

TRANSFORMING THE LANDSCAPE

AllDay | ANNUAL REPORT 2022

In this Report

About Us 4
Financial Highlights 8
Chairman's Message 10
President's Report 14
AllDay by the Numbers 18



4



20



38

Review of Operations

Food 24
Fresh 26
Non-Food 28

Features

Always Innovating 30
Closer To People 34
Taste The World Through Our Aisles 36

Corporate Social Responsibility

Local Love – AllDay's Local Partnerships 38
AllDay Gives Back 40
Sustainability Report 43
Corporate Governance 98
Board of Directors 100
Management Committee 104
Management Discussion and Analysis 106
Financial Statements 129
Shareholder Information 204



OUR COVER

Transforming the landscape

In line with providing Filipinos with an elevated shopping experience, AllDay remains committed to providing customers with international-standard offerings, value, and service. Incorporating Digital Transformation and Innovation at every level of our operations, while leveraging synergistic connections to push our expansion drive in key locations, AllDay continues to lead the nation's mid to premium supermarket segment.



ABOUT US

AllDay Marts, Inc. is the fastest growing supermarket operator in the Philippines and a leading player in the mid-premium supermarket segment, according to GlobalData. We provide Filipino consumers an elevated, modern grocery shopping experience with our innovative solutions and dual-format business model. We operate an in-store and online integrated modern grocery business offering approximately 4,200 local and international product brands that fall under three key categories, namely fresh items, food items and non-food items. About 40,000 SKUs, including a comprehensive and curated selection of international brands, are maintained to appeal to the increasingly discerning Filipino consumers.

Since our incorporation in December 2016, we have grown to 36 physical stores as of December 31, 2022, with an aggregate net selling space of approximately 60,000 sqm across 25 cities and municipalities in the Philippines. We believe that we offer an elevated in-store customer experience through a combination of store aesthetics, comfort, accessibility and convenience. Our stores, as a result, attract a discerning clientele who has a relatively higher buying power and puts a premium on their overall shopping experience.

Digital innovation is the foundation of our in-store business model.

To that end, we are the first to introduce the self-checkout kiosks to improve health and safety protocols and allows our customers to observe social distancing measures in our stores. We have also launched the Personal Shopper Service which allows our customers to simply send their orders through our dedicated hotlines for fulfillment and delivery direct to their homes.



thereby expanding the catchment area of each of our stores. Gearing towards the continuation of the growth of our online user base, we recently migrated our current e-commerce platform to a progressive web application ("PWA") format which allows for improved functionality and usability for customers who do their shopping either on desktop computers, mobile phones, or tablets.

To complement our in-store business model, we operate a best-in-class e-commerce platform through *www.allday.com.ph* which provides a responsive, secure, and fast online shopping experience for our customers. Our e-commerce platform covers our entire store network, utilizing our physical locations in 25 cities and municipalities across the Philippines as last-mile fulfillment centers –





As a result of these digital innovations, GlobalData considers AllDay to be one of the most innovative supermarket retailers in the Philippines. These digital innovations have also put us in a leading competitive position. We intend to further embrace digital innovation along with our core capability of physical store network expansion to actively pursue our vision of becoming the largest platform to drive digitalization of the Philippines' supermarket retail industry.




Nestlé
Whole Grains
KoKRUNCH

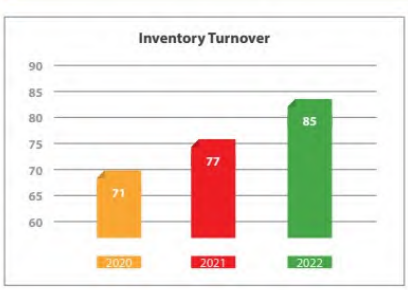


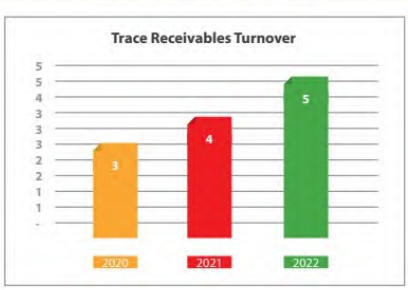
Financial Highlights

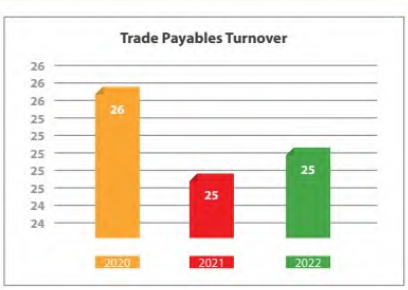
INCOME STATEMENT	(in millions PHP)		
	2022	**2021**	**2020**
Revenues	9,760	9,456	7,931
Gross Profit	2,003	1,856	1,539
GP Margin	20.5%	19.6%	19.4%
EBITDA	902	812	628
EBITDA Margin	9.2%	8.6%	7.9%
Core Net Income	374	334	220
Core NI Margin	3.8%	3.5%	2.8%
Net Income	302	386	220
NI Margin	3.1%	4.1%	2.8%

BALANCE SHEET	(in millions PHP)		
	2022	**2021**	**2020**
Total Assets	9,132	8,776	6,457
Total Liabilities	2,527	2,407	4,739
Total Equity	6,604	6,369	1,719

WORKING CAPITAL

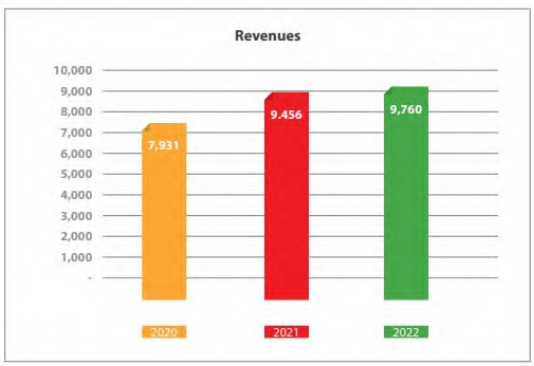


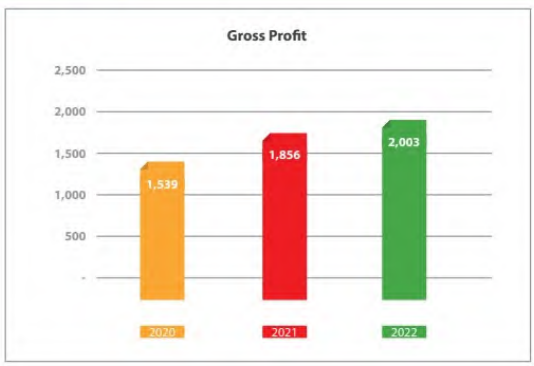


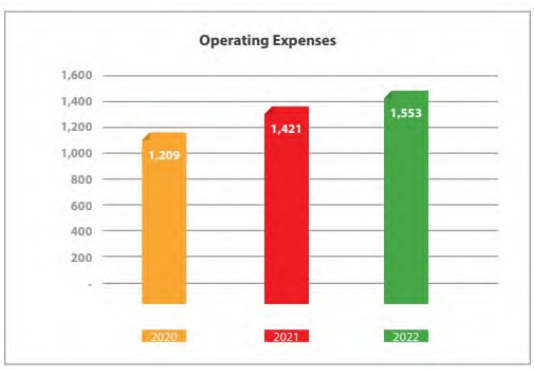


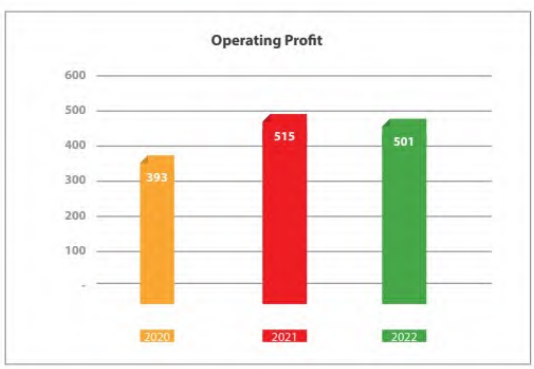


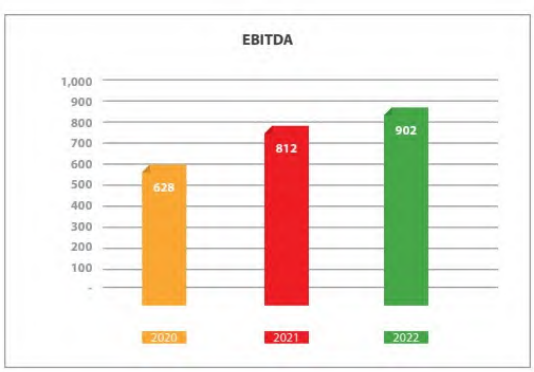
FINANCIAL HIGHLIGHTS

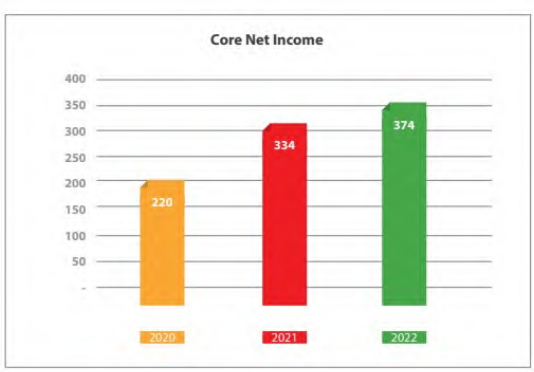












CHAIRMAN'S MESSAGE

TRANSFORMING THE LANDSCAPE

To my fellow stakeholders,

Our work towards realizing the AllDay vision has reached its first significant waypoint since our public listing: our first full year of operations as a fully-fledged member of the PSE. Many changes across the country has happened since then: from the clutches of a worldwide pandemic, the whole world, our beloved country included, are again enjoying a level of normalcy, circumstances brought about by concerted and herculean efforts to turn the tide against COVID-19. It is a wonderful thing to behold this milestone and be grateful, as we revisit the challenges of a more traditional landscape of business.

As we transition to more normal ways of life, it is easy to see that consumers are making up for lost time, understandably focusing their money and energies on travel, food, and leisure. In 2022, the Philippine economy enjoyed a growth of 7.6%, fueled by significant output surges from restaurants, hotels and transportation. People wined and dined, travelled, and rediscovered the joys of being outside their homes.

Consumer behavior changes, and it is only natural that we adapt. It is in this light with which I note the performance of AllDay Supermarket this past year. In 2021, we sought to transform the landscape of the Philippine Supermarket Industry. Our game-changing value proposition—a


CENTURY
205



redefinition of the Filipino retail experience—was validated as we revisit our performance in 2022. At the heels of an extraordinary period in history, we delivered growth against banner performances in 2021 and 2020 to our stakeholders—all this on the strength of a global shopping standard unseen then in the Philippines, one that continues to enjoy a warm acceptance and patronage in our target segment.

We continued to implement an exceptional customer experience focused on aesthetic and efficiency. In 2022, we continued our thrust to bring an elevated supermarket experience with the addition of three new stores to our now 36-strong network. Through beautiful stores and pioneering customer touchpoints such as the introduction of Smart Carts and ADDIE, our supermarket push robot—piloted in our Evia branch in 2022—we continued to build refreshing customer experiences on top of the convenience and efficiency that they have come to expect.

In reinforcing our thrust to have our customers see, feel and taste the world through our aisles, AllDay continued to offer and constantly improve on a comprehensive and curated selection of international brands to our discerning customers. With the shift in customer behavior towards normalcy and travel, our target demographic has resumed its enjoyment of flavors and fare beyond our borders, with their trips informing their demand for AllDay's vast international offering. This experience of course is bolstered by our continuing efforts to replicate our unique in-store shopping experience in our own e-commerce platform, www.allday.com.ph , as well as our trusted partners in third-party marketplaces and on-demand service providers.



AllDay's synergistic relationship with the Villar Group—the nation's largest homebuilder and its retail affiliates—continues to be greatly advantageous. In addition to a steady pipeline of prime locations for new stores and ready consumer markets from 147 established communities, AllDay continues to benefit from established retail ecosystems that allow for natural consumer synergies, ones that present a multitude of possiblities, most importantly the creation of a truly comprehensive and consistent retail experience.

As we look to another year, I view the horizon of AllDay with optimism. In delivering a 2022 performance that still managed to outpace an extraordinary year, I am confident in our ability to deliver value to our stakeholders because AllDay Supermarket—with its uniquely elevated in-store and online experience, world-class offerings, ability to quickly calibrate and adapt to changing market conditions and strong management team—continues to brim with potential.

