	**17-Q**	
Month *Day*	FORM TYPE	*Month* *Day*
Calendar Year		Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total Amount of Borrowings

Total No. of Stockholders	Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: **March 31, 2024**
2. SEC Identification number: **CS-201310179**
3. BIR Tax Identification No: **008-541-952**
4. **AllHome Corp.**
   Exact name of issuer as specified in its charter:
5. **Philippines**
   Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. **LGF Bldg B, EVIA Lifestyle Center, Daanghari, Almanza Dos, Las Piñas City** **1747**
   Address of issuer's principal office Postal Code
8. **+63 (919) 081-5302**
   Issuer's telephone number, including area code
9. **N/A**
   Former name, former address and former fiscal year, if changed since last report
10. Securities registered pursuant to Sections 8 and 12 of the Code, or Sections 4 and 8 of the RSA

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

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

    Yes [x] No [ ]

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

    Philippine Stock Exchange **Common Stock**

12. Check whether the registrant:

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

    Yes [x] No [ ]

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

Yes [x] No [ ]

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

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

See accompanying Notes to Financial Statements.

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

	Note	**Unaudited Jan-Mar Q1-2024**	**Unaudited Jan-Mar 2024**	Unaudited Jan-Mar Q1-2023	Unaudited Jan-Mar 2023
SALES	13	**₱2,760,520,854**	**₱2,760,520,854**	₱2,921,186,089	₱2,921,186,089
COST OF MERCHANDISE SOLD	14	**(1,717,043,971)**	**(1,717,043,971)**	(1,823,571,089)	(1,823,571,089)
GROSS PROFIT		**1,043,476,883**	**1,043,476,883**	1,097,615,001	1,097,615,001
SUPPORT FEES, RENTALS AND OTHER REVENUES	13	**48,309,115**	**48,309,115**	58,423,722	58,423,722
GROSS PROFIT INCLUDING OTHER REVENUES		**1,091,785,998**	**1,091,785,998**	1,156,038,722	1,156,038,722
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	14	**(774,963,840)**	**(774,963,840)**	(763,852,003)	(763,852,003)
OPERATING PROFIT		**316,822,158**	**316,822,158**	392,186,720	392,186,720
FINANCE INCOME (COSTS)					
Finance costs	15	**(130,190,899)**	**(130,190,899)**	(109,413,263)	(109,413,263)
Finance income	5	**397,814**	**397,814**	247,951	247,951
		(129,793,085)	**(129,793,085)**	(109,165,312)	(109,165,312)
PROFIT BEFORE TAX		**187,029,073**	**187,029,073**	283,021,048	283,021,048
TAX EXPENSE (INCOME)	17				
Current		**(21,835,720)**	**(21,835,720)**	(32,124,217)	(32,124,217)
Deferred		**(24,841,985)**	**(24,841,985)**	(38,618,738)	(38,618,738)
		(46,677,705)	**(46,677,705)**	(70,742,954)	(70,742,954)
NET PROFIT (LOSS)		**140,351,367**	**140,351,367**	212,278,453	212,278,453
OTHER COMPREHENSIVE INCOME		**–**	**–**	–	–
TOTAL COMPREHENSIVE INCOME (LOSS)		**₱140,351,367**	**₱140,351,367**	₱212,278,453	₱212,278,453
Basic and Diluted earnings (loss) per share		**₱0.04**	**₱0.04**	₱0.06	₱0.06

See accompanying Notes to Financial Statements.

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

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

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

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

See accompanying Notes to Financial Statements.

ALLHOME CORP.
NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

1.1 Corporate Information

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

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

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

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

1.2 Approval of Financial Statements

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

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 *Basis of Preparation of Financial Statements*

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

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

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

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

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

(c) Functional and Presentation Currency

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

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

2.2 *Adoption of Amended PFRS*

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

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

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

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

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

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

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

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

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

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

(c) Effective Subsequent to 2023 but not Adopted Early

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

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

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

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

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

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

2.3 Financial Instruments

(a) Financial Assets

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

(i) Classification and Measurement of Financial Assets

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

(ii) Impairment of Financial Assets

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

(b) Financial Liabilities

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

2.5 Merchandise Inventories

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

2.6 Property and Equipment

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

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

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

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

2.7 Revenue and Expense Recognition

Revenue arises mainly from the sale of merchandise.

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

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

as the performance obligation is satisfied.

