

COVER SHEET

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S.E.C. Registration Number										

[illegible]

(Company's Full Name)

[illegible]

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

Robirose M. Abbot
Contact Person

09190815302
Company Telephone Number

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Month *Day*
 Calendar Year

17-Q
FORM TYPE

Month Day
 Annual Meeting

Secondary License Type, If
Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stockholders

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graph TD
    A[Total Amount of Borrowings] --> B[Domestic]
    A --> C[Foreign]
  
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To be accomplished by SEC Personnel concerned

File Number								

Document I.D.								

LCU

Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarter ended September 30, 2023
2. SEC Identification Number CS-201310179
3. BIR Tax Identification No. 008-541-952
4. AllHome Corp.
Exact name of the registrant as specified in its charter
5. Philippines
Province, country or other jurisdiction of incorporation
6. Industry Classification Code (SEC Use Only)
7. LGF Bldg B, EVIA Lifestyle Center, Daanghari, Almanza Dos, Las Piñas City **1747**
Address of Principal Office Postal Code
8. (632) 8880-1199
Registrant's telephone number, including area code
9. N/A
Former name, former address and former fiscal year, if change since last report.
10. Securities registered pursuant to 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 06/30/2023 net of nil treasury shares)	3,750,000,002

11. Are any of the registrant's securities listed on the Philippine Stock Exchange?

Yes ☒ No ☐

12. Check whether the registrant:

(a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Section 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period of the registrant was required to file such reports.)

Yes ☒ No ☐

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

Yes ☒ No ☐

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AllHome Corp.
Statements of Financial Position
As of September 30, 2023 and December 31, 2022
(Amounts in Philippine Peso)

	Note	Unaudited September 30, 2023	Audited Dec 31, 2022
ASSETS			
Current Assets			
Cash and cash equivalents	5	₱1,913,479,871	₱1,767,714,968
Trade and other receivables - net	6	581,274,604	655,270,290
Merchandise inventories	7	6,834,502,184	6,629,751,113
Other current assets	8	3,502,450,243	2,963,691,220
Total Current Assets		12,831,706,812	12,016,427,591
Non-current Assets			
Property and equipment - net	9	13,391,971,434	14,018,904,640
Other non-current assets	8	688,486,127	699,086,110
Total Non-current Assets		14,080,457,562	14,717,990,750
TOTAL ASSETS		26,912,164,374	26,734,418,341
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	10	1,003,840,366	1,246,259,998
Loans payable	11	2,664,648,553	2,931,388,027
Lease liability	12	461,607,033	489,770,878
Income tax payable		163,798	4,794,161
Total Current Liabilities		4,130,259,750	4,672,213,064
Non-current Liabilities			
Loans payable	11	3,355,000,000	3,010,000,000
Lease liability	12	2,905,702,705	3,256,050,192
Deferred tax liabilities - net	17	580,541,646	447,993,801
Retirement benefit obligation	16	76,300,529	65,481,009
Total Non-current Liabilities		6,917,544,880	6,779,525,002
Total liabilities		11,047,804,631	11,451,738,066
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		10,949,114	10,949,114
Retained earnings		4,894,112,515	4,312,433,045
Total Equity		15,864,359,745	15,282,680,275
TOTAL LIABILITIES AND EQUITY		₱26,912,164,374	₱26,734,418,341

See accompanying Notes to Financial Statements.



AllHome Corp.
Statements of Comprehensive Income
For the nine months ended September 30, 2023 and 2022
(Amounts in Philippine Peso)

	Note	Unaudited Jul - Sept Q3-2023	Unaudited Jan - Sept 2023	Unaudited Jul - Sept Q3-2022	Unaudited Jan - Sept 2022
SALES	13	₱2,741,150,349	₱8,779,789,127	₱2,840,967,456	₱9,106,106,724
COST OF MERCHANDISE SOLD	14	(1,715,509,960)	(5,488,579,392)	(1,798,332,400)	(5,814,256,614)
GROSS PROFIT		1,025,640,389	3,291,209,736	1,042,635,056	3,291,847,110
SUPPORT FEES, RENTALS AND OTHER REVENUES	13	39,874,899	162,236,536	56,819,347	182,076,878
GROSS PROFIT INCLUDING OTHER REVENUES		1,065,515,288	3,453,446,271	1,099,454,403	3,473,923,988
SELLING, GENERAL AND ADMINISTRATIVE EXPENSES	14	(776,644,603)	(2,342,577,606)	(767,362,832)	(2,241,277,989)
OPERATING PROFIT		288,870,685	1,110,868,665	332,091,571	1,232,646,000
FINANCE INCOME (COSTS)					
Finance costs	15	(102,909,552)	(336,121,430)	(96,915,756)	(297,785,670)
Finance income	5	96,410	773,804	123,884	722,495
		(102,813,142)	(335,347,626)	(96,791,872)	(297,063,175)
PROFIT BEFORE EXTRAORDINARY ITEM		186,057,543	775,521,039	235,299,699	935,582,825
LOSSES FROM FIRE DAMAGE	21	-	-	-	(303,130,081)
PROFIT BEFORE TAX		186,057,543	775,521,039	235,299,699	632,452,744
TAX EXPENSE (INCOME)	17				
Current		210,245	(61,293,725)	(31,938,789)	(160,316,330)
Deferred		(46,719,810)	(132,547,844)	(26,879,940)	(73,543,249)
		(46,509,565)	(193,841,570)	(58,818,728)	(233,859,579)
NET PROFIT (LOSS)		139,547,978	581,679,470	176,480,970	398,593,164
OTHER COMPREHENSIVE INCOME		-	-	-	-
TOTAL COMPREHENSIVE INCOME (LOSS)		₱139,547,978	₱581,679,470	₱176,480,970	₱398,593,164
Basic and Diluted earnings (loss) per share		₱0.04	₱0.16	₱0.05	₱0.11

See accompanying Notes to Financial Statements.



AllHome Corp.
Statements of Changes in Equity
For the nine months ended September 30, 2023 and 2022
(Amounts in Philippine Peso)

	Note	Unaudited Sept 30, 2023	Unaudited Sept 30, 2022
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	10,949,114	(698,851)
RETAINED EARNINGS			
Balance at beginning of period		4,312,433,045	3,667,414,274
Net profit (loss) for the period		581,679,470	398,593,164
Balance at end of period		4,894,112,515	4,066,007,438
TOTAL EQUITY		₱15,864,359,745	₱15,024,606,703



AllHome Corp.
Statements of Cash Flows
For the nine months ended September 30, 2023 and 2022
(Amounts in Philippine Peso)