There are many more opportunities ahead, and we look to capitalize on them. We are just getting started. I thank our Board, our management team, valued partners and customers. With your continued trust, cooperation and support, we will continue to transform the landscape in our mission to truly elevate the Filipino grocery shopping experience.

MANUEL B. VILLAR, JR.
Chairman

PRESIDENT'S REPORT

ELEVATING OUR STRENGTHS

To our valued stakeholders,

The year 2022 marked a pivotal moment in the local supermarket industry. After operating from a position of being a key source of essentials, creature comforts and even experiences in the midst a worldwide pandemic, supermarkets are now dealing with a market that is quickly settling into a life practically unencumbered by the spectre of COVID-19. People are rediscovering freedoms, spending their time and resources on leisure, travel and dining out—a healthy and long-awaited return to normalcy.

It is in this context that AllDay conducts business today, and it is with pleasure that I report that our performance in 2022 only validates our strategy of providing an experiential and elevated supermarket experience.

Relative to the robust performances of 2020 and 2021—ones spurred by extraordinary pandemic consumer behaviors—our performance in 2022 were hinged on sound execution, a consistent and focused effort across the board to fine-tune the unique supermarket experience we deliver to our customers. Headlining all of this: AllDay turned in Php 9.8 billion in revenue, translating to 3.2% growth over banner numbers throughout the pandemic.

Deliberate initiatives on operational efficiency allowed us to improve gross profit margin in 2022 to 20.5%, an increase of 90 basis points versus our 2021 gross profit margin of 19.6%. In the same period, we turned in an EBITDA margin of 9.2% in 2022 vs 8.6% in 2021. Through combined efforts of all departments—from merchandising to operations—we continued to pursue margin expansion, with gross profit margin and EBITDA margin increases outpacing our uptick in revenue.

In terms of our merchandise, we pursued continuous negotiation gains as we expanded our store network, thereby increasing our purchase volume with suppliers. We implemented initiatives to improve product sourcing and mix. We also continuously implemented and promoted our private labels also contributed


CHEESE

to the expansion of AllDay gross profit margins, with the consolidated efforts contributing to realized gains in margin expansion.

At the store level, we are also able to optimize our store and central operating expenses, deploying programs such as energy consumption monitoring and other efficiencies in operations that minimized expenses and helped temper the impact of inflation on costs. One of these initiatives include the review of the efficiency or productivity of our manpower and operating hours of each store resulting to savings in manpower cost. In addition, we have a perpetual review of how efficiently our equipment are running to ensure optimum power usage which impacts our utility consumption and cost. As a company that prizes innovation on every front, we continue to seek out opportunities to improve on any efficiency and process that comprise the unique AllDay Supermarket experience.

In 2022, AllDay continued to expand its unique supermarket experience with the launch of three new stores: AllDay Worldwide Corporate Center (WCC) along Shaw Boulevard in Mandaluyong City, AllDay Buhay na Tubig in Imus, and AllDay Agro in Muntinlupa. As of end 2022, the AllDay Supermarket network is comprised of 36 stores, predominantly in Mega Manila, a total net selling space of approximately 60,000 sqm. across 25 cities and municipalities in the Philippines. Twenty-seven of the stores are located in Mega Manila, six stores are in Luzon (outside Mega Manila) and three stores are in the Visayas region.

With three new stores in 2022, inventory turnover increased from 77 days to 85 days, as the sales of new stores are still ramping up. Moving forward, we will take active steps to rationalize and re-balance our inventory levels. Trade payables is at 25 days, still within the normal credit terms of our suppliers. This expansion also brings the chain's total assets at Php 9.1 billion, slightly higher than 2021 because of additions to property and equipment.

As AllDay continues to transform the supermarket landscape, I also recognize the continuity in our growth, even in the face of shifting tides in consumer behavior. With pantry stocking behavior normalizing and consumers in our demographic segment shifting their expenses to travel, food and leisure, our SSSG still registered an uptick—albeit in the single digits—at 2.5%.

As we transition to the new challenges of 2023, we remain confident in our value proposition and our strategies to both reach more consumers and derive value from our unique, experiential and elevated supermarket experience. In addition to established operational experience in margin expansion and dialing in on operational efficiencies, we will continue to deploy AllDay's unique strengths.

We will continue to leverage AllDay's branding as a mid-premium market segment leader through first-to-market customer-facing innovations to offer a unique, elevated and experiential shopping experience to our customers.

In 2022, we continued to build on our innovation-first customer experience. With tech-driven experiences such as our Smart carts—first launched in AllDay Supermarket Evia in 2022—and ADDIE, our Service Robot and the Philippines' 1st fully automated supermarket assistant and product promoter, we explored how we can integrate modern interactive product marketing into the AllDay experience, pushing awareness for new items, ongoing promos, and adding a level of customer delight unique to AllDay Supermarket.

Online, we laid our foundations through a solid e-commerce foundation in www.allday.com.ph, a platform that continues its evolution through marketing automation and customized marketing campaigns that translate to increased levels of engagement and conversion. These initiatives serve to replicate the unique AllDay in-store shopping experience. We also continue to maintain our presence in the country's leading third-party marketplaces and on-demand service providers such as Pandamart, Grab Mart, Metromart, Pick-a-roo, Lazada and Shopee. Whilst there was a bit of a slowdown in online sales in 2022, www.alldaymarket.com still managed to contribute 4.3% contribution to total AllDay revenue, well within industry standard.

Of course, it cannot be understated that AllDay's synergistic relationship with the Villar Group remains to be a unique and powerful advantage. As we look to take the AllDay Supermarket experience even higher, Vista Land provides access to prime commercial locations within its townships, standing as the preeminent pipeline for AllDay's store network. We also continue to mutually benefit being part of a full retail ecosystem that allows for the sharing of customer bases across the AllValue brands, increasing foot traffic of the stores and allows for a multitude of cross-selling opportunities.

As a company that strives not only to successfully engage in business with established communities but to operate as a responsible local entity, AllDay recognizes the importance of providing channels of support and opportunity.

Being one with communities means truly imbibing a local flavor. To this end, AllDay established and continues its partnership with the Department of Trade and Industry to support local small and medium-sized enterprises (SMEs). Through 2022, we added 14% more SKUs for local products, and ensured key merchandising visiblity to ensure positive take up.

In service of the UN SDG goal to reduce food insecurity, AllDay distributes food items to malnourished and undernourished people in orphanages, schools, churches, and communities through its partnership with the PH Food Bank Foundation, with Php 3.2 million in food items given in 2022 alone.

As part of AllDay's ongoing commitment to sustainability, AllDay continues to incentivize stores and customers in minimizing their waste footprint, through AllRewards points for ecobag use and the recycling of over 330,000 kilos of cardboard packaging, a 6% increase vs 2021.

2022 was a concerted effort on our part to truly establish our redefinition of the Filipino grocery experience—on all fronts and across every possible touchpoint. As we take stock of the period in review, our efforts were truly amplified with the support of our Board, management team, valued business partners, and valued customers.

On behalf of the AllDay team, I reiterate our confidence in the AllDay value proposition and strategies, and our commitment to deliver value to our customers and you, our stakeholders. Thank you for your trust, cooperation, and support as we continue our journey to bring our distinct brand of transformation to the supermarket landscape.



FRANCES ROSALIE T. COLOMA
President & Chief Executive Officer

AllDay by the Numbers



9,759.7M
year-end sales
(3.2% increase from 2021)



+65 bps
EBITDA % improvement

4.3%
E-commerce Sales Contribution



Philippine FoodBank Foundation, Inc.

Php3.2M

worth of food items donated to Philippine Food Bank Foundation

60,000 sqm

net selling space



126,667

total accumulated followers on AllDay social media platforms (Facebook, Instagram, Tiktok)

259

Employees as of December 31, 2022





749,797

AllRewards members as of December 31, 2022

4,200

Imported and locally manufactured products



Review of Operations



The achievements of AllDay in 2022 were hinged on the sound implementation of focused yet flexible operational and growth strategies designed to bring an elevated supermarket experience to its customers.

MARGIN IMPROVEMENT

AllDay improved its GP Margin to 20.5% in 2022, an increase of 90 basis points versus our 2021 GP Margin of 19.6%. For the same period, we turned in an EBITDA of 9.2% in 2022 vs 8.6% in 2021.

Allday continued with its efforts at margin expansion. Our GP and EBITDA increases outpaced the sales increase. The primary initiative through which we achieve this is through continuous negotiation gains as we expand our store network, as this directly increases our purchase volume with suppliers. In addition, the continuous implementation and promotion of our private labels also help improve our GP margins. We are also able to reduce our store and central operating expenses which contribute to a higher bottomline.

OPERATIONAL EFFICIENCIES

The Company continue to explore opportunities to improve efficiencies and processes.
The Company registered improvements in merchandise sourcing and merchandising mix and efficiencies in operating expenses that tempered the impact of inflation on costs. In



addition, the Company has ongoing initiatives to minimize energy consumption and for more environmentally friendly operation.

NETWORK EXPANSION

The year ended with 36 AllDay stores comprising a total net selling space of approximately 60,000 sqm. across 25 cities and municipalities in the Philippines. Twenty-seven of the stores are located in Mega Manila, six stores are in Luzon (outside Mega Manila) and three stores are in the Visayas region. In 2022, the Company launched AllDay Worldwide Corporate Center (WCC) along Shaw Boulevard in Mandaluyong City, AllDay Buhay na Tubig in Imus, and AllDay Agro in Muntinlupa.

SYNERGIES WITH VISTA LAND

AllDay continues to leverage its synergistic relationship with the Villar Group. Vista Land provides access to prime commercial locations within Vista Land communities serving as an efficient pipeline for AllDay's store network.

As a key anchor of the AllValue Group, AllDay benefits from operating within a full retail ecosystem that allows for the clustering of customer bases across the AllValue brands, increasing foot traffic of the stores and promoting additional cross-selling opportunities. The AllValue Group also makes joint purchases with its affiliates, resulting in better negotiation gains.

The AllRewards Card—in physical and digital forms—can be used across the AllValue ecosystem to generate shared loyalty. It now has 749,797 subscribers who can earn or use points to purchase an item through a QR Code. AllRewards cardholders typically spend 50% more than the average customer.

In-Store Innovation

We continue to leverage AllDay's position as a mid-premium market segment leader through first-to-market customer-facing innovations to offer a unique, elevated and experiential shopping experience to our customers.

Smart carts are an additional innovation first launched in the EVIA branch in 2022. These carts allow the customer to know the information for the selected items and the running total of all items in the cart. In checking out, the smart cart will automatically generate a QR code for the total purchase that can be scanned at self-checkout counters or handed over to cashier personnel for payment.

In addition, we have recently introduced Addie, the Supermarket Service Robot. Addie is Philippines' 1st fully automated supermarket assistant and product promoter. AllDay shoppers can interact with the robot through product pushes, audio prompts, and an interactive touchscreen interface. Once they click Addie's screen, customers have the option to check supplementary information about the products that the robot is carrying at any given time. The robot can even escort shoppers to featured product displays. Addie is our first foray into



modern interactive product marketing, pushing awareness for new items, ongoing promos, and other offerings from the AllDay Supermarket.

Omnichannel Strategy
The Omnichannel Strategy seeks to replicate the unique AllDay in-store shopping experience in the digital realm.

AllDay has also established and continues to maintain a presence in the country's leading third-party marketplaces and on-demand service providers such as Pandamart, Grab Mart, Metromart, Pick-a-roo, Lazada and Shopee. Alongside improving our physical stores, we have also been improving our e-commerce channels. Online shoppers can now pay through AllEasy giving customers another convenient option to make their purchases. With this, available payment options now include AllEasy, DragonPay, and Cash on Delivery or Pay in Store.

While there was a bit of a slowdown in online sales in 2022, alldaymarket.com still managed to register a 4.3% contribution to sales.

ESG Culture
AllDay believes it is important to recognize the interdependence between business and society and promote harmonious relationships with the communities as part of business growth. Some of the Company's corporate social responsibility projects are the following:

Sourcing from the Local Community
The Company continues its partnership with the Department of Trade and Industry to support



local small and medium-sized enterprises (SMEs). The Company added 14% more SKUs for local products in 2022 and these items get good shelf space to ensure positive take up.