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

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

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

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

(c) *Delivery fees* – Delivery fees are charged for the transportation of merchandise

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

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

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

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

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

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

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

2.8 Leases

The Company accounts for its leases as follows:

(a) Company as Lessee

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

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

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

(b) Company as Lessor

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

2.9 Impairment of Non-financial Assets

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

2.10 Employee Benefits

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

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

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

3. Significant Accounting Judgments and Estimates

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

3.1 Critical Management Judgments in Applying Accounting Policies

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

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

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

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

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

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

(b) Determination of Timing of Satisfaction of Performance Obligations

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

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

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

(c) Determination of Transaction Price of Contract with Customer

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

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

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

The Company uses a provision matrix to calculate ECL for trade and other receivables and security deposits.

The provision rates are based on days past due for groupings of various customer segments to the extent applicable that have similar loss patterns (i.e., by geography, product type, or customer type and rating).

The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Company's trade and other receivables and security deposits are disclosed in Note 22.2(b) and Note 22.2(c).

(e) Capitalization of Borrowing Costs

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

(f) Recognition of Provisions and Contingencies

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

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

3.2 Key Sources of Estimation Uncertainty

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

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

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

(b) Estimation of Allowance for ECL

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

(c) Determination of Net Realizable Value of Merchandise Inventories

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

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

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

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

(e) Evaluation of Impairment of Non-financial Assets

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

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

(f) Determination of Realizable Amount of Deferred Tax Assets

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

(g) Valuation of Post-employment Defined Benefit Obligation

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

The amounts of post-employment benefit obligation and expense, and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 16.

4. Segment Reporting

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

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

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

5. Cash and Cash Equivalents

Cash and cash equivalents includes the following components:

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

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

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

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

6. Trade and Other Receivables - net

This account is composed of the following:

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

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

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

Others pertain to accrued interest receivable.

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

7. Merchandise Inventories

Merchandise inventories pertain to goods owned by the Company, which include construction materials, home improvements, furnishings and décor products, among others, that are traded under the normal course of business, and amounted to P7.3 billion as of March 31, 2024 and December 31, 2023, respectively (see Note 14.1).

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

8. Other Assets

The composition of this account is shown below:

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

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

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

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

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

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

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

9. Property and Equipment

The roll forward analyses of this account are as follows:

	Store Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvement	Right-of-use Assets	Construction-in-Progress	Total
Balance at January 1, 2024, net of accumulated depreciation and amortization	₱2,365,965,726	₱1,131,681,676	₱57,786,419	₱6,914,129,983	₱2,554,116,745	₱93,059,039	₱13,116,739,588
Additions - Other property and Equipment	75,336,869	53,804,802	–	61,279,686	–	–	190,421,357
Disposals (Note 21)	–	–	–	–	–	–	–
Reclassification	–	–	–	–	–	99,496,729	99,496,729
Lease modifications (Note 12)	–	–	–	–	–	–	–
Depreciation and amortization changes for the period	(51,699,065)	(66,083,298)	(3,301,196)	(116,829,522)	(123,145,448)	–	(361,058,529)
Balance at March 31, 2024, net of accumulated depreciation	**₱2,389,603,530**	**₱1,119,403,180**	**₱54,485,223**	**₱6,858,580,147**	**₱2,430,971,297**	**₱192,555,768**	**₱13,045,599,145**

	Store Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvement	Right-of-use Assets	Construction-in-Progress	Total
Balance at January 1, 2023, net of accumulated depreciation and amortization	₱2,568,308,570	₱1,276,848,773	₱65,146,028	₱6,966,080,176	₱3,010,975,957	₱131,545,136	₱14,018,904,640
Additions							
Other property and equipment	4,251,684	107,459,390	5,851,256	–	–	358,223,689	475,786,019
Right-of-use asset	–	–	–	–	72,431,666	–	72,431,666
Reclassification	–	–	–	396,709,786	–	–	–
Disposals	–	–	–	–	–	(396,709,786)	–
Depreciation and amortization changes for the year	(206,594,528)	(252,626,487)	(13,210,865)	(448,659,979)	(529,290,878)	–	(1,450,382,737)
Balance at December 31, 2023, net of accumulated depreciation	₱2,365,965,726	₱1,131,681,676	₱57,786,419	₱6,914,129,983	₱2,554,116,745	₱93,059,039	₱13,116,739,588

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

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

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

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

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

10. Trade and Other Payables

This account consists of:

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

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

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

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

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

11. Loans and Borrowings

The account consists of:

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

11.1 Short-term Loans

The Company obtained various short-term loans from various local banks for the Company's working capital requirements with fixed interest rates of 8.75% in 2024 and 2.00% to 8.25% in 2023, and with terms of 150 to 360 days. These loans are rolled-over upon maturity. There are no loan covenants on the Company's short-term loans.