	Notes	Unaudited Jul-Sept Q3-2023	Unaudited Jan to Sept 2023	Unaudited Jul-Sept Q2-2022	Unaudited Jan to Sept 2022
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		P186,057,542	P775,521,039	P235,299,694	P632,452,733
Adjustments for:					
Losses due to fire		-	-	-	303,130,081
Depreciation and amortization	9	346,390,174	1,091,969,582	382,228,350	1,142,197,026
Finance costs	12, 15, 16	102,909,552	336,121,430	96,915,756	297,785,671
Gain on lease modification	17	-	-	-	(111,045,934)
Finance income	5	(96,410)	(773,804)	(123,884)	(722,495)
Operating profit before working capital changes		635,260,858	2,202,838,247	714,319,916	2,263,797,082
Decrease/(Increase) in:					
Trade and other receivables		(18,402,194)	73,995,687	33,844,774	(209,398,093)
Inventories		(153,245,182)	(204,751,070)	69,644,377	852,519,976
Other current assets		(77,697,021)	(538,759,021)	(298,179,944)	(655,705,367)
Increase/(Decrease) in:					
Trade and other payables		(15,083,974)	(228,682,666)	(121,023,924)	(380,217,282)
Retirement benefit obligation	16	2,730,175	8,190,524	2,695,410	8,086,231
Cash generated from operations		373,562,663	1,312,831,702	401,300,609	1,879,082,547
Cash paid for income taxes		(20,818,163)	(65,924,088)	(53,914,678)	(222,335,392)
Net cash from Operating activities		352,744,499	1,246,907,613	347,385,931	1,656,747,155
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to property and equipment	9	100,200,785	(241,343,589)	(41,161,347)	(1,528,463,757)
Increase in other non-current assets		38,165,140	(30,262,764)	(66,033,792)	(413,731,140)
Interest received		96,410	773,804	123,884	722,495
Net cash used in Investing activities		138,462,335	(270,832,549)	(107,071,255)	(1,941,472,402)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from availment of loans	11	859,888,027	2,962,757,168	900,000,000	2,118,000,000
Repayment of loans payable	11	(1,022,669,809)	(2,884,496,638)	(545,000,000)	(1,270,918,931)
Payments of principal portion of lease liability	12	(109,393,406)	(378,511,332)	(128,197,750)	(397,337,221)
Interest paid for lease liabilities	12	(59,127,368)	(184,004,621)	(68,008,599)	(214,171,450)
Interest paid for loans payable	11	(128,740,963)	(346,054,829)	(72,529,351)	(217,916,093)
Net cash (used in) from financing activities		(460,043,519)	(830,310,252)	86,264,300	17,656,305
NET DECREASE IN CASH		31,163,315	145,764,812	326,578,976	(267,068,942)
CASH AT BEGINNING OF PERIOD		1,882,316,465	1,767,714,969	1,291,895,067	1,885,542,985
CASH AT END OF PERIOD		P1,913,479,781	P1,913,479,781	P1,618,474,043	P1,618,474,043

See accompanying Notes to Financial Statements.

ALLHOME CORP.

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

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

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

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

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

2. Summary of Significant Accounting Policies

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

Basis of Preparation of Financial Statements

The interim condensed financial statements as of September 30, 2023 and for the nine-months ended September 30, 2022 have been prepared on a historical basis, except for financial assets which have been measured at fair value.

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

Statement of Compliance

The interim condensed financial statements have been prepared in accordance with Philippine Accounting Standard (PAS) 34, Interim Financial Reporting. Accordingly, the interim condensed financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at and for the year ended December 31, 2022 which have been prepared in accordance with Philippine Financial Reporting Standards (PFRS).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of previous financial year, except that the Company has adopted the following new pronouncements starting January 1, 2021. Adoption of these pronouncement did not have any significant impact on the Company's financial position or performance unless otherwise indicated.

- (i) PAS 16 (Amendments), Property, Plant and Equipment – Proceeds Before Intended Use. The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to capable operating the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost producing those items, in profit or loss. The application of these amendments had no significant impact of the Company's financial statements as there were no sales of such items produced by property plant and equipment made before being available for use on or after the beginning of the earliest period presented.
- (ii) PAS 37 (Amendments), Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract. The amendments specify that when assessing whether a contract is onerous or loss-making, an entity needs to include costs that relate directly to a contract to provide goods or services. Costs that relate directly to a contract include both incremental costs of fulfilling that contract (e.g., direct labor and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g., the allocation of depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments resulted in a revision of the Company's policy to include both incremental costs and allocation of other costs when determining whether a contract was onerous. The amendments apply prospectively to contracts existing at the date when the amendments are first applied. Management assessed that there is no significant impact on the Company's financial statements as a result of the change since none of the existing contracts as of January 1, 2022 would be identified onerous after applying the amendments.
- (iii) PFRS 9 (Amendments), Financial Instruments, PFRS 7 (Amendments), Financial Instruments: Disclosures, and PFRS 16 (Amendments), Leases – Interest Rate Benchmark Reform Phase 2. The amendments address issues that may affect financial reporting during the interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of the London Interbank Offered Rate (LIBOR) with alternative benchmark rates. The Phase 2 amendments have no impact to the Company's financial statements as the Company did not have any financial instruments subject to LIBOR.
- (iv) PFRS 16, Leases – COVID-19-Related Rent Concessions beyond June 30, 2021. The amendment extends for one year the use of practical expedient of not assessing whether rent concessions reducing payments up until June 30, 2022 occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The application of these amendments had no significant impact to the Company's financial statements as the Company did not receive any rent concession from its lessors in 2021.

Financial Assets

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

Classification, Measurement and Reclassification of Financial Assets

The classification and measurement of financial assets are driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. The classification and measurement of financial assets are at amortized cost, at FVOCI and at fair value through profit or loss (FVTPL).

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

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

- the asset is held within the Company's business model whose objective is to hold financial assets in order to collect contractual cash flows ("hold to collect"); and,
- the contractual terms of the instrument give rise, on specified dates, to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Company's financial assets at amortized cost 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.

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

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

Impairment of Financial Assets

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

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

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

- *Probability of default* – It is an estimate of likelihood of a counterparty defaulting at its financial obligation over a given time horizon, either over the next 12 months or the remaining lifetime of the obligation.
- *Loss given default* – It is an estimate of loss arising in case where a default occurs at a given time. It is based on the difference between the contractual cash flows of a financial instrument due from a counterparty and those that the Company would expect to receive, including the realization of any collateral or effect of any credit enhancement.
- *Exposure at default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

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

Derecognition of Financial Assets

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

Merchandise Inventories

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

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

Other Assets

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

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

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

An asset's carrying amount is written down to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Property and Equipment

All items of property and equipment are stated at cost less accumulated depreciation, accumulated amortization, and any impairment in value.

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

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

Store equipment	15 to 18 years
Furniture, fixtures and office equipment	5 to 15 years
Transportation equipment	8 to 10 years
Rights-of-use assets	2 to 16 years

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

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use assets or the end of the lease term.

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

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

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

Financial Liabilities

Financial liabilities, which include Trade and Other Payables (except tax-related liabilities), Loans Payable, Lease Liability and Due to Related Parties, are recognized when the Company becomes a party to the contractual terms of the instrument. All interest-related charges incurred on a financial liability are recognized as Finance costs under Finance Income (Costs) in the statement of comprehensive income.

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

Trade and other payables, and due to related parties are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for maturities beyond one year, less settlement payments.

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

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

Offsetting of Financial Instruments

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

Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Company's Board of Directors (BOD), - its chief operating decision-maker. The Company's BOD is responsible for assessing performance of the operating segments. In identifying its operating segments, management generally follows the Company's business line as disclosed in Note 4.