Continuing the Fight against Hunger
The Company distributes food items to malnourished and undernourished people in orphanages, schools, churches, and communities in partnership with the PH Food Bank Foundation. For 2022, Php3.2M in consumables was donated towards ending food insecurity in the Philippines.

Valuing Sustainability
As part of AllDay's ongoing commitment to sustainability, the Company continues to incentivize minimizing waste footprint, through AllRewards points for ecobag use and recycling of over 330,000 kilos of cardboard packaging, a 6% increase vs 2021.

FOOD

To substantiate an offer of comprehensive variety for different customer preferences, AllDay carries over 13,000 food product SKUs—from breakfast cereals, to canned goods, to snacks and sweets, and to baking products.The total food offering is well represented with regards to both local and international brands.





Sales %	49%
Products Offered	Snacks and confectionery, condiments, oil, beverages, milk products, canned goods, baby food, breakfast food, baking products, noodles
Brands in Focus	Del Monte, Bear Brand, Purefoods, Nescafe, Nestle, Alaska, Coca Cola, Lucky Me, Spam, Knorr


good health
POSITIVELY SNACKABLE
NON GMO Project VERIFIED
KETTLE STYLE POTATO CHIPS
PRETZELS
CONTAINS 10 GRAMS OF WHOLE GRAIN

FRESH

Sourced only from the most reputable partners and growers, the meat, poultry, seafood, and produce in AllDay's Fresh category are constantly maintained and inspected to pass the stringent standards of the National Meat Inspection Service.





Sales %	27%
Products Offered	Meat and poultry, fresh produce, seafood, chilled and frozen products, delicatessen and dairy, basic commodities, bakery
Brands in Focus	Bounty Fresh, Purefoods, Magnolia, Monterey, Dizon, Gardenia, Yakult, CDO, Selecta


POULTRY
BRING HOME GOODNESS!
BRING HOME GOODNESS!
ESSENTIAL CHICKEN HUB

NON-FOOD

In keeping with the identity of a supermarket as a one-stop shop for essentials, AllDay maintains a wide range of products for health, beauty, personal care, and other non-food items.



Sales %	24%
Products Offered	Personal care, baby and health care, home and pet care, cigarettes, telecoms, general merchandise
Brands in Focus	Colgate, Sanicare, Dove, Downy, Lysol, Safeguard, Joy, Ariel, Pedigree, Creamsilk


AllGreen
CITRUStribe
After Dark
DISTURIZING LOTION
500ML
CITRUStribe
Sunrise Filter
BODY SCRUB
350ML
Sweet Nectar
BODY SCRUB
AllGreen
CITRUStribe
HAND SOAP
750ML



ALWAYS INNOVATING

Elevating the Customer Experience

In 2022, AllDay was steadfast in its commitment to elevate the local customer experience through the use of global best practices and standards, all anchored by the directive of "innovation-first". Where previous years had seen the introduction of Personal Shopper Service and the best-in-class e-commerce platform *www.allday.com.ph*, AllDay broke new ground in the supermarket retail category in 2022 through the introduction of multiple customer-facing and back-end digital solutions.

CUSTOMER-FACING

SMART CARTS EMPOWER CUSTOMERS

To facilitate smoother movement within the store, AllDay introduced Smart Carts, which provide real-time information on customers' pending purchases - simply by placing them in the cart. Once the items are in the Smart Cart, they are automatically scanned, instantly displaying relevant price information and product details on the cart's built-in user interface. When the customer is ready to complete their purchases, the Smart Cart will generate a QR code for their total transaction amount, payable directly to the store's cashiers or at AllDay's Self-Check Out Counters.





SELF-CHECKOUT COUNTERS DRIVE EFFICIENCY

In a Philippine-first, AllDay Supermarket initially launched the concept of Self-Checkout Counters in partnership with Maya to provide customers with a true in-store contactless shopping experience. Initially introduced at the Evia Lifestyle and Libis branches, the Self-Checkout counters allow AllDay customers to complete their purchases through a variety of digital payment options, including credit and debit cards, as well as Maya and other major e-wallets. As digital transactions grew in prominence during the Pandemic, the Self-Checkout Counters represent a seamless blend of e-commerce with traditional retail, delivering on AllDay's commitment to providing customers with unprecedented options and convenience.



CUSTOMER SERVICE

ZENDESK REVOLUTIONIZES CUSTOMER SERVICE

AllDay broke Philippine industry ground with the consolidation of virtual customer service communications through Zendesk digital CRM tools and solutions. Using cloud-based technology and an intuitive, customizable workflow, Zendesk uses cutting edge software to address customer concerns quickly and efficiently. Whether they're browsing the official AllDay website or writing in via social media, messaging, or email, Zendesk allows AllDay teams to interact with customers without interrupting their overall online shopping and/or browsing experience.

ADDIE GIVES A TASTE OF IN-STORE DIGITAL EXPERIENCE

AllDay is proud to be the home of the Addie the Supermarket Service Robot, the Philippines' first fully-automated, interactive supermarket assistant and product promoter. Interfacing with shoppers through touchscreen instructions and audio prompts, Addie moves freely through the AllDay Supermarket, checking with shoppers if they have checked out the newest in-store products and promos, and even escorting them to the appropriate product displays. Positioned as the future of interactive product marketing, Addie the Service Robot also serves as an exclusive platform to promote AllDay Supermarket's partners' items.





EMPLOYEE BOOSTS THRU TRAINING AND UPSKILLING

For the in-store experience, AllDay believes that happy employees produce better results, and, to this end, provides its workers with continuous in-house trainings, incentives, and upskilling initiatives. Through constant updating and learning opportunities, AllDay employees are armed with the knowledge they need to provide the premium service that customers have come to trust and expect from our stores.



CLOSER TO PEOPLE

Building a Stronger Brand Through Community Synergy

AllDay is the fastest-growing supermarket operator in the Philippines, driven by an ongoing commitment to elevating the consumer experience through innovation and digitization. The brand's rapid expansion is further powered by its ongoing synergistic relationship with Vista Land developments, primarily in the Camella, Crown Asia, and Brittany communities. As a key component of the AllValue Retail Ecosystem, AllDay is a cornerstone of the Villar Group's efforts to pair contemporary communities with high-end food and retail options in the country.

Within the AllValue retail ecosystem, consumers can find AllHome, CoffeeProject, Bake My Day, Gastroville, and more, within one easy-to-access location. As consumers have become increasingly more selective in their shopping preferences as a direct result of the global pandemic, the availability of comprehensive, upscale retail options right where they live provides AllDay and its ancillary brands a distinct competitive advantage - where other brands are forced to seek out suitable locations from which to sell their offerings, AllDay stores are strategically incorporated into Vista Land developments as a matter of course from the earliest planning stages. This results in a more cohesive brand with unique value offerings.





To date, AllDay and its associated brands can be found in 25 of Vista Land's 147 developments, with the goal of reaching 100 stores by 2026. Moving forward, AllDay will continue to build on the synergistic relationship between Vista Land and AllValue, maximizing access to available areas for expansion, as well as ready communities to ensure its stores' viability.

As the nation's largest homebuilder, with over four decades of experience, Vista Land prides itself on its ability to build communities that provide consumers with variety, quality, and value. Having found unprecedented success at leveraging commercial areas as pillars to construct lifestyle-focused residential experiences around, Vista Land's approach has proven to be increasingly popular, attracting consumers and developers alike. As the communities grow, demand for commercial establishments grows, organically increasing demand -and opportunities- for AllDay and the rest of the AllValue offerings.



FEATURE

TASTE THE WORLD THROUGH OUR AISLES

Serving International Cuisines, Locally



With the lifting of global restrictions ushering in the return of international tourism by way of (so-called) "revenge travel", Filipinos are rediscovering the joys of exploring the world. As horizons broaden, so too do tastes, as exposure and sampling of exotic flavors abroad often drive many to seek out similar treats back home.

In line with the vision of elevating the Filipino grocery shopping experience through international standards and practices, AllDay is proud to introduce International Food Stop (IFS), bringing the best from other countries directly to the local community.

At IFS, shoppers will be amazed by the exclusive assortment of foreign goodies that awaits them in-store at AllDay's IFS. Featuring a curated selection of beverages, snacks, and sweets from the United States, Korea, France, Japan, Italy, and more - there's something here for every kind of travel foodie.

Placed in a dedicated section of every AllDay store, each IFS boasts an eye-catching display, specially-designed to showcase the world-spanning array of options available. Through the authentic flavors of popular international treats and cult-favorite foods, travel fans will have the chance to relive their favorite vacation memories.



From beloved Japanese instant ramen brands to delicious European biscuits, and mouthwatering Korean snacks, you'll find it all at AllDay IFS. For those seeking sweeter, more exotic offerings, Haribo Gummies from Japan or Werther's Candies from Germany are within easy reach, while afficionados of USA-made munchies will be captivated by Baked in Brooklyn Snacks, Good Health's Olive Oil and Avocado Oil Chips, Uncle Ray's Snacks, and Galil Roasted Chestnuts.

The selection even includes thirst-quenching beverages, such as Canada Dry Ginger Ale from Canada, ingredients and seasoning such as Marumiya Furikake from Japan, in addition to dozens of international desserts.

With the option to purchase in-store or order online at allday.com.ph, fulfilling one's favorite foreign snack craving has never been easier, all thanks to AllDay's International Food Stop.



LOCAL LOVE – ALLDAY'S LOCAL PARTNERSHIPS

Building Stronger Connections, Together

Through 36 nationwide stores, AllDay Supermarket is consistently elevating the Filipino grocery experience through both unique customer journey—in-store and online—and guaranteed customer value.

GO LOKAL!

AllDay prides itself on being an active member of the community, working hand in hand with the local and national government to ensure that local entrepreneurs and their requisite fare and offerings are given opportunities to showcase their world-class quality.

AllDay is a proud parther of the Department of Trade and Industry's (DTI) Buy Local, Go Lokal initiative, a national market access and media campaign that aimed to help Philippine MSMEs who were severely affected by the COVID-19 pandemic to weather the storm and create opportunities for their recovery and growth.



Buy Local, Go Lokal revolves around the powerful message for our countrymen to support Philippine MSMEs by shifting their buying patterns towards the consumption and purchase of Philippine fresh produce and manufactured goods.

Since its inception, AllDay Supermarket has given DTI's Go Lokal initiative its utmost support. With a brand promise that forwards the idea of bringing the world's best offerings closer to the Filipino people, it only stood to reason that world-class local products enjoyed equal status with AllDay's vaunted international selection.

To this end, AllDay has made steady strides in featuring unique local offering across its 36 location network. As of 2022, AllDay Supermarket now features 27 local entities directly affiliated with the Go Lokal initiative:

Let's Meat Trading, Cole's Pinoy Sweet Treats, Innovative Packaging Industry Corp.,Hueza, Jen77t Inc., Jedidiah Food Industry, Marikina Food Corporation, T.P. Food Processing Corporation, Chocovron Global Corp.,Yamang Bukid Healthy Products, Alano Lees Food Manufacturing Corp., Wild East Corporation, Adam Esli Lz Enterprise, Sysu International Inc., The Merry Cooks, Inc., Kitchen Witchery Food Ventures, Inc, Gustazo Alimentos Corporation RJGM Pacific Corporation, Pasciolco International Inc., The Fattened Hog & Co Inc. Starkaffea Corporation, Yummy Organics Food Products, The Green Galleon Corp, Philippine Moringa And, Orich International Traders Inc., NatureEarth Corp. and Take Root Food Corner.

Within the year 2022, AllDay Supermarket increased its local vendor count by 17% and grew its local SKU range by 14%.

ALLDAY GIVES BACK

Safeguarding the Communities We Serve



With 36 branches nationwide, and counting, AllDay is a proud member of every community it anchors, and is constantly exploring ways on how best to make meaningful and lasting connections with the people we serve. These corporate social responsibility projects come in a variety of forms, led by the Villar Group's in-house socio-responsibility arm.

FOOD SECURITY FOR THE NATION

With the Philippines still feeling the after-effects of the COVID-19 pandemic, African Swine Fever (ASF), and the ongoing Ukraine-Russia war – food insecurity in the country has reached a critical state. According to the 2022 State of Food Security and Nutrition in the World, 4.8 million Filipinos suffered severe food insecurity from 2019-2021,with the aforementioned crises exacerbating pre-existing deficiencies in the country's supply chain.