11.2 Long-term Loans

In 2023, the Company obtained five-year corporate loans, from various local banks, to partially finance the construction and expansion of the Company's stores and refinance existing loan obligation, with fixed interest rates ranging from 2.00% to 8.50%.

Certain loans of the Company with local banks are subject to covenants. The Company has to maintain a minimum current ratio of at least 1.00, maximum debt-to-equity ratio of not more than 2.50 and a minimum debt-service coverage ratio of at least 1.00. The ratios are computed on the basis of the Company's annual audited financial statements. The Company has properly complied with the loans covenants as of March 31, 2024 and December 31, 2023. The Company monitors capital on the debt-to-equity ratio on its covenants with certain financial institutions.

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

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

12. Leases

12.1 Lease Liability

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

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

12.2 Additional Profit or Loss

Expenses recognized for the period are as follows:

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

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

13. Revenues

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

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

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

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

	Point in time	Over time	Total
Sale of merchandise (Note 18.1)	₱2,921,186,089	₱–	₱2,921,186,089
Vendors' support	–	45,070,182	45,070,182
Marketing fees	–	4,540,250	4,540,250
Delivery fees	–	3,178,777	3,178,777
Miscellaneous	1,386,757	–	1,386,757
	₱2,922,572,846	**₱52,789,209**	**₱2,975,362,055**

The Company also recognized rental income from its operating lessor amounting to ₱1.7 million and ₱4.2 million in 2024 and 2023, respectively

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

Miscellaneous revenues represent supports received from suppliers for store opening and clearance sales.

14. Cost and Expenses

14.1 Cost of Merchandise Sold

The details of cost of merchandise sold are shown below:

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

14.2 Other Operating Expenses

	Note	**Unaudited Mar 31, 2024**	Unaudited Mar 31, 2023
Depreciation and amortization	9	**₱361,058,529**	₱371,295,005
Salaries, wages and employee benefits	16	**111,316,169**	91,296,203
Outside services		**65,311,561**	64,860,664
Rentals	12.2	**53,849,390**	75,099,836
Communication and utilities		**87,545,458**	71,817,679
Merchant fee		**35,987,876**	31,593,895
Taxes and licenses		**18,598,406**	23,023,504
Office and store supplies		**4,956,198**	5,537,613
Repairs and maintenance		**8,368,016**	9,399,621
Professional fees		**2,899,300**	3,206,143
Advertising and promotions		**4,810,282**	2,958,949
Dues and subscriptions		**3,658,080**	2,077,162
Transportation expense		**5,706,444**	3,112,213
Insurance expense		**5,318,115**	3,710,381
Representation and entertainment		**1,727,592**	1,204,822
Commission expense		**1,091,902**	1,203,535
Miscellaneous		**2,760,521**	2,454,777
		₱774,963,840	₱763,852,003

15. Finance Costs

Finance costs include the following:

	Note	**Unaudited Mar 31, 2024**	Unaudited Mar 31, 2023
Interest expense from:			
Lease liability	12.2	**₱55,188,543**	₱63,577,660
Loans payable	11	**73,625,756**	44,959,271
Retirement benefit obligation	16.2	**1,376,266**	876,332
Bank service charge		**-**	-
		₱130,190,899	₱109,413,263

16. Salaries, Wages and Employee Benefits

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

16.1 Salaries, Wages and Employee Benefits

	Note	**Unaudited Mar 31, 2024**	Unaudited Mar 31, 2023
Salaries and wages		**₱93,317,217**	P78,986,224
Post-employment benefit	16.2	**4,102,523**	2,730,175
Other employee benefits		**13,896,430**	9,579,805
		₱111,316,169	P91,296,203

16.2 Post-employment Defined Benefit Plan

- *Characteristics of the Defined Benefit Plan*

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

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

- *Explanation of Amounts Presented in the Financial Statements*

The most recent actuarial valuation dated April 8, 2024 was performed by a professionally qualified external actuary.