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

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

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

Provisions and Contingencies

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

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

In those cases, where the possible outflow of economic resource as a result of present obligations is considered improbable or remote, or the amount to be provided for cannot be measured reliably, no liability is recognized in the financial statements. Similarly, possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets;

hence, are not recognized in the financial statements. On the other hand, any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset not exceeding the amount of the related provision.

Revenue and Expense Recognition

Revenue arises mainly from the sale of merchandise.

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

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

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

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

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

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

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

The Company enters into transactions involving the sale and delivery of merchandise representing construction materials, home improvement, furnishings and décor products. In addition, the Company also recognizes vendors' support and marketing fees in relation to the vendors' participation in the marketing/promotional activities of the Company. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3. 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 (see Note 3).

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 has transferred to the customer, being at the point of 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 is generally short-term, and the related revenue are recognized over time as the performance of the contractually agreed tasks are rendered.
- c) *Delivery fees* – Delivery fees are charged for the transportation of merchandise from the Company's stores to a certain destination as agreed with the customer. Delivery fees are recognized over time as the services are provided. Payment of delivery fees is due immediately, i.e., upon the customer's purchase of merchandise.
- d) *Miscellaneous*– Miscellaneous income comprise of support received from supplier for store opening and clearance sales. Miscellaneous is recognized at a point in time when support is received from supplier.

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

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.

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

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

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

Leases

The Company accounts for its leases as follows:

(a) Company as Lessee

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

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and,
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assesses whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the statement of financial position. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

On the other hand, the Company measures the lease liability at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is

remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

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

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

On the statement of financial position, right-of-use assets and Lease Liabilities have been presented under Property and Equipment, and separately from other liabilities, respectively, in the statement of financial position.

(b) Company as Lessor

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

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

Impairment of Non-Financial Assets

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

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

Impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amounts which is the higher of its fair value less costs to sell and its value in use. In determining value in use, management estimates the expected future cash flows from each cash-generating unit and determines the suitable interest rate in order to calculate the present value of those cash flows. The data used for impairment testing procedures are directly linked to the Company's latest approved budget, adjusted as necessary to exclude the effects of asset enhancements. All assets are subsequently reassessed for indications that an impairment loss previously recognized may no longer exist. An impairment loss is reversed if the asset's or cash-generating unit's recoverable amount exceeds its carrying amount.

Employee Benefits

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

(a) Post-employment Defined Benefit Plan

A defined benefit plan is a post-employment plan that defines an amount of post-employment benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The legal obligation for any benefits from this kind of post-

employment plan remains with the Company, even if plan assets for funding the defined benefit plan have been acquired.

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

Remeasurements, comprising of actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are reflected immediately in the statement of financial position with a charge or credit recognized in other comprehensive income in the period in which they arise. Interest is calculated by applying the discount rate at the beginning of the period, taking account of any changes in the defined benefit liability during the period as a result of benefit payments.

The calculation also takes into account of any changes in the defined benefit liability during the period as a result of benefit payments. Interest is reported as part of Finance Costs under Finance Income (Costs) – Net in profit or loss.

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

(b) Post-employment Defined Contribution Plan

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

(c) Short-term Employee Benefits

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

(d) Termination Benefits

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

offer. Benefits falling due more than 12 months after the reporting period are discounted to their present value.

(e) Compensated Absences

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

Borrowing Costs

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

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

Income Taxes

Tax expense recognized in profit or loss comprises the sum of current tax and deferred tax not recognized in other comprehensive income or directly in equity, if any.

Current tax assets or current tax liabilities comprise those claims from, or obligations to, fiscal authorities relating to the current or prior reporting period, that are uncollected or unpaid at the end of the reporting period. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year. All changes to current tax assets or current tax liabilities are recognized as a component of tax expense in profit or loss.

Deferred tax is accounted for using the liability method, on temporary differences at the end of the reporting period between the tax base of assets and liabilities and their carrying amounts for financial reporting purposes.

Under the liability method, with certain exceptions, deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences and the carry forward of unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that future taxable profit will be available to allow such deferred tax assets to be recovered.

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

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

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

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

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

Related Party Transactions and Relationships

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

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

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

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

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

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

Equity

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

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

Revaluation reserves account pertains to remeasurements of post-employment defined benefit plan.

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

Basic and Diluted Earnings Per Share

Basic earnings per share (EPS) is determined by dividing net profit by the weighted average number of common shares issued, adjusted for any stock dividends or stock splits, less any shares held in treasury during the reporting period (see Note 19).

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

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

Events After the End of the Reporting Period

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

3. Significant Accounting Judgments and Estimates

The significant accounting judgments, estimates and assumptions used in the preparation of the interim condensed financial statements are consistent with those used in the annual financial statements as at and for the year ended December 31, 2022.

4. Segment Reporting

The Company has only one reportable segment, i.e., its trading business, which caters to individual and corporate customers.

Further, the Company has only one geographical segment as all of 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.

5. Cash and Cash Equivalents

Cash and cash equivalents includes the following components:

	Unaudited Sept 30, 2023	Audited Dec 31, 2022
Cash in banks	P1,827,710,606	P1,682,384,968
Cash on hand	5,769,175	5,330,000
Short-term placements	80,000,000	80,000,000
	P1,913,479,781	P1,767,714,968

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 0.55% to 1.65% in 2023 and 2022.

Finance income on these bank deposits and short-term placements for the nine months ended September 30, 2023 and 2022, amounted to ₱0.8 million and ₱0.7 million, respectively.

6. Trade and Other Receivables - net

This account is composed of the following:

	Note	Unaudited Sept 30, 2023	Audited Dec 31, 2022
Trade receivables- third parties		₱314,753,465	₱456,870,429
Non-trade receivables		289,681,726	221,614,570
Others	18	683,872	629,749
		605,119,062	679,114,748
Allowance for impairment losses		(23,844,458)	(23,844,458)
		₱581,274,604	₱655,270,290

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

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

Others pertain to receivable for the transferred retirement benefit obligation from a related party under common ownership (see Note 18).

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 September 30, 2023.

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 ₱6.8 billion and ₱6.6 billion as of September 30, 2023 and December 31, 2022, 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 September 30, 2023 and December 31, 2022. 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 Sept 30, 2023	Audited Dec 31, 2022
Current:			
Advances for purchases		₱3,159,725,804	₱2,885,712,043
Prepaid rent		197,236,436	42,051,683
Deferred input value-added taxes (VAT)		5,981,819	7,436,856
Others		139,506,184	28,490,638
		3,502,450,243	2,963,691,220
Non-current:			
Advances to suppliers		141,428,633	127,312,715
Materials and supplies	9	294,124,096	334,986,840
Security deposit		252,933,398	236,786,555
		688,486,127	699,086,110
		₱4,190,936,370	₱3,662,777,330

Advances for purchases pertaining to mobilization funds made to various third party suppliers, which are primarily used in the purchase of inventories subsequent to September 30, 2023 and December 31, 2022 are presented as part of Other Current Assets in the statements of financial position.

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

Materials and supplies represent unused consumable construction materials (see Note 9).

Security deposits include deposits made to lessors arising from the lease of retail spaces. This will be refunded at the end of the lease term or be applied to the last months' rentals on the related contracts.