Since 2021, AllDay has entered into a partnership with the Philippine Food Bank to share its near-expiry products with the people who would benefit from them the most. Beginning in 2021, the company began sharing hundreds of thousands of pesos worth of snacks, drinks, and personal care products with schools, churches, orphanages, and churches.

For the year of 2022, AllDay has already supplied over Php 3.2 million in valuable food donations to the Philippine Food Bank in aid of their efforts to stem local food insecurity—a clear signal in the company's investment towards truly caring about the communities and country within which it operates. To date, the products have been distributed on a regular basis to beneficiaries in Metro Manila, Bataan, Batangas, Bulacan, Mindoro, Tarlac, Bicol, Abra, Apayao, Pampanga, Quezon, Marawi, Tagaytay, Angono, Rizal, Cebu, and Camarines Sur.

GOING PAPERLESS

The Villar Group has implemented an across-the-board policy of proper waste segregation, built on the principle of "Reduce, Reuse, Recycle". Digitalization has been adopted, where applicable, to make in-house processes more efficient and environmentally sustainable. On the back end, customer support, sales, inventory, and other processes have been digitized and streamlined through the use of widespread adoption of Zendesk. In-store, AllDay stock capacity is constantly monitored, while food wastes and other biodegradables are continually composted either on-site or in the Vermi Composting Facility of the Villar SIPAG Foundation.



Sustainability Report 2022

ALLDAY MARTS, INC.

Annex A: Sustainability Report

CONTEXTUAL INFORMATION

Company Details	
Name of Organization	AllDay Marts, Inc. (AllDay) PSE: ALLDY
Location of Headquarters	LGF Building B Evia Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City
Location of Operations	AllDay is present in Mega Manila, Luzon, and Cebu.
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	This report discloses the economic, environmental, and social performance for all AllDay stores nationwide.
Business Model, including Primary Activities, Brands, Products, and Services	**AllDay Marts, Inc. (the "Company")** is the Philippine's fastest growing supermarket operator and a leading player in the mid-premium supermarket segment. AllDay operates a dual-format business model that offers an elevated, modern, and digitally innovative grocery shopping experience through in-store and e-commerce platforms. Its supermarket stores curate a comprehensive selection of approximately 4,200 local and international product brands of fresh items like meat, fruits, and vegetables, food items and non-food items to appeal to the increasingly discerning Filipino consumers.
Reporting Period	January 1, 2022 to December 31, 2022
Highest Ranking Person responsible for this report	**Emerito M. Purisima Jr.** Investor Relations Officer

MATERIALITY PROCESS

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

1. Pre-identification of topics – Issues and topics from different references such as the sector-specific publications from GRI and SASB standards for Multiline and Specialty Retailers & Distributors, and industry peers were collated.

2. Identification of Material Topics – An online form is provided that allows the Company to identify topics that are material by selecting 'Yes' or 'No'.

3. Materiality Assessment – Topics deemed as material are processed into an online survey where the Company further assessed the criticality of impact of each topic using a five-point scale (1 as low to no impact; 5 as highest impact).

To capture more insights on the issues in the Company, AllDay extended the online survey to other departments, with findings similar to that in 2021. Of all the respondents, 87% have an enthusiastic interest in topics related to sustainability. Majority presumes that sustainability is important for AllDay's overall business success. Issues and risks on supply chain issues, water and energy, risks costs and economic challenges were identified that may impact the Company's sustainability.

Existing practices that they deemed AllDay to be performing well are the recycling of packaging materials, strategically locating future stores in underserved communities, continuously innovating its business model, and providing equal employment opportunities.

The respondents also suggest that the Company create sustainability goals such as reducing wastes and use of single-use items and more community engagements. Access to tangible results as well as trackable and clear sustainability KPIs, together with support from senior management, and the facilitation of regular relevant conversations on business improvements, will keep them committed in the Company's sustainability journey.

AllDay sees that corporate governance is a necessary component to bringing sound strategic business management. It, therefore, follows the highest ethical standards and practices as it conducts its business. Being a consumer-focused retail Company, AllDay also positions itself as a provider of modern groceries that enhance shopping experience which will grow and retain customer base through premium and innovative in-store concepts.

Figure 1. AllDay 2022 Materiality Matrix



ECONOMIC & GOVERNANCE DISCLOSURES

Economic Performance

Direct Economic Value Generated and Distributed

Disclosure	Amount (In millions PhP)	
	2022	2021
Direct economic value generated (revenue)	9,811.09	9,536.67
Direct economic value distributed:		
a. Operating costs	1,553.28	1,421.17
b. Employee wages and benefits	103.34	118.23
c. Payments to suppliers, other operating costs	8,242.81	8,064.61
d. Dividends given to stockholders and interest payments to loan providers	73.14	6.25
e. Taxes given to government	140.4	194.18
f. Investments to community (e.g., donations, CSR)	2.85	1.07

AllDay's Impact	Stakeholders Affected
AllDay Marts, Inc. is the fastest growing supermarket operator in the Philippines that provides customers an elevated in-store experience through a combination of store aesthetics, comfort, accessibility, and convenience. As of 2022, the Company has 36 physical stores in 25 locations across Metro Manila, Luzon, and Visayas with a total net selling space of approximately 60,000 square meters[1]. Its world-class supermarkets are powered by a total of 259 employees and are supplied by over 1,000 business partners.	Employees, Investors, Business Partners, and Customers

1 *This area excludes AllDay Alabang*

Employees receive competitive benefits and incentives in addition to their base salary. This includes retirement plans, as required by the Labor Code, and post-employment defined benefit plans, which are unfunded and non- contributory, that are covered by the Company.

The Company allocates resources to the Company's beneficiaries/partner communities through CSR activities and product discounts/promotions.

Since 2016, AllDay has consistently delivered increasing results and managed to reach milestone after milestone. AllDay Supermarket, a key competitor in the Philippines' mid-premium supermarket category, increased core net income by 12% to P374 million from P334 million in 2021.

Given their consistency and commitment to executing and successfully operating a clearly differentiated supermarket model, the Company's leadership is confident in their ability to continue delivering outstanding results.

Management Approach to Impacts

AllDay offers approximately 4,200 local and international product brands divided into three categories: fresh items, food items, and non-food items. A comprehensive array of approximately 40,000 SKUs of local and international brands are maintained to meet the demands of Filipino consumers.

Complementary to the in-store business model, various digital platforms and services are available. Self-checkout kiosks are introduced in stores to promote health and safety regulations. The Personal Shopper Service was also offered to allow consumers to place orders over the phone and have them fulfilled and delivered directly to their homes. This demonstrates AllDay's commitment to realizing the vision of becoming the Philippines' largest platform for supermarket digitization.

In 2022, a total of 37 locations in the Philippines have been leased for present supermarket operations, a head office, and a distribution center.

AllDay follows the principles of Transparency, Materiality, and Completeness in financial reporting. The Company's fair presentation of financial results, certified by one of the top four audit firms, demonstrates the Company's commitment to transparency.

The Audit Committee oversees the Company's tax compliance. To keep pace with evolving tax regulations, AllDay provides essential learning and skill development to employees through web-based learning seminars. Furthermore, regular risk management and tax planning are done to examine financial situations, minimize tax burden, and maximize tax relief and credits based on the Company's policies and declarations, as well as stakeholder engagement and relevant laws and regulations.

Developments in 2022

AllDay intends to provide exceptional value to all stakeholders by continuing to provide enhanced consumer experiences through multiple online channels and applications, exploring innovations, and responding quickly to change and challenges brought on by the pandemic.

AllDay's smart carts and Addie, the Service Robot, are the latest addition to the chain's growing list of first-to-market innovations, which also includes its Personal Shopper Service and self-checkout counters—initiatives that reflect the market's growing preference for an upgraded experience informed by emerging trends from around the world.

Smart Carts provide even greater convenience and real-time information about what consumers are purchasing. The introduction of these smart carts serves to set higher standards for the local supermarket landscape, as Filipino consumers anticipate more in terms of experiencing shopping, which AllDay is pleased to provide.

Moreover, as AllDay Supermarket is committed to improve its customer experience through innovation, the Company looks for ways to stay ahead. The addition of Addie, the Service Robot, speeds up customer routine by making their shopping trips more efficient and enjoyable. This is in addition to innovative experiences already garnering customer attention—AllDay's Smart Carts and Self-Checkout Counters.

After a brief pause at the height of the pandemic lockdowns, AllDay's distinctive Paluto concept—a food hub that utilizes the grocery chain's fresh section— resurfaced in 2022, anticipating customers' pent-up demand for dining in malls and restaurants.

The drop in AllDay's fresh sector corresponded with the country's mobility restrictions being removed, prompting a return to in-person eating.

Additionally, in terms of expansion, the Company launched AllDay Worldwide Corporate Center (WCC) along Shaw Boulevard in Mandaluyong City, AllDay Buhay na Tubig in Imus, and AllDay Agro in Muntinlupa in 2022. These new stores also features elevated in-store experience, which includes bigger aisles, calibrated lighting, improved design components, and intuitive customer-facing technology.

Risks to AllDay	Stakeholders Affected
AllDay identified five key risk areas – Market Risk, Interest Rate Risk, Credit Risk, Liquidity Risk, and Foreign Exchange Risk. With the high inflation in 2022, the Company is exposed to the risk of increasing operating and other related expenses such as costs for repair and maintenance, service, and labor, among others. This impacts the cash flow and margins of the Company.	Employees, Investors, Business Partners, and Customers

Management Approach to Risks
To mitigate this risk, margin efficiencies are constantly improved through, among other things, improved product sourcing. Cost control measures are also in place to maximize operational efficiency. Financial risk-mitigation strategies include: • Selection of strategic locations for store network • Capitalizing on synergistic relationships with affiliates (i.e., Vista Land's access to prime locations across the country and consolidated purchases for similar product needs; pool of third-party contractors/builders in the Villar group; primary captive market from Villar group residential communities). • Effective cash and collection management • Sound cost and operating expenditure control • Strategic and periodic merchandise purchases to maximize volume discounts and logistics requirements • Efficient loan management

Opportunities	Stakeholders Affected
The business model of AllDay targets the upper middle and upper income segments. With the continuing calibration of store offering and unique AllDay experience, the Company continues to attract new consumers, resulting in an increase in revenues even in the midst of the pandemic.	Customers, Employees, Investors

The Company will continue to leverage its position as a mid-premium market segment leader through first-to-market customer-facing innovations and the fine-tuning of the user experience of its e-commerce platform. Improvements to this platform will seek to further grow its current e-commerce revenue share, already high by industry standards.

AllDay's synergistic relationships with Villar Group's Largest Homebuilder and its Retail Ecosystem allows the Company access to available areas for expansion and ready communities that ensure its stores' viability. These synergies make AllDay synonymous with convenience, with families now preferring to shop in areas near where they live—if they are not yet shopping online.

Management Approach to Opportunities

AllDay aims to deliver outstanding value for all stakeholders by continuing its tradition of providing elevated customer experiences, leveraging innovations, and maximizing synergy with the entire Villar group of companies.

In synergy with the other companies under the Villar Group, AllDay prioritizes profitability, growth, and sustainability that will most benefit its stakeholders and the environment for all its decisions.

Climate-related risks and opportunities[2]

Governance Disclose the organization's governance around climate-related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	The Board of Directors is responsible for identifying key risk areas and performance indicators and monitoring them with due diligence to enable the corporation to anticipate and prepare for possible threats to AllDay's operational and financial viability. Furthermore, the Board oversees that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess, and manage key business risks.

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

b) Describe management's role in assessing and managing climate- related risks and opportunities	The Management, through the leadership of the Chief Operating Officer (COO), provides accurate reports for insurance claims and creates proper assessment reports to shareholders that cover any climate-related risks and opportunities identified in the operations.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	AllDay tackles climate-related risks under "Risks relating to natural catastrophes" in the ERM Policy. Specifically, AllDay identifies typhoons, earthquakes, flooding, and fire as natural calamities that impact its operations. Since AllDay is a tenant of Vistamalls, damage to structures is managed by Vistamalls. Damage to stores, in case of flooding, is managed by AllDay. The short-term climate-related risks that the Management has identified include power outages which would require the increased use of generators. The medium- and long-term climate-related risks that the Company has identified through the framework include high-intensity typhoons and flooding which can affect the supply chain, thereby disrupting store operations.
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	The Company's Enterprise Risk Management (ERM) framework considers climate-related risks under the "Risks related to natural catastrophes". Risks relating to natural catastrophes include high-intensity typhoons and floods, which impact operations by delaying supply deliveries and restocking. These can also lead to the unavailability of supplies, damages to facilities and products as well as decreased customer traffic.