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

	Unaudited Mar 31, 2024	Audited Dec 31, 2023
Balance at beginning of the period	**₱127,398,117**	₱65,481,009
Current service cost	**4,102,523**	13,086,307
Past Service Cost	**–**	11,323,783
Interest expense	**1,376,266**	5,505,063
Benefits paid from Company operating fund		–
Transferred liability	**–**	–
Actuarial losses (gains)	**–**	–
arising from:		
Changes in financial Assumptions		20,469,009
Experience adjustments		11,532,946
Balance at the end of the period	**₱132,876,905**	₱127,398,117

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

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

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

Discount rate	6.14%
Expected rate of salary increases	10.00%

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

Interest Rate Risk

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

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

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

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

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

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

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

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

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

Management expects that a substantial portion of the undiscounted expected benefit payments is probable after 10 years from the end of the reporting period. The weighted average duration of the defined benefit obligation at the end of the reporting period is 19.32 years.

17. Income Taxes

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

	Unaudited Mar 31, 2024	Unaudited Mar 31, 2023
Regular corporate income tax (RCIT)	**₱17,294,851**	₱30,074,626
Final tax at 20%	**79,563**	49,590
Excess of minimum corporate income tax (MCIT) at 1% over RCIT	**4,540,869**	-
	21,915,283	32,124,216
Deferred tax expense relating to originating and reversal of other temporary differences	**24,841,985**	38,618,738
	₱46,757,268	₱70,742,954

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

	Unaudited Mar 31, 2024	Unaudited Mar 31, 2023
Tax on pretax profit at statutory rate	**₱46,757,268**	₱70,755,352
Adjustment for income subjected to lower tax rate	**(19,891)**	(12,398)
Tax effects of non-deductible expense	**19,891**	-
Tax expense	**₱46,757,268**	₱70,742,954

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

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

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

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

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

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

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

18. Related Party Transactions

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

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

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

18.1 Sale of Merchandise

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

18.2 Key Management Personnel Compensation

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

19. Equity

19.1 Capital Stock

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

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

19.2 Additional Paid-In Capital

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

19.3 Dividend Declaration

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

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

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

19.4 Revaluation Reserves

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

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

20. Earnings (Loss) Per Share

Earnings (loss) per share were computed as follows:

	Unaudited Mar 31, 2024	Unaudited Mar 31, 2023
Net (loss) profit	**₱140,351,367**	₱212,278,453
Divided by weighted average number of outstanding common shares	**3,750,000,002**	3,750,000,002
Basic and diluted EPS	**₱0.04**	₱0.06

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

21. Commitments and Contingencies

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

21.1 Legal Claims

The Company is a party to certain case from the normal course of business. The Company and its legal counsel believe that any eventual liabilities under this case will not have a material effect on the financial statements. Accordingly, no provision for probable losses arising from legal contingencies was recognized in the financial statements as of March 31, 2024 and 2023.

21.2 Others

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

22. Risk Management Objectives and Policies

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

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

22.1 Interest Rate Risk

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

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.

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

(a) Cash

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

(b) Trade and Other Receivables

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

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

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

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

Unaudited Mar 31, 2024	**Within 1 year**	**1 to 2 years**	**2 to 3 years**	**More than 3 years**	**Total**
Expected loss rate	0.00%	55.57%	68.75%	84.69%	
Gross carrying amount	720,895,275	35,790,855	1,970,728	1,357,976	760,014,835
Loss allowance	–	**19,888,978**	**1,354,876**	**1,150,070**	22,393,924

Audited Dec 31, 2023	**Within 1 year**	**1 to 2 years**	**2 to 3 years**	**More than 3 years**	**Total**
Expected loss rate	0.00%	55.57%	68.75%	84.69%	
Gross carrying amount	672,235,048	36,043,069	3,005,853	352,123	711,636,093
Loss allowance	–	20,029,187	2,066,524	298,213	22,393,924

(c) Security deposits

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

22.3 Liquidity Risk

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

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

23. Categories and Fair Value Measurements

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

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

23.1 Fair Value Hierarchy

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

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

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

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

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

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

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

24. Capital Management Objectives, Policies and Procedures

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

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

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

	Unaudited **Mar 31, 2024**	Audited Dec 31, 2023
Total liabilities	**₱11,222,115,632**	₱10,884,000,340
Total equity	**16,056,038,409**	15,915,687,040
Debt-to-equity ratio	**0.70 : 1.00**	0.69 : 1:00

25. Supplemental Information on Non-cash Activities

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

- In March 31, 2024 and December 2023, the Company capitalized borrowing costs amounting to P42.3 million and P238.8 million respectively, to property and equipment (see Notes 9 and 11).