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

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, 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	38,712,104	109,599,699	4,998,026	128,896,501	—	182,830,046	465,036,375
Disposals (Note 21)	—	—	—	—	—	—	—
Reclassification	—	—	—	4,358,420	—	(4,358,420)	—
Lease modifications (Note 12)	—	—	—	—	—	—	—
Depreciation and amortization changes for the period	(154,381,681)	(192,621,862)	(10,740,873)	(333,912,127)	(400,313,038)	—	(1,091,969,581)
Balance at September 30, 2023, net of accumulated depreciation	₱2,452,638,993	₱1,193,826,610	₱59,403,181	₱6,765,422,971	₱2,610,662,918	₱310,016,762	₱13,391,971,434
	Store Equipment	Furniture, Fixtures and Office Equipment	Transportation Equipment	Leasehold Improvement	Right-of-use Assets	Construction- in-Progress	Total
Balance at January 1, 2022, net of accumulated depreciation and amortization	₱2,383,052,724	₱838,975,649	₱77,021,895	₱5,987,767,986	₱3,841,670,053	₱470,012,330	₱13,605,500,637
Additions							
Other property and equipment	402,924,232	643,704,165	3,429,433	673,472,546	—	543,472,271	2,267,002,647
Right-of-use asset	—	—	—	—	—	—	—
Reclassification	39,546,189	9,998,698	—	839,394,578	—	(889,939,465)	—
Disposals	(73,142,270)	(5,492,493)	(1,662,485)	(139,006,427)	(235,071,295)	—	(454,374,970)
Depreciation and amortization changes for the year	(184,072,305)	(210,337,246)	(13,642,815)	(395,548,507)	(595,622,801)	—	(1,399,223,674)
Balance at December 31, 2022, net of accumulated depreciation	₱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

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 September 30, 2023 and December 31, 2022, borrowing cost amounting to ₱182.4 million and ₱196.7 million, respectively, based on capitalization rate ranging from 5.00% to 8.25%, were capitalized as part of construction-in-progress (see Note 11).

In September 30, 2023, the Company reclassified certain Construction-in-progress amounting to ₱18.3 million as part of the Leasehold Improvement.

As of September 30, 2023 and December 31, 2022, the gross carrying amount of the Company's fully depreciated property and equipment that are still used in operations is ₱95.9 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 Sept 30, 2023	Audited Dec 31, 2022
Trade payables	₱732,485,027	₱962,426,065
Non-trade payables	177,594,238	178,477,327
Accrued expenses	53,391,811	58,743,224
VAT payable	25,484,997	18,118,286
Withholding tax payable	11,208,993	17,985,483
Others	3,675,300	10,509,613
	<u>₱1,003,840,366</u>	<u>₱1,246,259,998</u>

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.

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

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

11. Loans and Borrowings

The account consists of:

	Unaudited Sept 30, 2023	Audited Dec 31, 2022
Current:		
Short-term loans	₱2,664,648,553	₱2,931,388,027
Non-Current:		
Long-term loans	3,355,000,000	₱3,010,000,000
	₱6,019,648,553	₱5,941,388,027

11.1 Short-term Loans

The Company obtained various short-term loans from various local banks for the Company's working capital requirements with fixed interest rates ranging from 5.00% to 9.50% in 2023 and 4.87% to 9.50% in 2022, and with terms of 150 to 360 days. Despite obtaining short term loan in 2023, the decrease in short term loan in the current year is caused by the maturity of other previous loans. There are no loan covenants on the Company's short-term loans.

11.2 Long-term Loans

In 2023, the Company obtained long-term loans, from various local banks, to partially finance the construction and expansion of the Company's stores and refinance existing loan obligation, with average interest rate of 8.22%.

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 September 30, 2023 and December 31, 2022. 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 ₱149.5 million and ₱124.4 million in 2023 and 2022, respectively (see Note 15). On the other hand, capitalized borrowing costs amounting to ₱182.8 million and ₱196.7 million, respectively, as of September 30, 2023 and December 31, 2022, were included as part of construction-in-progress based on capitalization rate ranging from 5.00% to 8.25% for specific borrowing in this period (see Note 9).

Interest payable from these loans amounted to ₱39.3 million and ₱26.3 million as of September 30, 2023 and December 31, 2022, 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 September 30, 2023 and December 31, 2022 as follows:

	Unaudited Sept 30, 2023	Audited Dec 31, 2022
Current	P461,607,033	P489,770,878
Non-current	2,905,702,705	3,256,050,192
	P3,367,309,738	P3,745,821,070

12.2 Additional Profit or Loss

Expenses recognized for the period are as follows:

	Note	Unaudited Sept 30, 2023	Unaudited Sept 30, 2022
Depreciation expense of right-of-use assets	9	P400,313,039	P574,866,775
Interest expense on lease liabilities	15	184,004,616	214,171,450
Variable lease payments	14.2	211,940,733	223,707,178
		P796,258,388	P1,012,745,404

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 P774.4 million P835.5 million, and P844.3 million in Sept 30, 2023, 2022 and 2021, respectively.

13. Sales

The Company's revenues arise from sale transactions with individual and corporate customers in the Philippines totaling to P8.8 billion and P9.1 billion for the nine-months period ended September 30, 2023 and 2022, respectively.

The disaggregation on revenue recognition whether point in time or over time for period ended September 30, 2023 is shown below:

	Point in time	Over time	Total
Sale of merchandise (Note 18.1)	P8,779,789,127	P–	P8,779,789,127
Vendors' support	–	111,557,117	111,557,117
Marketing fees	–	13,937,464	13,937,464
Delivery fees	–	11,831,985	11,831,985
Miscellaneous	10,019,214	–	10,019,214
	P8,789,808,341	P137,326,566	P8,927,134,907

This compares to the disaggregation on revenue recognition whether point in time or over time for period ended September 30, 2022 as follows:

	Point in time	Over time	Total
Sale of merchandise (Note 18.1)	₱9,106,106,724	₱–	₱9,106,106,724
Vendors' support	–	121,458,005	121,458,005
Delivery fees	–	12,120,054	12,120,054
Marketing fees	–	15,528,952	15,528,952
Miscellaneous	19,074,559	–	19,074,559
	<u>₱9,125,181,283</u>	<u>₱149,107,011</u>	<u>₱9,274,288,295</u>

The Company also recognized rental income from its operating lessor amounting to ₱14.9 million and ₱13.9 million in 2023 and 2022, 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 support received from suppliers for store opening and clearance sales.