	Furthermore, these may result in damages of property and loss of opportunity of some stores that have to close early or open late. These risks may materially and adversely affect the business, financial condition, and results of operations.
c) Describe the resilience of the organization's strategy, taking into consideration different climate- related scenarios including a 2^0C or lower scenario	The Company provided work instructions and emergency response protocols to mitigate this risk. To enhance the present mechanisms and measures in place, additional comprehensive measures will be included to respond to climate-related risk events like additional options to compensate for losses besides the procurement of insurance plans. Other mitigation measures are discussed under Occupational Health and Safety in the Social Disclosures section.
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	
a) Describe the organization's processes for identifying and assessing climate-related risks	In identifying risks and hazards, consultations are held which are participated by employees and stakeholders to contextualize the business and its operations. These are based on governance/management structure, products, physical environment, service dependencies, and competitors. The AllDay Board, together with the management personnel and other technical experts, holds avenues for identifying the potential climate-related events and the risks they pose for the Company. Through these, the Management is also able to ideate and identify the appropriate risk-mitigation measures to ensure that the Company continues to achieve its strategic business objectives.

b) Describe the organization's processes for managing climate- related risks	AllDay transfers climate-related risks by purchasing insurance to aid in the losses that the Company may incur. AllDay obtains and maintains appropriate insurance coverage on properties, assets and operations in such amounts and covering such risks as are usually carried by companies engaged in similar businesses and using similar properties in the same geographical areas as those in which the Company operates. The Company maintains comprehensive general liability insurance and insurance policies covering the following risks: fire and lightning, earthquakes, typhoons, riot/strike, malicious damage, robbery, and burglary. Its insurance providers are large domestic insurers. The Company provides accurate reports for insurance claims and creates proper assessment report to shareholders that cover any climate-related risks and opportunities identified in the operations.
c) Describe how processes for identifying, assessing, and managing climate- related risks are integrated into the organization's overall risk management	Climate-related risks are accounted for and considered in all risk-events identified within the Company's ERM framework. The identification, planning, implementation, monitoring, and evaluation of all climate-related risks are specifically governed within the clause of "Risks related to natural catastrophes."
Metrics and Targets Disclose the metrics and targets used to assess and manage relevant climate- related risks and opportunities where such information is material	
a) Disclose the metrics used by the organization to assess climate- related risks and opportunities in line with its strategy and risk management process	AllDay recognizes that natural or other catastrophes, including severe weather conditions, may materially disrupt its operations and financial condition. While it has no specific metrics and targets to assess and manage climate-related risks and opportunities, AllDay continually adopts a sound risk management that will make the most of the business opportunities and reduce adverse results of risks.
b) Describe the targets used by the organization to manage climate- related risks and opportunities and performance against targets	

Procurement Practices
Proportion of spending on local suppliers

Disclosure	Quantity		Units
	2022	2021	
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	98	98	%

AllDay's Impact	Stakeholder Affected
AllDay's sourcing network has steadily expanded to over 1,000 suppliers and concessionaires. A large network of suppliers is maintained to avoid reliance on a single or limited number of suppliers. This gives AllDay the ability to provide customers a well-balanced curation of imported products and well-known local delicacies/products, adding to the unique elevated in-store experience in each store. Products made outside the Philippines are purchased from distributors in the Philippines or from third parties who import these products into the Philippines.	AllDay

Management Approach to Impacts

An auto-replenishment system is used to manage inventory and ensure that orders are placed at the right time and in the right quantity. This system is guided by sales projections, which are typically based on historical sales data as well as projected market trends. Concessionaires bear the costs and inventory risk in concession arrangements until the product is sold.

AllDay mitigates supply chain risks by creating parameters and metrics that depend on the criticality of the situation. For instance, supply chain issues such as vendor supply insufficiency, port congestion, raw material stock outs, and vendor logistics issues are immediately addressed by maintaining a safety stock level that is good for 30-90 days. The projected number of days are enough until such time supplies can be replenished. These measures are aligned with the Company's financial targets. For provincial stores, AllDay sets a buffer to sustain availability of merchandise in stores should there be delays in transportation. This is also done during peak season wherein demand is high and supply is low.

Risks to AllDay	Stakeholders Affected
The most significant supply chain concern is the vendor's ability to fulfill the Company's orders due to manufacturing, logistics and other internal issues of the suppliers. Hence, AllDay anticipates shortages and out-of-stock situations. The Company does its utmost to limit this possibility by giving vendors credible predictions so that they can in turn accumulate inventories for replenishment. Transporting inventories to provincial outlets is a secondary concern. The inherent difficulties of local supply chain constraints are proven to be a hurdle. As a result, the Company must discover ways to improve efficiency while retaining cost-effective techniques in order to keep its provincial shops well supplied.	Suppliers of fresh items, food items and non-food items

Management Approach to Risks
The selection policy for suppliers includes consideration of the suppliers' location, brand reputation, capacity to supply, ability to deliver on time and compliance with the Company's requirements. For more information in managing supply chain risks, refer to the Supply Chain Management under the Social Disclosure.

Opportunities	Stakeholders Affected
AllDay will continue to maintain its relationship with its growing network of over 1,000 suppliers and concessionaires.	Suppliers of fresh, food and non-food items

Management Approach to Opportunities
AllDay pays special attention to the curation of international and unique local brands as a point of differentiation from its competitors. Therefore, it offers an assortment of imported and locally manufactured products. These are selected based on their marketability. The Merchandising Team monitors each store's profitability and, if needed, adjusts the merchandise mix. All new product offerings from suppliers in the Philippines and abroad are assessed carefully by the Merchandising Team.

Anti-corruption

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity		Units
	2022	2021	
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	100	100	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	100	100	%
Percentage of directors and management that have received anti-corruption training	100	100	%
Percentage of employees that have received anti- corruption training	100	100	%

Incidents of Corruption

Disclosure	Quantity		Units
	2022	2021	
Number of incidents in which directors were removed or disciplined for corruption	0	0	#
Number of incidents in which employees were dismissed or disciplined for corruption	0	0	#
Number of incidents when contracts with business partners were terminated due to incidents of corruption	0	0	#

AllDay's Impact	Stakeholders Affected
AllDay aims to cultivate a workplace with honesty and transparency amongst the entire group, hence the Company prohibits employees to pay bribes, kickbacks or compensation to Government officials and employees, political parties and/or business partners. All employees are required to attend the Corporate Policy and Code of Conduct Training. For new hires, this is part of their onboarding while incumbent employees are required to attend a refresher course annually. Directors also undergo seminars on corporate governance which are conducted by a duly recognized private or government institute annually. First-time directors are required to attend an orientation program which covers topics mandated by the Securities and Exchange Commission (SEC) and an introduction of the Company's business, Articles of Incorporation, and Code of Conduct. Business partners, on the other hand, are conversed with monthly regarding their business performances, during which they are assessed on their compliance with the requirements and policies of the Company. All suppliers have been informed also that corruption in any form is disallowed in the conduct of business with AllDay.	Business Partners, Investors

Management Approach to Impacts
Transparency is central to corporate governance. It acts as a deterrent to mismanagement or misappropriation of corporate assets. Therefore, it is critical that all material information about the corporation be publicly and timely disclosed. Such information should include, among other things, earnings results, asset acquisition or disposition, off-balance-sheet transactions, related party transactions, and direct and indirect remuneration of Board and Management members. The Board is expected to disclose material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

AllDay implements the following policies as it conducts sound business practices:

Whistle-blowing Policy

Any director, officer, manager, or employee may discuss or disclose in writing any concern on potential violation of the laws and Company policies and procedure. Any report covered by this policy may be made to the Human Resource Department Head or to the President of the Company.

The Company observes an "open-door" policy, which is a voluntary process that allows any employee to talk to his/her immediate supervisor or to a higher level of management without fear of retaliation.

Conduct of Business and Fair Dealings

The Company expects all employees to exercise good judgment to ensure the safety and welfare of the Company and to maintain a cooperative, efficient, and productive work environment and business organization. These standards apply while working on Company premises, at offsite locations where Company business is being conducted, at Company-sponsored business and social events, or at any other place where the employee is a representative of the Company.

Employees, on behalf of the Company are prohibited to pay bribes, kickbacks or compensation to government officials, government employees, or political parties, or to business partners. Employees who make such facilitating payments or gifts of this nature will be subject to corrective action.

Receipt of gifts from third parties

Under no circumstances may employees accept any offer, payment, money, gift, or anything of value from customers, vendors, consultants, etc. that is perceived as intended, directly or indirectly, to influence any business decision. Employees are required to disclose names of external parties who are engaged in these practices and to surrender to the Company for proper disposition, any material object given to them arising from similar transactions.

Risks to AllDay	Stakeholders Affected
Because AllDay's primary business is buying and selling fresh, food and non-food items at wholesale and retail, the Company's procurement and selling transactions may be subject to issues of fairness and transparency.	Employees, Business Partners including suppliers and concessionaires

Management Approach to Risks

The Board has the overall responsibility in ensuring that there is a group-wide policy and system governing related party transactions (RPTs) and other unusual or infrequently occurring transactions, particularly those which pass certain thresholds of materiality. The policy includes the appropriate review and approval of material or significant RPTs, which guarantees fairness and transparency of the transactions. This covers all entities within the group, considering their size, structure, risk profile and complexity of operations.

The Board is responsible for formulating and implementing policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent Company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers, and directors, including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.

AllDay has a policy for Conflict of Interest which states as follows:

The basic principle to be observed is that a director should not use his position to profit or gain some benefit or advantage for himself and/or his related interests. He should avoid situations that may compromise his impartiality. If an actual or potential conflict of interest may arise on the part of a director, he should fully and immediately disclose it and should not participate in the decision-making process.

A director who has a continuing material conflict of interest should seriously consider resigning from his position.

A conflict of interest shall be considered material if the director's personal or business interest is antagonistic to that of the corporation, or if he stands to acquire or gain financial advantage at the expense of the corporation.

Each employee has a responsibility to the Company to avoid situations where a conflict of interest might occur. Employees are required to disclose to the Company any interest or benefits they have that may conflict with the business or interests of the Company.

Employees are expected to devote their full attention to the business interests of the Company. They are prohibited from engaging in any activity that interferes with the performance of their responsibilities to the Company or is otherwise in conflict with or prejudicial to the Company.

Employees are prohibited from accepting simultaneous employment with another Company, or with a supplier, customer, or competitor, and from taking part in any activity that enhances or supports a competitor's position.

As a general rule, employees should also avoid conducting Company business with related parties. Willful withholding of information regarding a prohibited relationship may be subject to corrective action.

Opportunities	Stakeholders Affected
AllDay ensures that its policies assure the confidentiality and security of information, transparency in the Company's internal workings, and the proper management of operations and Company assets.	Employees, Suppliers, Business Partners, Investors, Customers, Management

Management Approach to Opportunities
AllDay strictly abides by its Code of Conduct & Ethics and as such has already taken steps to ensure that its anti-corruption policies are communicated to its stakeholders. Moreover, the Company aims to develop policies that will detect and prevent corruption within the Company.

ENVIRONMENT DISCLOSURES

Resource Management

Energy consumption within the organization

Disclosure	Quantity		Units
	2022	2021	
Energy consumption (diesel)	487.00	516.00	L
Energy consumption (electricity)	29,813,938.11	28,478,150.00	kWh

Reduction of energy consumption

Full reopening of the economy due to the easing of pandemic restrictions, better shopping experience of the customers, and new stores resulted in higher energy consumption in 2022. With the Government lowering the pandemic alert to the most relaxed mobility restriction, more people are returning to malls and other retail establishments. The Company wants to ensure premium shopping experience of customers by ensuring comfortable temperatures in all stores. In addition, the Company opened three (3) new stores in 2022 contributing to the increase in electric consumption.

AllDay was able to reduce its diesel consumption due to fewer power outages. This resulted to lower utilization hours of its generator sets.

AllDay's Impacts	Stakeholders Affected
In 2022, refrigeration equipment such as freezers, chillers, and cold rooms, as well as direct expansion (DX) type air conditioning systems, consumed the most energy. As business tenants, AllDay's energy source is determined by the energy supplier of the lessor.	Employees, Customers

Management Approach to Impacts
AllDay ensures efficient use of energy resources through proper scheduling and maintenance of its equipment and fixtures used in its everyday operations. Freezers and chillers and cold rooms are not overstocked to prevent the motor compressor from operating at full load capacity, thereby reducing energy consumption. Furthermore, minor outages in 2022 resulted in lower fuel consumption on generator sets.