- In March 31, 2024 and December 2023, the Company has unpaid interest arising from loans payable amounting to P39.3 million and P34.5 million, respectively, which is presented as part of Accrued expenses under Trade and Other Payables in the statements of financial position (see Notes 10 and 11).

- In 2023, the Company recognized additional right-of-use assets amounting to P72.4 million. The corresponding lease liability of the same amount (see Notes 9 and 12).

ALLHOME CORP.

Supplemental Schedule of Financial Soundness Indicators

March 31, 2024 and March 31, 2023

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

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

<u>REVIEW OF FIRST QUARTER END 2024 VS FIRST QUARTER END 2023</u>

RESULTS OF OPERATIONS

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

<u>Sales</u>

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

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

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

<u>Cost of Merchandise Sold</u>

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

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

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

<u>Selling, General and Administrative Expenses</u>

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

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

- Increase in salaries, wages, and employee benefits from ₱91.3 million in March 31, 2023 to ₱111.3 million in March 31, 2023 due to the additional manpower for the new stores and inflationary effect.

- Slight increase in outside services from ₱64.9 million in March 31, 2023 to ₱65.3 million in March 31, 2024 due to more efficient staffing in our stores.

- Decrease in rentals from ₱75.1 million in March 31, 2023 to ₱54.0 million in March 31, 2024 due to lower sales which is the basis for the rental computation.

- Increase in communication and utilities from ₱71.8 million in March 31, 2023 to ₱88.0 million in March 31, 2024 primarily due to significant hike in power rates in 2023

- Increase in merchant fee from ₱31.6 million in March 31, 2023 to ₱36.0 million in March 31, 2024 due to higher debit/credit card and installment sales for the period.

- Decrease in taxes and licenses from ₱23.0 million in March 31, 2023 to ₱19.0 million in March 31, 2024 due to lower sales.

- Decrease in repairs and maintenance from ₱9.4 million in March 31, 2023 to ₱8.3 million in March 31, 2024 due to weatherproofing maintenance services done in the stores.

- Decrease in office and store supplies from ₱5.5 million in March 31, 2023 to ₱5.0 million in March 31, 2024 due primarily to timing of purchases of supplies in the head office.

- Decrease in professional fees from ₱3.2 million in March 31, 2023 to ₱3.0 million in March 31, 2024 due to timing difference in the payment of audit fees, BOD fees, and consultancy fees.

- Increase in advertising and promotions from ₱3.0 million in March 31, 2023 to ₱5.0 million in March 31, 2024 due to social media boostings as well as flyer/banner print-outs for marketing purposes.

- Increase in dues and subscriptions from ₱2.1 million in March 31, 2023 to ₱4.0 million in March 31, 2024 due to increase in the number of stores.

- Increase in transportation expense from ₱3.1 million in March 31, 2023 to ₱6.0 million in March 31, 2024 due to increasing fuel prices and also due to increase in deliveries from distribution centers to stores as well as inter-stores stock transfer.

- Increase in insurance expense from ₱3.7 million in March 31, 2023 to ₱5.3 million in March 31, 2024 to cover the newly opened stores and adjustment in coverages.

- Increase in representation and entertainment from ₱1.2 million in March 31, 2023 to ₱1.7 million in March 31, 2024 due to the increase in the number of physical meetings during the period.

- Decrease in commission expense from ₱1.2 million in March 31, 2023 to ₱1.1 million in March 31, 2024 as most corporate sales during the period were generated by external or third-party sales teams.

- Increase in miscellaneous expense from ₱2.5 million in March 31, 2023 to ₱2.8 million in March 31, 2024 due to donation and other fees

<u>Finance Cost, net</u>

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

<u>Tax Expense</u>

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

<u>Net Profit</u>

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

FINANCIAL CONDITION

As of 31 March 2024 vs. 31 December 2023

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

- Cash amounting to ₱1,895.3 million as of March 31, 2024 recorded an increase of 14% from the reported amount of ₱1,657.5 million in December 31, 2023 profitable operations for the period.

- Trade and Other Receivables amounting to ₱739.1 million as of March 31, 2024 recorded an increase of 7% from the reported amount of ₱690.3 million reported in December 31, 2023 due to timing difference in collection.

- Merchandise Inventory amounting to ₱7,284.0 million as of March 31, 2024 recorded a slight increase of 0.1% from the ₱7,279.1 million reported in December 31, 2023 due to continuous replenishment and refresh of inventory.