14. Cost of Merchandise Sold and Selling, General and Administrative Expenses

14.1 Cost of Merchandise Sold

The details of cost of merchandise sold are shown below:

	Note	Unaudited Sept 30, 2023	Unaudited Sept 30, 2022
Inventories at beginning of period	7	₱6,629,751,113	₱7,055,642,001
Purchases during the period		<u>5,693,330,462</u>	<u>4,961,739,638</u>
Cost of goods available for sale		12,323,081,575	12,017,381,639
Inventory losses due to fire	7	-	83,826,406
Inventories at end of period	7	<u>6,834,502,184</u>	<u>6,119,295,619</u>
		<u>₱5,488,579,392</u>	<u>₱5,814,259,614</u>

14.2 Selling, General and Administrative Expenses

	Note	Unaudited Sept 30, 2023	Unaudited Sept 30, 2022
Depreciation and amortization	9	₱1,091,969,581	₱1,142,197,026
Salaries, wages and employee benefits	16	303,594,020	292,502,956
Outside services		198,473,934	193,428,962
Rentals	12.2	211,940,733	223,707,179
Communication and utilities		242,601,329	189,343,138
Merchant fee		112,051,637	113,937,728
Taxes and licenses		58,386,440	88,800,202
Office and store supplies		19,935,156	20,379,361
Repairs and maintenance		28,311,585	22,172,470
Professional fees		11,343,916	9,213,601
Advertising and promotions		13,579,513	10,606,479
Dues and subscriptions		9,239,405	8,774,503
Transportation expense		13,493,757	11,985,327
Insurance expense		12,312,222	9,944,877
Representation and entertainment		4,427,618	4,557,806
Commission expense		5,022,562	4,964,413
Gain on lease modification	12	-	(111,045,934)
Miscellaneous		6,294,197	5,807,898
		₱2,342,577,606	₱2,241,277,993

15. Finance Costs

Finance costs include the following:

	Note	Unaudited Sept 30, 2023	Unaudited Sept 30, 2022
Interest expense from:			
Lease liability	12.2	₱184,004,616	₱214,171,450
Loans payable	11	149,487,817	80,981,724
Retirement benefit obligation	16.2	2,628,997	2,628,996
Bank service charge		-	3,500
		₱336,121,430	₱297,785,670

16. Salaries, Wages and Employee Benefits

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

16.1 Salaries, Wages and Employee Benefits

	Note	Unaudited Sept 30, 2023	Unaudited Sept 30, 2022
Salaries and wages		₱254,082,895	₱250,982,213
Post-employment benefit	16.2	8,190,524	8,086,233
Other employee benefits		41,320,602	33,434,510
		₱303,594,020	₱292,502,956

16.2 *Post-employment Defined Benefit Plan*

(a) *Characteristics of the Defined Benefit Plan*

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

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

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

The most recent actuarial valuation dated September 30, 2023 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 Sept 30, 2023	Audited Dec 31, 2022
Balance at beginning of the period	₱65,481,009	₱70,385,602
Current service cost	8,190,524	10,920,698
Interest expense	2,628,997	3,505,329
Benefits paid from Company operating fund		(3,800,000)
Transferred liability	—	—
Actuarial losses (gains) arising from:	—	(12,063,408)
Changes in financial Assumptions		736,217
Experience adjustments		(16,266,837)
Balance at the end of the period	₱76,300,529	₱65,481,009

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 September 30, 2023 and December 31, 2022:

Discount rate	7.37%
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 September 30, 2023 and December 31, 2022 are discussed below risk.

	Impact on Retirement Benefit Obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	+/-1%	(8,595,720)	10,372,352
Salary growth rate	+/-1%	10,317,126	(8,716,765)

The sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognized in the 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 ₱76.3 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 September 30, 2023 and December 31, 2022 from the plan follows:

Within five years	₱8,708,897
More than five years to 10 years	35,006,257
More than 10 years	1,063,616,434
	<u>₱1,107,331,588</u>

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

17. Income Taxes

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

	Unaudited Sept 30, 2023	Unaudited Sept 30, 2022
Regular corporate income tax (RCIT)	P61,138,964	P160,171,831
Final tax at 20%	154,761	144,499
Deferred tax expense relating to originating and reversal of other temporary differences	132,547,844	73,543,249
	P193,841,570	P233,859,579

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 Sept 30, 2023	Unaudited Sept 30, 2022
Tax on pretax profit at statutory rate	P193,880,260	P158,113,184
Adjustment for income subjected to lower tax rate	(38,690)	(36,125)
Tax effects of non-deductible expense	-	75,782,520
Tax expense	P193,841,570	P233,859,579

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 RCIT for the period ended September 30, 2023 and 2022.

The deferred tax liabilities as of September 30, 2023 and December 31, 2022 relate to the following:

	Statements of Financial Position		Statements of Comprehensive Income	
	Unaudited Sept 30, 2023	Audited Dec 31, 2022	Unaudited Sept 30, 2023	Unaudited Sept 30, 2022
Deferred tax assets:				
Leases - PFRS 16	P188,950,329	P192,007,991	(P5,450,427)	(P16,620,905)
Retirement obligation	17,873,402	11,285,869	(2,704,880)	(1,785,871)
Impairment loss	12,241,220	5,961,115	-	-
Reward liability	147,133	1,801,805	-	-
	219,212,084	211,056,780	(8,155,307)	(18,406,776)
Deferred tax liabilities:				
Depreciation	(554,603,204)	(456,542,361)	98,060,844	97,577,651
Borrowing costs	(235,347,247)	(192,704,967)	42,642,307	32,806,404
Uncollected income	(9,803,251)	(9,803,253)	-	(38,434,030)
	(799,753,730)	(659,050,581)	140,703,151	91,950,025
Deferred tax liabilities – net	P580,541,646	P447,993,801		
Deferred tax expense (income)			P132,547,844	P73,543,249

The Company claimed itemized deductions for 2023 and 2022 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 six months ended September 30, 2023 and 2022, and the related outstanding balances as of September 30, 2023 and December 31, 2022 are discussed in the succeeding pages.

Related Party Category	Amount of Transactions		Outstanding Balance	
	For the nine months period Sept 30, 2023	Sept 30, 2022	Unaudited Sept 30, 2023	Audited Dec 31, 2022
Common Ownership:				
Depreciation (PFRS 16)	303,732,932	303,732,932	—	—
Interest (PFRS 16)	152,524,624	171,085,496	—	—
Sale of merchandise	27,166,082	28,138,077	—	43,953,695
Rentals	134,670,854	186,225,453	—	—
Common Ownership:				
Lease liability	128,309,806	128,309,806	2,758,947,417	3,049,982,309
Right-of-use Asset (PFRS 16)	—	46,315,976	2,699,793,000	2,515,697,287
Transferred retirement obligation	—	—	76,300,529	—
Key Management Personnel –				
Compensation	36,634,500	37,683,000	—	—

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 September 30, 2023, the total key management personnel compensation which includes short-term and post-employment benefits amounted to ₱36.6 million.

19. Equity

19.1 Capital Stock

The details of the Company's capital stocks as of September 30, 2023 and December 31, 2022 are as follows:

	Unaudited Sept 30, 2023		Audited Dec 31, 2022	
	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 ₱7,209.3 million from the initial public offering in 2019, net of ₱668.4 million stock issuance costs incurred such as underwriting fees and commissions, taxes and filing fees (see Note 19.1).

19.3 Dividend Declaration

The Company's BOD approved the declaration of cash dividends amounting to ₱288.8 million (₱0.0770 per share) on November 29, 2022, payable to stockholders of record on December 15, 2022. The outstanding dividends payable amounting to ₱35.0 million is presented as part of Non-trade Payables under Trade and Other Payables in the 2022 statement of financial position and were paid on February 25, 2023. (see Note 10).