Risks to AllDay	Stakeholders Affected
Prolonged power interruptions due to natural catastrophes such as intense typhoons and extreme flooding is one of AllDay's main risk-events.	Employees, Service Providers, and Customers

Management Approach to Risks
AllDay conducts regular preventive maintenance of its generator sets to guarantee optimal working conditions and maximum fuel efficiency. This approach ensures that AllDay can continue to operate in the event of a protracted power outage.

Opportunities	Stakeholders Affected
AllDay keeps up with the latest best practices in the utilization and maximization of its air-conditioning units to lessen its electricity consumption.	Employees, Service Providers, and Customers.

Management Approach to Opportunities
Optimizing the use of an air conditioning system helps ensure energy efficiency in operations. For instance, AllDay adjusts the number of operating air conditioner units when the stores are not crowded or when it rains.

Water consumption within the organization

Disclosure	Quantity		Units
	2022	2021	
Water withdrawal	Not monitored	Not monitored	Cubic meters
Water consumption	64,061	73,802	Cubic meters
Water recycled and reused	N/A	N/A	Cubic meters

Impact, Risks, Opportunities, and Management Approach	Stakeholders Affected
AllDay's ice makers are the most water-intensive equipment in the store. Additionally, water is needed to maintain the cleanliness and sanitation in the fresh item preparation area and for the disinfection of each store. Interruption in water supply may affect the supply of ice and cleanliness of its stores. Water can be conserved by maximizing the use of the ice maker and ensuring faucets are turned off when not in use. In addition, ice makers undergo regular preventive maintenance to ensure enough supply of ice. As lessor of Vistamalls, malls have water tanks that ensure continuous water supply. Moreover, AllDay stores are connected to the mall's sewage treatment plants. AllDay will continue to uphold water conservation directives that encourage concerned store personnel to control or reduce their water use. The Company also monitors water consumption of each store and checks for any fluctuations contrary to the norm as compared with previous periods' water consumption.	Employees, Customers

Materials used by the organization

Disclosure	Quantity	
	2022	2021
Materials used by weight or volume	Cartons	data not available
a. Renewable	333,635 kilos	
b. non-renewable		
Percentage of recycled input materials used to manufacture the organization's primary products and services	approximately 50% sold	

AllDay's Impact, Risks, and Opportunities	Stakeholders Affected
Cartons are repurposed as packaging for customers' purchased merchandise. Other cartons and used papers are sold to recyclers to add to the Company's revenue. This initiative aids the Company in its efforts to reduce waste generation. Reused materials may not have the same properties as new materials, reducing their dependability during use. Furthermore, cartons that have previously contained chemicals cannot be reused.	Customers, Recyclers

Management Approach to Impacts, Risks, and Opportunities
AllDay enforces practices that lessen the need for new materials (such as plastics) by reusing cartons as packaging for merchandise. Cartons that cannot be reused will be sold. The Company also employs paper bags and urge consumers to use eco-bags. Good condition boxes are separated for checked out usage. (ie. packaging for customer purchase). Non-food boxes and broken boxes are gathered and sold to haulers or junk merchants. In addition to reusing boxes, AllDay shares information on waste and material management methods to raise awareness and efficiency in material usage. The Company also make an effort to educate staff on the relevance of waste management to the firm, communities, and the environment.

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

While this topic is deemed not material to the business and the stakeholders, AllDay continues to manage its energy, water, and wastes to prevent any negative impacts to the environment.

Environmental Impact Management

Air Emissions

GHG[3]

Disclosure	Quantity		Units
	2022	2021	
Direct (Scope 1) GHG Emissions	1.31	1.39	Tonnes CO2e
Energy indirect (Scope 2) GHG Emissions	21,233.49	20,282.14	Tonnes CO2e
Emission of ozone-depleting substances (ODS)	Not tracked	Not tracked	Tonnes CO2e

Air Pollutants

Monitoring of air pollutants including nitrous oxides (NOx), sulfur oxides (SOx), and particulate matter (PM) is not accessible as of 2022. Nonetheless, AllDay continues to monitor and control its energy use.

AllDay's Impact, Risks, and Opportunities	Stakeholders Affected
AllDay relies heavily on electricity and fuels such as gasoline to maintain the business. The Company's energy usage powers its operations via generator sets, vehicles, and electricity- powered installations in stores. This limits emissions to its vehicles, generator sets, and equipment use. With AllDay continuous expansion, the vehicles used to transport merchandise between stores or to customers are the main source of air pollutants from the Company's operations. Through proper inventory planning, AllDay aims to optimize the use of delivery vehicles in order to reduce the intensity of emissions.	Employees, Customers

3 *The emission factors used are based on the National Grid Emission Factor (NGEF) released by the Philippine Department of Energy. Other unit conversion factors were from the GHG Protocol Emission Factor Cross-sector Calculation Tool (March 2017).*

Management Approach to Impacts, Risks, and Opportunities

AllDay monitors emissions from generator sets through load testing. This is required as part of renewing the Company's Permit to Operate (PTO). In addition, company-owned vehicles are subjected to emission testing, such as monthly and yearly physical run tests, in accordance with DENR requirements. For stores that are leased, the administrative team of Vistamalls conducts monthly in-house physical checking to monitor emissions for the entire mall.

AllDay shares the responsibility to limit emissions by practicing energy-saving initiatives like using energy-efficient lighting and equipment and turning off devices and equipment when not in use.

Solid and Hazardous Wastes
Solid Waste

Disclosure	Quantity		Units
	2022	2021	
Total solid waste generated	327,961	330,199	kg
Reusable	N/A	N/A	kg
Recyclable	Data not available	Data not available	kg
Composted	N/A	N/A	kg
Incinerated	N/A	N/A	kg
Residuals/Landfilled	327,961	330,199	kg

Hazardous Waste

Disclosure	Quantity		Units
	2022	2021	
Total weight of hazardous waste generated	1,046	596	pcs.
Total weight of hazardous waste transported	N/A	N/A	kg

AllDay's Impact, Risks, and Opportunities	Stakeholders Affected
AllDay is engaged in buying, selling, and distributing fresh, food and non-food items. Stocks and merchandise delivered and boxed in cartons are the main source of waste from AllDay's operations. Other waste such as busted fluorescent bulbs were disposed of and collected and treated by third-party haulers. In addition, AllDay is conscious that the use of plastics and/or non-biodegradable materials for packaging purposes has adverse effects on the environment. As such, AllDay aims to reduce the plastic waste generated by its operations. AllDay does not handle its hazardous waste since the Malls and its branches are responsible for hazardous waste management.	Employees, Customers, Third-party Hauler

Management Approach to Impacts, Risks, and Opportunities

Effective solid waste management results in a more organized and clean operation which will then translate to a premium shopping experience for customers. AllDay continuously monitors the effectiveness of its pest control procedures and intensifies pest control methods to ensure pests are treated accordingly.

AllDay promotes the use of recyclable containers and boxes instead of cartons to support the transition to a circular economy. The Company is also encouraging the use of recyclable bags to reduce the use of paper bags and cartons in support to the policies and efforts of local government units.

As required by law and local ordinances, wastes are classified as hazardous, biodegradable, and nonbiodegradable. Employees and customers are informed of the proper waste disposal policy through constant reminders and visual signage. Compliance is monitored daily with the assistance of store and security personnel, and a contracted hauler. Store personnel keep track of waste data using log books to record the quantity of waste to be transported by the waste hauler.
Stores are converting to LED lights thereby reducing the amount of busted fluorescent bulbs. LED lights are more environment friendly as they have longer lifespan and are more energy efficient.

For the rest of the waste generated by the Company's operations, third-party hauler services are contracted for further waste collection. These contracted services are separate from those contracted by Vistamalls. Third-party haulers should be accredited by the Environmental Management Bureau (EMB). Accredited haulers are adequately equipped to handle, transport, and treat various types of wastes.

Effluents

AllDay is a lessee of Vistamalls and Starmalls. Hence, the volume of water discharge from AllDay stores is measured by the building operators.

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity		Units
	2022	2021	
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	N/A	N/A	PhP
No. of non-monetary sanctions for non- compliance with environmental laws and/or regulations	N/A	N/A	#
No. of cases resolved through dispute resolution mechanism	N/A	N/A	#

AllDay's Impact	Stakeholders Affected
AllDay is in full compliance with environmental laws and LGU initiatives to eliminate single-use plastics	LGU, Employees, Customers

Management Approach to Impacts

The operations of the businesses of the Company are subject to various laws, rules and regulations that have been promulgated for the protection of the environment.

1. Philippine Environmental Impact Statement System
2. The Clean Water Act
3. The Water Code
4. The Clean Air Act
5. Republic Act No. 6969
6. Republic Act No. 9003
7. Presidential Decree No. 856
8. Republic Act No. 4850

Risks	Stakeholders Affected
Any violations or changes to such laws and regulations could have a negative impact on the business and results of operations.	Employees, Customers, Investors, Government

Management Approach to Risks

AllDay believes it has materially complied with all applicable laws, rules, and regulations at all relevant times and has established a strong compliance culture to ensure that all necessary requirements, permits, and approvals are obtained in a timely manner.

Permits and approvals are monitored on a regular basis to ensure they are renewed and maintained properly. Regular communication with relevant regulators also enables the Company to monitor regulatory changes and ensure it can comply with new regulatory requirements on a timely basis.

Opportunities	Stakeholders Affected
Single-use plastics contribute to the growing solid-waste problem of highly-urbanized cities. These unusable wastes may contaminate soil, city waterways, and nearby bodies of water. AllDay uses this as an opportunity to continue its own efforts towards a zero- waste business.	LGU, Customers

Management Approach to Opportunities

One of AllDay's thrust is to be a more responsible organization. The Company encouraged shoppers to use AllDay's reusable shopping totes through promotions, discounts, and freebies.

SOCIAL DISCLOSURES

Employee Hiring and Benefits

Employee Data

Disclosure	Quantity		Units
	2022	2021	
Total number of employees[4]	259	250	
Number of female employees	103	165	#
Number of male employees	156	85	#
Attrition rate[5]	2%	14%	rate
Ratio of lowest paid employee against minimum wage	Confidential	Confidential	ratio

Employee Benefits

List of Benefits	Y/N	% of female employees who availed		% of male employees who availed	
		2022	2021	2022	2021
SSS	Y	29	15	16	14
PhilHealth	Y	7	10	3	1
Pag-IBIG	Y	10	8	10	6
Parental leaves	Y	6	9	3	2
Vacation leaves	Y	79	72	72	71
Sick leaves	Y	68	58	54	49
Medical Benefits (aside from PhilHealth)	Y	49	12	23	7

4 *Employees include those who are listed under AllDay Marts payroll.*

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

Housing assistance (aside from Pag-IBIG)	Y	0	0	0	0
Retirement fund[6] (aside from SSS)	Y	Confidential	N/A	Confidential	N/A
Further education support	N	N/A	N/A	N/A	N/A
Company stock options	N	N/A	N/A	N/A	N/A
Telecommuting	N	N/A	N/A	N/A	N/A
Flexible working hours	N	N/A	N/A	N/A	N/A

Diversity and Equal Opportunity

Disclosure	Quantity		Units
	2022	2021	
% of females in the workforce	60	66	%
% of males in the workforce	40	34	%
Number of employees from indigenous communities and/or vulnerable sector	0[7]	2[8]	#

AllDay's Impact

The employment procedure has been made difficult previously during COVID-19. Identifying and executing possibilities to digitize processes are some of the first obstacles. Candidates are increasingly seeking a work-from-home setting. The problem is to identify the ideal talent who can work remotely as needed without sacrificing job efficiency, production, or quality.

As COVID-19's aftermath continued during the first few months of 2022, the pandemic's dramatic shift in work patterns impacted the way some operations and transactions are carried out. Other work arrangements are still continued and other considerations are made to prepare for face-to-face work. Communication is also essential in defining anticipated job outputs, return to work guidelines, and COVID-19 protocols, which safeguard workers' and clients' health, safety, and well-being while guaranteeing business continuity.