- Property and Equipment amounting to ₱13,045.6 million as of March 31, 2024 recorded a slight decrease of 1% from the ₱13,116.7 million reported in December 31, 2023 primarily due to depreciation.

- Other Assets amounting to ₱4,314.1 million, as of March 31, 2024, recorded a slight decrease of 1% from the amount ₱4,334.2 million reported in December 31, 2023 due primarily to security deposit for new warehouse, and advances for purchases.

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

- Trade and other payables amounting to ₱1,063.4 million, as of March 31, 2024, recorded an increase of 13% from the ₱940.3 million reported in December 31, 2023 due to payments of payables for the purchase of inventories.

- Loans payable including non-current portion amounting to ₱6,191.8 million, as of March 31, 2024, recorded an increase of 2% from the ₱6,028.2 million reported in December 31, 2023 due to advance refinancing on maturing loans.

- Lease liability including non-current portion amounting to ₱3,192.2 million, as of March 31, 2024, recorded a decrease of 4% from the ₱3,314.4 million reported in December 31, 2023 due to lease payments made.

- Income tax payable amounting to ₱18.2 million, as of March 31, 2024, recorded a decrease of 54% from the ₱39.5 million reported in December 31, 2023 due to tax payments.

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

- Retirement benefit obligation amounting to ₱132.9 million, as of March 31, 2024, recorded an increase of 4% from the ₱127.4 million reported in December 31, 2023 due to adjustment of provision for the retirement benefit.

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

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

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

[a] Gross Profit Margin: This ratio is obtained by dividing the Gross Profit of the Company by its Revenue
[b]Net Profit Margin: This ratio is obtained by dividing the Net Profit of the Company by its Revenue

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

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

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

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

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

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

- Cash amounting to ₱1,895.3 million as of March 31, 2024 recorded an increase of 14% from the reported amount of ₱1,657.5 million in December 31, 2023 profitable operations for the period.

- Trade and Other Receivables amounting to ₱739.1 million as of March 31, 2024 recorded an increase of 7% from the reported amount of ₱690.3 million reported in December 31, 2023 due to timing difference in collection.

- Trade and other payables amounting to ₱1,063.4 million, as of March 31, 2024, recorded an increase of 13% from the ₱940.3 million reported in December 31, 2023 due to payments of payables for the purchase of inventories.

- Income tax payable amounting to ₱18.2 million, as of March 31, 2024, recorded a decrease of 54% from the ₱39.5 million reported in December 31, 2023 due to tax payments

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

- The company recorded sales of ₱2,761.0 million for the three months ended March 31, 2024, a decrease of about 5% from ₱2,921.2 million for the three months ended March 31, 2023. While the soft categories remained stable, the softening demand for the hard categories was significant.

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

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

- Finance cost, net increased from ₱130.2 million for the three months ended March 31, 2023 to ₱109.2 million for the three months ended March 31, 2024 due primarily to the increase in interest on loans payable and slightly offset by the decrease in interest expense from lease liability.

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

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

COMMITMENTS AND CONTINGENCIES

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

For the 3-month of 2024, there was no seasonal aspect that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

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

PART II – OTHER INFORMATION

Item 3. 3-month of 2024 Development

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

None

B. Composition of Board of Directors.

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

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

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

D. Declaration of Dividends.

P0.0374 per share Regular Cash Dividend
Declaration date: November 29, 2023
Record date: December 15, 2023
Payment date: December 29, 2023

P 0.0770 per share Regular Cash Dividend
Declaration date: November 29, 2022
Record date: December 15, 2022
Payment date: December 29, 2022

P 0.0527 per share Regular Cash Dividend
Declaration date: November 12, 2021
Record date: November 29, 2021
Payment date: December 14, 2021

P 0.014 per share Regular Cash Dividend
Declaration date: November 25, 2020
Record date: December 14, 2020
Payment date: December 28, 2020

P 1.2785 per share Regular Cash Dividend
Declaration date: May 28, 2019
Record date: June 14, 2019
Payment date: June 28, 2019

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

None.

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

None.

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

Not Applicable

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

None.

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

None.

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

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

None.

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

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

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

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

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

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

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

None.

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

None.

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

None.

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

None.

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

None.

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

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

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

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

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

None.

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

None.

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

None.

X. Disclosures not made under SEC Form 17-C

None.

SIGNATURES

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

ALLHOME CORP.
Issuer

By:

ROBIROSE M. ABBOT
CFO / CRO and Head of IR

Date: **May 15, 2024**