19.4 Revaluation Reserves

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

	Unaudited Sept 30, 2023	Audited Dec 31, 2022
Balance at beginning of period	₱10,949,114	(₱698,851)
Remeasurement on post-employment defined benefit obligation	—	(15,530,620)
Tax expense	—	3,882,655
Effect of the change in income tax rate	—	—

Balance at the end of the period	<u><u>₱10,949,114</u></u>	<u><u>(₱12,346,816)</u></u>
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20. Earnings (Loss) Per Share

Earnings (loss) per share were computed as follows:

	<u>Unaudited Sept 30, 2023</u>	<u>Unaudited Sept 30, 2022</u>
Net (loss) profit	<u>₱581,679,470</u>	<u>₱398,593,154</u>
Divided by weighted average number of outstanding common shares	<u>3,750,000,002</u>	<u>3,750,000,002</u>
Basic and diluted EPS	<u><u>₱0.16</u></u>	<u><u>₱0.11</u></u>

The Company has no potential dilutive common shares as of September 30, 2023 and 2022.

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 September 30, 2023 and 2022.

21.2 Others

There are other commitments, guarantees and contingent liabilities that may arise in the normal course of operations of the Company which are not reflected in the financial statements. As of September 30, 2023 and December 31, 2022, management is of the opinion that losses, if any, from these items will not have any material effect on the Company's financial statements, taken as a whole.

22. Risk Management Objectives and Policies

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

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

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 September 30, 2023 and December 31, 2022, 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 September 30, 2023 and December 31, 2022 was determined based on months past due, for trade receivables, excluding advances to officers and employees, as follows:

Unaudited Sept 30, 2023	Within 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Expected loss rate	0.00%	26.12%	32.67%	53.93%	
Gross carrying amount	225,453,980	84,080,070	3,970,728	1,085,250	314,753,465
Loss allowance	—	21,961,793	1,297,341	585,323	23,844,458

Audited Dec 31, 2022	Within 1 year	1 to 2 years	2 to 3 years	More than 3 years	Total
Expected loss rate	0.00%	27.18%	35.86%	53.93%	
Gross carrying amount	372,726,437	76,174,377	6,396,772	1,572,843	456,870,429
Loss allowance	—	20,702,096	2,294,059	848,303	23,844,458

(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 September 30, 2023 and December 31, 2022. 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 Sept 30, 2023	Audited Dec 31, 2022
Total liabilities	<u>₱11,047,804,631</u>	<u>₱11,451,738,066</u>
Total equity	<u>15,864,359,745</u>	<u>15,282,680,275</u>
Debt-to-equity ratio	<u>0.70 : 1.00</u>	<u>0.75 : 1.00</u>

ALLHOME CORP.

Supplemental Schedule of Financial Soundness Indicators

September 30, 2023 and September 30, 2022

Ratio	Formula	2023	Formula	2022
Current ratio	Total Current Assets divided by Total Current Liabilities	3.11	Total Current Assets divided by Total Current Liabilities	2.70
	Total Current Assets ₱12,831,706,812		Total Current Assets ₱11,126,151,930	
	Divide by:		Divide by:	
	Total Current Liabilities 4,130,259,750		Total Current Liabilities 4,126,402,754	
	Current Ratio 3.11		Current Ratio 2.70	
Acid test ratio	Quick Assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities	0.60	Quick Assets (Total Current Assets less Inventories and Other Current Assets) divided by Total Current Liabilities	0.54
	Total Current Assets ₱12,831,706,812		Total Current Assets ₱11,126,151,930	
	Less: Merchandise Inventories (6,834,502,184)		Less: Merchandise Inventories (6,119,295,619)	
	Other Current Assets (3,502,450,243)		Other Current Assets (2,795,186,069)	
	Quick Assets 2,494,754,385		Quick Assets 2,211,670,242	
	Divide by:		Divide by:	
	Total Current Liabilities 4,130,259,750		Total Current Liabilities 4,126,402,754	
	Acid Test Ratio 0.60		Acid Test Ratio 0.54	
Solvency ratio	Total Liabilities divided by Total Assets	0.41	Total Liabilities divided by Total Assets	0.42
	Total Liabilities ₱11,047,804,631		Total Liabilities ₱11,014,159,571	
	Divide by: Total Assets 26,912,164,374		Divide by: Total Assets 26,038,766,264	
	Solvency Ratio 0.41		Solvency Ratio 0.42	
Debt-to-equity ratio	Total Liabilities divided by Total Equity	0.70	Total Liabilities divided by Total Equity	0.73
	Total Liabilities ₱11,047,804,631		Total Liabilities ₱11,014,159,571	
	Divide by: Total Equity 15,864,359,745		Divide by: Total Equity 15,024,606,693	
	Debt-to-Equity Ratio 0.70		Debt-to-Equity Ratio 0.73	
Asset-to-equity ratio	Total Assets divided by Total Equity	1.70	Total Assets divided by Total Equity	1.73
	Total Assets ₱26,912,164,374		Total Assets ₱26,038,766,264	
	Divide by: Total Equity 15,864,359,745		Divide by: Total Equity 15,024,606,693	
	Asset-to-equity ratio 1.70		Asset-to-equity ratio 1.73	
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest Expense	3.30	Earnings before interest and taxes (EBIT) divided by Interest Expense	4.14
	EBIT ₱1,110,868,665		EBIT ₱1,232,645,990	
	Divide by: Interest Expense 336,121,430		Divide by: Interest Expense 297,785,671	
	Interest Coverage Ratio 3.30		Interest Coverage Ratio 4.14	
Return on equity	Net Profit divided by Total Equity	0.037	Net Profit divided by Total Equity	0.027
	Net Profit ₱581,679,470		Net Profit ₱398,953,154	
	Divide by: Total Equity 15,864,359,745		Divide by: Total Equity 15,024,606,693	
	Return on equity 0.037		Return on equity 0.027	
Return on assets	Net Profit divided by Total Assets	0.022	Net Profit divided by Total Assets	0.015
	Net Profit ₱581,679,470		Net Profit ₱398,953,154	
	Divide by: Total Assets 26,912,164,374		Divide by: Total Assets 26,038,766,264	
	Return on assets 0.022		Return on assets 0.015	
Net profit margin	Net profit divided by Total Revenue	0.07	Net profit divided by Total Revenue	0.04
	Net Profit ₱581,679,470		Net Profit ₱398,953,154	
	Divide by: Total Revenue 8,779,789,127		Divide by: Total Revenue 9,106,106,724	
	Net Profit Margin 0.07		Net Profit Margin 0.04	

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

REVIEW OF NINE MONTHS END 2023 VS NINE MONTHS END 2022

RESULTS OF OPERATIONS

Nine months ended September 30, 2023 compared to Nine months ended September 30, 2022

Sales

The company recorded sales of ₱8,779.7 million for the nine months ended September 30, 2023, a decrease of about 3.6% from ₱9,106.1 million for the nine months ended September 30, 2022. This was brought about by the weakened demand in the hard categories as customers deferred their purchases for home construction and finishing owing to rising inflation, while soft categories remained steady.

The following table shows the key operating performance indicators relevant to the revenues for the period ended September 30, 2023 and 2022.