6 *This is being provided as a benefit but the figure is confidential.*
7 *The 2 employees from indigenous communities and/or vulnerable sectors in 2021 left the Company in 2022: 1 is transferred to other business unit within Villar group, and 1 resigned*
8 *The data includes employees who are solo parents.*

Management Approach to Impacts

AllDay fosters an inclusive workplace culture in which all voices are heard and valued. Management promotes diversity and inclusion in the workplace and practices non-discrimination. Additionally, the Company has developed a multigenerational workforce and successfully increased employee engagement.

The Company employs strategic measures to improve the gender ratio in the workplace, striving to foster an inclusive culture and recognize gender inclusivity as a critical component of organizational success. The Company fosters inclusion through communication of the anti-discrimination policy during orientation. Additionally, it remains open to the diverse capabilities that women bring to the workplace and to leadership roles. In fact, 4/7 of members of the Board of Directors are female and 3/5 of management are also female.

AllDay has institutionalized a non-discrimination policy in its recruitment and hiring processes in accordance with the regulations set by the Department of Labor and Employment (DOLE). There is no discrimination or preference based on gender, age, disability, educational attainment, race, or religion.

A competitive compensation package motivates employees to perform at their best, and increases employee engagement and retention. Apart from providing additional leaves to regular employees, the Company also offers medical benefits. Bonuses in addition to the mandated 13th month pay, a communication allowance, and the opportunity to travel abroad as part of an incentive program are available.

Risks to AllDay

AllDay employs a large number of employees in-stores. The Company's success is contingent upon its ability to recruit, retain, and educate an effective workforce equipped with the necessary skills and knowledge to serve customers. Difficulties in retaining a qualified workforce or rising labor costs impair AllDay's ability to compete effectively in target markets, provide superior customer service, and expand operations. The execution of the business strategy could be impacted, resulting in negative operational results.

Management Approach to Risks

To help mitigate this risk, AllDay believes it has developed a strong human resources program that provides a competitive compensation package and fosters positive relationships with its employees. Along with regular employees, the Company engages third-party manpower service providers (security and manpower agencies) to assist with personnel requirements for regular operations and new store openings.

Monthly and annual reports provide employment-related data such as employee turnover and attrition rates. Additional pertinent information is gathered during the exit interview and during the store audit.

AllDay digitized its recruitment process and leveraged online connections with promising talent. Asynchronous job interviews were discovered to be an effective tool in the hiring process by the recruitment team. Video interviews have been beneficial for virtual hiring as these allow for a more objective evaluation of candidates. These also save time for both parties.

Opportunities

AllDay's continued expansion and increase in revenue earnings has prompted the Company to continue to provide ways for its employees to enjoy exclusive perks, rewards, and incentives.

Moreover, AllDay regularly conducts performance evaluation for the continuous improvement of the employees' performance. The Company recognizes the value of its employees and aims to ensure that all employees are high-performing and motivated to stay through different career longevity programs and retention policies.

Management Approach to Opportunities

The annual performance evaluation is based on standards and metrics that assesses skill development, job performance, and adherence to corporate values. This is intended to assist employees in improving their performance.

Continuous training is provided to employees in preparation for future roles and responsibilities. Additionally, replacement planning is conducted to identify critical personnel in operation functions in a proactive manner. Also, succession planning assists AllDay in developing a strategy to prepare multiple individuals to perform specific functions.

Employee Training and Development

Disclosure	Quantity		Units
	2022	2021	
Total training hours	3,042	3,530	hours
a. Female employees	2,170	2,247	hours
b. Male employees	872	1,283	hours
Average training hours	4.81	14.18	hours/employee
a. Female employees	4.66	13.62	hours/employee
b. Male employees	5.25	15.27	hours/employee

AllDay's Impact

In 2022, AllDay provided 66 internal and 34 external training sessions that include the following:

GREAT Service of Delivery Personnel Training

Given to all delivery store personnel. Team members of the delivery and dispatch group were trained to know their role as a delivery personnel and the proper execution of a G.R.E.A.T. Service

Decoding Expiration Dates Training

Given to all store-based employees and officers. Participants are instructed to know how to properly read different expiration dates formats encountered in stores

Retail Salesmanship

Covers all Store Operations Supervisors. The training explains how to build relationships with customers and surpass sales targets by learning the art of selling.

The Art of Supervisory

Covers all Store Operations Supervisors. This program teaches team leads and supervisors the basics of planning, leading, organizing, and controlling that will enable them to understand their role in the organization.

B.E.S.T Leaders Program (Becoming an Engaging and Supportive Team Leader)

Given to all Area Heads, Store Managers and Assistant Managers. This in-house Leadership program teaches managers Self Awareness to evaluate their personal strengths objectively and to drive for continuous improvement, lead with flexibility, communicate confidently and coach others to accelerate performance, and inspire and guide others to achieve personal goals as well as impactful business results.

Strategic Thinking Workshop

Given to All Store Managers. This program is designed to help leaders embrace strategic thinking and provide them with the information and resources they need to develop a plan that is aligned with corporate strategy, to establish a framework for successful monitoring, to create accountability, and to plan for contingencies.

Impactful Presentation Skills

Given to all head office-based and Store Operations Employees. This module under communication skills program helps participants build the needed skills to prepare and deliver effective presentations. Specific objectives include delivery techniques, identification of common mistakes and plans on how to avoid them, and preparation on handling questions and criticisms from the audience while maintaining audience rapport.

MS Excel Intermediate Course

Given to selected head office-based employees (merchandising, etc.) and Store Operations Employees. This course is a vital tool for speeding up productivity and will help employees to be more efficient in dealing with large amount of data and calculations.

Webinar on Self Care: Manage Stress, Worry & Anxiety

Given to all head office-based and Store Operations Employees. This webinar encourages and uplift the employees on how to properly handle stress, worry, and anxiety in their personal lives and in the workplace.

Financial Wellness Program

Given to all head office-based and Store Operations Employees. A 2-series talk that discusses the importance of proper handling of finances to achieve financial stability.

Workplace Safety and Typhoon Preparation

Given to all heads, office-based and Store Operations Employees. This preparation is to educate employees on how to perform their job safely and be prepared for unexpected emergencies and disasters.

Management Approach to Impacts

All training programs are designed to boost productivity and performance and are built around clearly defined objectives. AllDay believes having productive team members would result in increased sales and improved employee productivity. Additionally, this would enable proactive planning for future talent requirements associated with expansion.

Training hours and modules/programs needed by each employee are determined by the Training Academy. Each employee is required to complete at least 4 hours of training and participate in at least one program by the Academy. In 2022, each employee received 8 hours of training and participated in one program.

AllDay holds regular employee engagement events called "Jumpstart," during which incentives and recognitions are announced including individual and team performance. Individual rewards can be in the form of merit increase. Jumpstart is conducted twice a year.

Risks and Management Approach

In 2022, training is still done in a mixed manner. This has exposed personnel to internet connectivity challenges resulting to limited learning absorption. In addition, interaction remains a major challenge, as COVID restrictions are continuously implemented. For face-to-face training, everyone must submit to swab testing and must provide a negative result for everyone's safety.

Opportunities and Management Approach

Each employee is evaluated based on skills development, job performance, and adherence to corporate values. In 2022, 100% of employees received career development reviews.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity		Units
	2022	2021	
Safe Man-Hours	99,840	2,416	Man Hours
No. of work-related injuries	6[9]	5[10]	#
No. of work-related fatalities	0	0	#
No. of work-related ill-health	0	0	#
No. of safety drills [11]	30	30	#

Impact and Management Approach

In 2022, there were reported bruises, dislocations, muscle strains, cuts/lacerations, and slips/trips/falls. As such, the Company sees it significant to review its Occupational Health and Safety Management.

AllDay has implemented a health and safety policy in accordance with Section 32 of Republic Act 11058 on Occupational Safety and Health and the provisions of DO 198-18 Implementing Rules and Regulations.

All area safety personnel identified to be accountable for the proper implementation and enforcement of DOLE-mandated safety and health programs must complete DOLE-mandated safety officer training on fundamental occupational safety and health. AllDay identified a Safety Officer for each area and said officer is responsible for promoting the health and safety policy program, resolving worker health and safety complaints, and monitoring compliance with health and safety regulations.

Through a variety of channels, including email, adequate signage throughout the workplace, and routine safety checks, AllDay encourages employees to take an active role in health and safety training and program development. Annually, selected employees in each work area are offered a variety of free health and safety training programs, such as Basic Occupational Safety and Health (BOSH) and First Aid. For training held off-site, attendees are provided with meals, transportation, and a copy of their training certificate. The level of safety training is proportional to the level of risk inherent in the job. These trainings ensure that each department has a member who possesses the knowledge and skills required to ensure safety and respond appropriately in emergency situations.

9 Recorded injuries were cuts/lacerations (3), muscle strains (1), and slips/trips/falls (1) that were incurred by the workers.
10 Recorded injuries were bruises (3), dislocations (1), and muscle strains (1) that were incurred by the workers.
11 This is the total number of drills participated by employees across all stores.

In addition, regularized employees and their eligible declared dependents are automatically enrolled in a health care plan provided by a partner health maintenance organization (HMO) to assist them in managing their health and resolving medical issues. They are also entitled to paid sick leaves as part of their employment benefits package. Annual medical exams are performed to confirm previous findings, aid in the early detection of occupational and non-occupational diseases, and evaluate the impact of employee exposure to health hazards.

To improve workers' occupational health and safety, the Company implements anti- discrimination policies, reasonable work arrangements, and educational and awareness campaigns. Disease transmission is reduced by providing adequate ventilation and sanitary facilities. A monitoring system is also used to ensure that the facilities are kept in good condition and that all employees are safe.

Risks and Management Approach

Through regular site inspection, audit and assessment, the Company identifies areas that need to be checked and regularly monitored. Employees and authorized personnel such as Safety officers and security personnel can report directly to the Facilities Management department if they notice any work-related hazards. In effect, the concerned department could act promptly on safety issues that need to be addressed.

The Company continuously issues COVID-19 policies and guidelines to remind employees of the health and safety protocols. Surgical masks, face shield, alcohol and sanitizer as well as personal protective equipment are provided for each office. Safety Officers are also assigned to ensure that prevention and control practices are strictly implemented. Employees are asked to submit the Daily Health Symptoms form, monitor their temperature, frequently wash their hands, observe physical distancing and limit face-to-face interaction. Posters and print resources about COVID-19 are placed in entrance points of offices and stores in addition to the regular disinfection and cleaning of work areas and common spaces.

Community quarantines and alert levels were relaxed in 2022, and work-from-home was implemented for those employees with symptoms who had been exposed to or tested positive for COVID and they were provided shuttle services to ease transportation concerns and reduce the risk of exposure. The Company also developed a guideline to properly manage cases of those who have potentially contracted the disease and their close contacts. Employees who feel unwell and those who develop symptoms are advised to stay at home, self-isolate, and contact a medical professional for advice on testing and referral. To keep track of employees' health, the Company organizes on-site annual physical examinations and also provides health care plans to employees and their dependents. Through educational campaigns and fitness activities, employees are encouraged to live an active and healthy lifestyle. Additionally, employees are also regularly screened for COVID-19 symptoms.

In compliance with the DOLE guidelines for the implementation of workplace policy and program on tuberculosis, Hepatitis B, and HIV, the Company lays out guidelines for the prevention and control of these health risks. AllDay facilitates a referral system to provide assistance and for better management and treatment of these cases.

The Company's primary goal in the event of a disaster is to keep employees and clients safe and prevent further injury by relocating them to a safer location. The Company strictly adheres to and follows the local government unit's, the NDRRMC's, and other relevant agencies' safety rules and protocols.

AllDay participates in earthquake and disaster response drills on a regular basis in collaboration with the mall and building administration. Through these training sessions, employees and building personnel are equipped with knowledge and skills to enhance disaster preparedness and response.

Furthermore, on January 8, 2022, a fire broke out in Starmall Alabang in Muntinlupa City. After more than 30 hours since the incident started, the Bureau of Fire Protection (BFP) declared the fire out. Four firefighters and one volunteer were reported injured in the blaze. The incident affected AllDay's operations, but no deaths or injuries were reported among employees or customers. The mall's management immediately coordinated with tenants to address their concerns. To ensure uncompromised continuity of operations, AllDay has taken the following measures: temporary relocation of the distribution center to Vistamall Global South and relocation of merchandising and accounting offices to Vistamall Las Piñas.

Opportunities and Management Approach

AllDay continues to adapt to the new normal where employees are kept safe and productive while ensuring customers are well-taken care of during their shopping experience.