	As of and for the period ended 30 September		
	2023	2022	% change
Number of Stores	65	59	10.2%
Net Selling Area (in sqm)	296,003	291,083	1.7%
Net Sales (Php millions)	8,777.2	9,106.1	-3.6%
SSSG**	-4.0%	-11.3%	

*Excluding 3 Alabang stores

Cost of Merchandise Sold

For the nine months ended September 30, 2023, cost of merchandise sold was at ₱5,488.5 million, a decrease of 6% from the ₱5,814.2 million for the same period in 2022 corresponding to the decrease in sales as well as due to lower cost of goods as these were purchased in advance in the previous quarters at lower cost.

Support, Fees, Rentals and Other Revenues

Support, Fees, Rentals and Other Revenues decreased by 11% from ₱182.0 million for the nine months ended September 30, 2022 to ₱162.2 million for the nine months ended September 30, 2023, primarily due to the decrease in sales which are generally the basis for vendor incentives and support.

Selling, General and Administrative Expenses

Selling, General and Administrative Expenses decreased by 8% to ₱2,342.5 million for the nine months ended September 30, 2023 from ₱2,544.4 million for the same period in 2022, primarily due to the following reason:

- Decrease in depreciation and amortization from ₱1,142.1 million in September 30, 2022 to ₱1,091.9 million in September 30, 2023 attributed to the reduced usage of warehousing facilities

- Increase in salaries, wages, and employee benefits from ₱292.5 million in September 30, 2022 to ₱303.5 million in September 30, 2023 due to the retirement of some senior managers of the company.
- Increase in outside services from ₱193.4 million in September 30, 2022 to ₱198.4 million in September 30, 2023 due to increase in manpower rates of such services
- Decrease in rentals from ₱223.7 million in September 30, 2022 to ₱211.9 million in September 30, 2023 due to lower sales in the current period.
- Increase in communication and utilities from ₱189.3 million in September 30, 2022 to ₱242.6 million in September 30, 2023 primarily due to significant increases in electricity rates.
- Decrease in merchant fee from ₱113.9 million in September 30, 2022 to ₱112.0 million in September 30, 2023 attributable to decline in sales for the period.
- Decrease in taxes and licenses from ₱88.8 million in September 30, 2022 to ₱58.4 million in September 30, 2023 due to lower sales tax base.
- Increase in repairs and maintenance from ₱22.1 million in September 30, 2022 to ₱28.3 million in September 30, 2023 due to early timing of repairs and maintenance activities for the year.
- Decrease in office and store supplies from ₱20.3 million in September 30, 2022 to ₱19.5 million in September 30, 2023 due primarily to cost-saving initiatives.
- Increase in professional fees from ₱9.2 million in September 30, 2022 to ₱11.3 million in September 30, 2023 due to timing difference in the payment of audit fees, BOD fees, and other various engagements.
- Increase in advertising and promotions from ₱10.6 million in September 30, 2022 to ₱13.5 million in September 30, 2023 due to social media boostings as well as flyer/banner print-outs for marketing purposes to promote sales events and activities during the period.
- Increase in dues and subscriptions from ₱8.7 million in September 30, 2022 to ₱9.2 million in September 30, 2023 timing difference on increased rates of subscriptions.
- Increase in transportation expense from ₱11.9 million in September 30, 2022 to ₱13.4 million in September 30, 2023 primarily due to increasing fuel prices and also due to increased logistics activities.
- Increase in insurance expense from ₱9.9 million in September 30, 2022 to ₱12.3 million in September 30, 2023 due to adjustment in rates and coverages.

- Decrease in representation and entertainment from ₱4.5 million in September 30, 2022 to ₱4.4 million in September 30, 2023 due to the timing differences of various events, meetings, and activities for the period.
- Decrease in impairment gain on lease modification from ₱111.0 million in September 30, 2022 to nil in September 30, 2023 due to the derecognition and termination of rent of the Alabang stores, accounted under PFRS 16, due to the fire incident in 2022.
- Increase in miscellaneous expense from ₱5.7 million in September 30, 2022 to ₱6.2 million in September 30, 2023 due to loss on disposal of defective assets under property and equipment and other minor expenses.

Finance Cost, net

Finance cost, net increased from ₱297.7 million for the nine months ended September 30, 2022 to ₱336.1 million for the nine months ended September 30, 2023 due primarily to the increase in interest on loans payable and slightly offset by the decrease in interest expense from lease liability.

Tax Expense

Tax expense decreased by 17% from ₱233.8 million for the nine months ended September 30, 2022 to ₱193.8 million for the nine months ended September 30, 2023 due to timing difference on tax deduction claim on fire loss.

Fire Loss

The Company recorded fire losses in 2022 when the Company's store outlets located at Alabang, Muntinlupa City, were severely damaged by fire. As a result, the Company wrote-off certain inventories, and property and equipment with net carrying value amounting to P83.8 million and P219.3 million, respectively. Thus, the total losses from fire amounted to P303.1 million, not taking into account the insurance claims which were received in the latter part of 2022.

Net Profit

As a result of the foregoing, our net income increased by 46% from ₱398.5 million net profit for the nine months ended September 30, 2022 to ₱581.6 million net profit for the nine months ended September 30, 2023.

FINANCIAL CONDITION

As of 30 June 2023 vs. 31 December 2022

Total assets amounting to ₱26,912.2 million as of September 30, 2023 recorded an increase of 1% from the reported amount of ₱26,734.4 million in December 31, 2022 due to the following:

- Cash amounting to ₱1,913.4 million as of September 30, 2023 recorded an increase of 8% from the reported amount of ₱1,767.7 million in December 31, 2022 due to profitable operations for the period.
- Trade and Other Receivables amounting to ₱581.2 million as of September 30, 2023 recorded a decrease of 11% from the reported amount of ₱655.3 million reported in December 31, 2022 due to lower sales for the period.
- Merchandise Inventory amounting to ₱6,834.5 million as of September 30, 2023 recorded an increase of 3% from the ₱6,629.7 million reported in December 31, 2022 due to continuous replenishment and refresh of inventory, and stocking up for the holidays.
- Property and Equipment amounting to ₱13,391.9 million as of September 30, 2023 recorded a decrease of 4% from the ₱14,018.9 million reported in December 31, 2022 primarily due to depreciation.
- Other Assets amounting to ₱4,190.9 million, as of September 30, 2023, recorded an increase of 14% from the amount ₱3,662.8 million reported in December 31, 2022 due primarily to security deposit for new warehouse, and advances for purchases.

Total liabilities amounting to ₱11,047.8 million as of September 30, 2023 recorded a decrease of 4% from the reported amount of ₱11,451.7 million in December 31, 2022. This was due to the following:

- Trade and other payables amounting to ₱1,003.8 million, as of September 30, 2023, recorded a decrease of 19% from the ₱1,246.2 million reported in December 31, 2022 due to payments of payables for the purchase of inventories.
- Loans payable including non-current portion amounting to ₱6,019.6 million, as of September 30, 2023, recorded an increase of 1% from the ₱5,941.3 million reported in December 31, 2022 due to advance refinancing on maturing loans.
- Lease liability including non-current portion amounting to ₱3,367.3 million, as of September 30, 2023, recorded a decrease of 10% from the ₱3,745.8 million reported in December 31, 2022 due to lease payments made.
- Income tax payable amounting to ₱163.7 thousand, as of September 30, 2023, recorded a decrease of 97% from the ₱4.7 million reported in December 31, 2022 due to tax payments.

- Deferred Tax Liability amounting to ₱580.5 million, as of September 30, 2023, recorded an increase of 29% from the amount ₱447.9 million reported in December 31, 2022 due to the adjustment to temporary tax differences for the period.
- Retirement benefit obligation amounting to ₱76.3 million, as of September 30, 2023, recorded an increase of 16% from the ₱65.4 million reported in December 31, 2022 due to adjustment of provision for the retirement benefit.

Total stockholder's equity amounting to ₱15,864.3 million, as of September 30, 2023, recorded an increase of 4% from the ₱15,282.6 million reported in December 31, 2022 due to net income recorded for the period.

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

Key Performance Indicators	<i>9/30/2023</i>	9/30/2022
Revenue (₱ millions)	₱8,779.7	₱9,106.1
Gross Profit (₱ millions)	3,291.2	3,291.8
Gross Profit Margin (%) ^(a)	37.5%	36.1%
Net Profit or Loss (₱ millions)	581.6	398.5
Net Profit Margin (%) ^(b)	6.6%	4.3%

^(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 nine months ended September 30, 2023 compared to the nine months ended September 30, 2022 due to weakened sales in the hard categories during the first quarter, 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. The rising inflation also caused demand for hard categories to weaken as customers deferred their purchases for home construction and finishing.

Gross Profit increased for the nine months ended September 30, 2023 compared to nine months ended September 30, 2022 remained flat despite decrease in total sales as GP margin increased from 36.1% to 37.5%

Gross Profit Margin increased for the nine months ended September 30, 2023 compared to nine months ended September 30, 2022 due to strategic pricing, and 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 increased for the nine months ended September 30, 2023 compared to nine months ended September 30, 2022 due to lower total operating expenses, and incurrence of one-time loss on damaged assets due to fire in 2022.

Material Changes to the Company's Balance Sheet as of 30 June 2023 compared to 31 December 2022 (increase/decrease of 5% or more)

- Cash amounting to ₱1,913.4 million as of September 30, 2023 recorded an increase of 8% from the reported amount of ₱1,767.7 million in December 31, 2022 profitable operations for the period.
- Trade and Other Receivables amounting to ₱581.2 million as of September 30, 2023 recorded a decrease of 11% from the reported amount of ₱655.3 million reported in December 31, 2022 due to lower sales for the period
- Other Assets amounting to ₱4,190.9 million, as of September 30, 2023, recorded an increase of 14% from the amount ₱3,662.8 million reported in December 31, 2022 due primarily to security deposit for new warehouse, and advances for purchases.
- Trade and other payables amounting to ₱1,003.8 million, as of September 30, 2023, recorded a decrease of 19% from the ₱1,246.3 million reported in December 31, 2022 due to payments of payables for the purchase of inventories.
- Lease liability including non-current portion amounting to ₱3,367.3 million, as of September 30, 2023, recorded a decrease of 10% from the ₱3,745.8 million reported in December 31, 2022 due to lease payments made.
- Income tax payable amounting to ₱163.7 thousand, as of September 30, 2023, recorded a decrease of 96% from the ₱4.8 million reported in December 31, 2022 due to tax payable for the period.
- Deferred Tax Liability amounting to ₱580.5 million, as of September 30, 2023, recorded an increase of 29% from the amount ₱448.0 million reported in December 31, 2022 due to the adjustment to temporary tax differences for the period.
- Retirement benefit obligation amounting to ₱76.3 million, as of September 30, 2023, recorded an increase of 16% from the ₱65.5 million reported in December 31, 2022 due to adjustment of provision for the retirement benefit.

Material Changes to the Company's Statement of Income for the 9-month of 2023 compared to the 9-month of 2022 (increase/decrease of 5% or more)

- For the nine months ended September 30, 2023, cost of merchandise sold was at ₱5,488.5 million, a decrease of 6% from the ₱5,814.2 million for the same period in 2022 corresponding to the decrease in sales as well as due to lower cost of goods as these were purchased in advance in the previous quarters at lower cost.
- Increase in communication and utilities from ₱189.3 million in September 30, 2022 to ₱242.6 million in September 30, 2023 primarily due to significant increases in electricity rates.

- Increase in professional fees from ₱9.2 million in September 30, 2022 to ₱11.3 million in September 30, 2023 due to timing difference in the payment of audit fees, BOD fees, and other various engagements.
- Decrease in rentals from ₱223.7 million in September 30, 2022 to ₱211.9 million in September 30, 2023 due to lower sales in the current period.
- Decrease in taxes and licenses from ₱88.8 million in September 30, 2022 to ₱58.4 million in September 30, 2023 due to lower sales tax base.
- Increase in transportation expense from ₱11.9 million in September 30, 2022 to ₱13.4 million in September 30, 2023 primarily due to increasing fuel prices and also due to increased logistics activities.
- Increase in advertising and promotions from ₱10.6 million in September 30, 2022 to ₱13.5 million in September 30, 2023 due to social media boostings as well as flyer/banner print-outs for marketing purposes to promote sales events and activities during the period.
- Increase in repairs and maintenance from ₱22.1 million in September 30, 2022 to ₱28.3 million in September 30, 2023 due to early timing of repairs and maintenance activities for the year.
- Increase in insurance expense from ₱9.9 million in September 30, 2022 to ₱12.3 million in September 30, 2023 due to adjustment in rates and coverages.
- Increase in miscellaneous expense from ₱5.7 million in September 30, 2022 to ₱6.2 million in September 30, 2023 due to loss on disposal of defective assets under property and equipment and other minor expenses.
- Finance cost, net increased from ₱297.0 million for the nine months ended September 30, 2022 to ₱336.1 million for the nine months ended September 30, 2023 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 17% from ₱233.8 million for the nine months ended September 30, 2022 to ₱193.8 million for the nine months ended September 30, 2023 due to timing difference on tax deduction claim on fire loss in 2022.
- The Company recorded fire losses in 2022 when the Company's store outlets located at Alabang, Muntinlupa City, were severely damaged by fire. As a result, the Company wrote-off certain inventories, and property and equipment with net carrying value amounting to P83.8 million and P219.3 million, respectively. Thus, the total losses from fire amounted to P303.1 million, not taking into account the insurance claims which were received in the latter part of 2022.

- As a result of the foregoing, our net income increased by 46% from ₱398.5 million net profit for the nine months ended September 30, 2022 to ₱581.6 million net profit for the nine months ended September 30, 2023.

COMMITMENTS AND CONTINGENCIES

There are no material commitment and contingency as of September 30, 2023 and as of September 30, 2022.

For the 9-month of 2023, there was no seasonal aspect that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

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. 9-month of 2023 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

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.

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 9-month of 2023 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 September 30, 2023, 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 9-month of 2023 financial statement.

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

None.

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

None.

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

None.

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

None.

SIGNATURES

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

ALLHOME CORP.

Issuer

By:

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

ROBIROSE M. ABBOT

CFO / CRO and Head of IR

Date: **November 14, 2023**