AllDay encourages its employees to actively participate in the training and development of health and safety programs. To foster collaboration, ideas and suggestions are gathered through employee feedback and surveys through Zoom, Viber, and emails. Moreover, safety training will be a continued requirement by the Company.

Labor Laws and Human Rights

Disclosure	Quantity		Units
	2022	2021	
No. of legal actions or employee grievances involving forced or child labor	0	0	#

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

Topic	Y/N	If Yes, cite reference in the Company policy
Forced labor	N	N/A
Child labor	N	N/A
Human Rights	Y	AllDay aims to protect its employees and stakeholders from any form of discrimination or harassment. True to its mission and core values, the Company strives to protect human rights and respect individuals from all walks of life. This is embedded in the Company's Code of Discipline and communicated through the core orientation.

Impact and Management Approach

AllDay strives to protect the human rights of employees.

Anti-Discrimination policies and strategic plans are established and communicated during new employee orientation. Employees are encouraged to respect differences in all aspects and respond to complaints of discrimination promptly and with utmost confidentiality.

Grievances, procedures, and complaint mechanisms are in place to hear and investigate reports and allegations of human rights violations. Due process is followed for cases of policy violations. Employees are regularly reminded of the Company's core values and the importance of showing respect for one another, including one's personal boundaries.

Awareness Trainings facilitate diversity and inclusion. The Company ensures that a clear framework is defined to address grievances through an established internal procedure. Such grievances are dealt with promptly, fairly, and in accordance with the Company policies.

The Company exercises Human Rights due diligence work by identifying and taking action on actual and potential human rights risk for workers in its operations and availed service providers. The Company's approach to due diligence is based on engagement and collaborative action. It enables better visibility on operational processes, reduced attrition, improved hiring and training, and enhanced reputation and credibility.

Risks and Management Approach

The Human Resources Department (HRD) imposes disciplinary actions on erring employees in accordance with the Code of Discipline and relevant labor laws. The Company must not use beatings, other corporal punishment, or threats of mental or physical harm for discipline.

Procedural due processes are in place in accordance to the gravity of the offense. Due process for just causes of termination of employment comprise the twin notice rule, which requires the Company to provide the affected employee with written notice of the reason or basis for impending dismissal and a reasonable opportunity to address the same. Officers or employees who witness or are subjected to workplace harassment or discrimination must immediately report incidents to the Committee on Decorum and Investigation or Employee Relations (HR). The Committee conducts the investigation into the incident and, upon completion, notifies all parties of the outcome and decision.

Suppliers may report complaints or issues through email or phone communication channels. These concerns may also be raised during the supplier's performance review.

AllDay believes that two-way communication is an effective way to ensure that everyone can voice their concerns with the assurance that they will be treated fairly and with utmost confidentiality. This builds loyalty and drives improved productivity. Potential issues and concerns are identified and gathered by the Department Heads before they escalate into formal grievances.

These communication strategies are frequently top-down in nature, with senior management setting the tone for cascading messages. Another strategy is to ensure that key leaders are coached and trained on the importance of effective Company-wide communication. Communication training encompasses organizational communication policies and initiatives for train-the-trainer development.

Opportunities and Management Approach

Directors, managers, and employees shall have a working knowledge of the statutory and regulatory requirements that affect the Company, including its articles of incorporation and by-laws, the rules and regulations of the Securities and Exchange Commission (SEC) and, where applicable, the requirements of relevant regulatory agencies. They are expected to comply with Philippine laws, which include laws on employment, health and safety, discrimination, environment, trade practices, intellectual property, data privacy, financial reporting, bribery, corruption, and sanctions. They are required to disclose to the Company if they are formally charged with violating a law or are found guilty thereof. In addition, they share the responsibility to prevent the use of the facilities of the Company that may inflict criminal and other improper illegal activities, such as financial misreporting, money laundering, fraud, bribery, or corruption.

Labor-Management Relations

Disclosure	Quantity		Units
	2022	2021	
% of employees covered with Collective Bargaining Agreements	0	0	%
Number of consultations conducted with employees concerning employee-related policies	N/A	N/A	#

Impact and Management Approach

AllDay does not have a collective bargaining agreement with any of its employees as of 2022. None of its employees are represented by a union.

AllDay encourages participation from all employees regardless of rank through suggestion schemes that recognize and value all ideas. The Company maintains an open-door policy. Employees are encouraged to communicate any concerns through verbal or written documents about the working relationship and dynamics of their team. Meetings, pep talks, and store visits allowed them to raise any issues that should be addressed immediately. Moreover, a structured suggestion system, employee surveys, and leadership teams encourages participation among employees. Because of this, employees feel valued, and the process of exchanging opinions has fostered teamwork.

AllDay ensures that a clear framework for resolving workplace grievances is established through an internal procedure for complaints. Such complaints are resolved expeditiously, fairly, and in accordance with Company policies.

Risks and Management Approach

AllDay recognizes the need for employees to have a clear and safe grievance mechanism to maintain a good and collaborative working environment.

Bringing all ideas and opinions from various departments to formulate and align with the Company's mission and objectives has been a challenge in the start of the Company. For this reason, AllDay recognized the importance of providing employees with a transparent and secure grievance procedure to promote a positive and collaborative work environment.

AllDay ensures that employees are treated fairly and humanely, that they have equal employment opportunities, and that they are protected from harm and discrimination. Apart from ensuring that sound and clear Company policies, rules, and regulations are implemented, practices are aligned to ensure compliance with due process requirements. The Company prohibits retaliation based on employment against anyone who brings a complaint or raises any work-related concerns.

Opportunities and Management Approach
AllDay continues to develop new and innovative strategies for engaging a diverse and dynamic pool of talent and increasing participation at all levels. The importance of encouraging employee participation is it helps improve AllDay's products and services that, therefore, achieves organizational goals and objectives. Management's decision-making process will continue to include a summary of employee concerns, thoughts, and recommendations. Annual Values Session are conducted wherein all employees' voices are heard. Additional references like employment-related data such as employee turnover and attrition rates are reported monthly and annually. More pertinent information is gathered during the exit interview and on a regular basis during the store audit.

Supply Chain Management

AllDay follows the supplier accreditation policy of the AllValue Holdings, Inc. that considers the following topics:

Topic	Reference in the Company Policy
Environmental performance	AllDay requires suppliers to provide information on their environmental performance such as safe operations in its facilities and offices. Said information is verified through site inspections. This is stipulated under the Conduct of Business and Fair Dealings Policy.
Forced Labor	AllDay requires suppliers to provide information on its manpower that is verified through background checks. This is in accordance with the Company's provision on the Conduct of Business and Fair Dealings policy.
Child Labor	
Human Rights	
Bribery and Corruption	

AllDay's Impact and Management Approach
With the help of AllDay's supply chain group, the Company aims to provide a sustainable supply of inventory at the most efficient way of procuring, handling, and storing to keep costs at minimum but maximizes support to the business. The Company manages its supply chain by maintaining transparency with vendors and category buyers/managers through monthly business performance reviews. Annual business reviews with suppliers are more strategic and in-depth, during which performance, critical issues, and relevant plans moving forward are discussed.

Risks and Management Approach

As the Company derives revenues from outright sales and sales of concession products, business success is contingent on retaining existing suppliers and concessionaires while attracting new ones on favorable terms and conditions. Maintaining good relationships with current and future partners is a factor to business success.

AllDay maintains long standing working relationships with a broad range of national and multinational suppliers across all product categories. If supplier relationships deteriorated, the Company may not be able to continue to source products at competitive prices that both meet AllDay's standards and appeal to customers. Moreover, this exposes the Company to the risk of being unable to carry merchandise and products that are in demand which, in effect, may negatively affect profitability.

Through the preparation of an Incident report, AllDay records and documents any concerns with suppliers, as well as the essential actions in the settlement of the said issues. An Incident Report is a comprehensive report that details what happened, why it happened, who is accountable, and how the incident was addressed.

For all events, a proper and complete investigation is undertaken, and depending on the severity of the incident, a recommendation is given that best fixes the situation. Contracts are not terminated rashly as AllDay respects its partnership with vendors and would want to perform a fair assessment of the situation before making any decision.

Opportunities

Since AllDay aims to champion business and environment stability, the Company plans to include in its selection process that suppliers should adopt good procurement and sustainability practices as part of their mechanisms and processes.

Global Sourcing is one of the top initiatives since curated imported products is one of AllDay's strengths. Hence, the Company will maintain strong supplier relationships to increase transparency between both parties and to make sure that AllDay is the top of mind and the priority of suppliers.

Management Approach to Opportunities

AllDay constantly searches for ways to improve its net income by managing the inventory, which drives it to automate the procurement process. The Company aims to reduce human error in ordering through procurement automation.

AllDay considers suppliers based on its capability to meet its requirements. For suppliers who employ disadvantaged groups, there is no special consideration or priority provided as the procurement process considers the competency and compliance of suppliers to AllDay's requirements.

AllDay also expects all employees to exercise good judgment to ensure the safety and welfare of the Company and to maintain a cooperative, efficient, and productive work environment and business organization. This extends to all stakeholders of the Company, including suppliers.

Relationship with Community

Significant Impacts on Local Communities

AllDay believes it is important to recognize the interdependence between business and society and promote harmonious relationships with the communities as part of business growth. The Company, therefore, encourages its employees to go beyond themselves in contributing to the community. As part of the Villar Group, AllDay participates in the volunteer community programs by the Villar SIPAG Foundation. Moreover, it has also led initiatives that benefit customers, communities, and the environment:

- AllRewards +5 points! – AllRewards members who will use their AllDay Eco bag will get +5 AllRewards points and +2 AllRewards points if they use other eco bags. This encourages the customers to use eco-friendly bags instead of plastics and also serves as an additional perk to AllRewards members.

- Stepping Stone Coin Bank Partnership – Coin banks were provided in stores and the donations from AllDay customers will help underprivileged children with special needs to get an educational scholarship and therapy services. The students under the Stepping Stone Foundation are the beneficiaries of this program. In 2022, AllDay collected Php40,182 from coin banks.

- PH Food Bank Foundation Partnership – AllDay donates some of its products to churches and communities that help malnourished and undernourished people thru PH Food Bank Foundation. Donation and help is done by giving out food or supplies to orphanages, schools, churches, communities, etc. AllDay donated Php3,154,968 worth of items in 2022.

Customer Management
Customer Satisfaction

Disclosure	Score		Did a third party conduct the customer satisfaction study? (Y/N)
	2022	2021	No
Customer Satisfaction	4.39/5[12]	8.02/10[13]	Yes

AllDay's Impact

AllDay utilizes its in-store and online services to serve a diverse customer base. This has resulted in an average score of 4.39 in 2022.

Concerns were also addressed in a timely and satisfactory manner by the Company. Customer issues in 2022 are mostly about products, such as out-of-stock items still displaying on the online purchase page, lack of order status notices, and wrong or partial items received by customers. These issues were eventually resolved in a timely and suitable way.

Management Approach to Impacts

AllDay targets its product offerings towards customers in the upper middle and upper income segment. To maintain its customer base, AllDay continuously emphasizes and elevates in-store and online experience. Owing to the burgeoning trend of premiumization, AllDay offers better shopping experience through aesthetics, vast product selection, convenient store locations, and intuitive services via its e-commerce website, Personal Shopper, and Self-Checkout Counters. AllDay prides itself on its stores that are better lit and better designed and decorated.

The Company has a Customer Experience team and has set up customer experience channels such as email, contact form via AllDay's website, and Facebook page which are accessible to customers at any time. Throughout the pandemic, AllDay concentrated in making online channels more useful and engaging. This fast-tracked the development of the e-commerce website that is significantly an improved version of what it was three years ago through the Progressive Web Application (PWA).

12 *Stores are rated through a 5-point scale with 5 being excellent and 1 as very poor. In 2022, the survey can be accessed through Online Google Reviews and is conducted quarterly.*

13 *They are rated through a 10-point scale with 10 being excellent and 1 as very poor. In 2021, the survey can be accessed through a Google Form link and is conducted semi-annually.*

Geared towards AllDay's web traffic in its e-commerce platform, MoEngage – a marketing automation service – uses triggers such as first time use of the platform or abandoned carts to push relevant promotions to drive higher conversions. Prior to automated marketing, AllDay would send blanket communications to all customers, leading to inefficiencies in media spend. With MoEngage, AllDay has marketed through a more targeted communication which provides insights on the audience and best performing promotions. This was launched on the e-commerce platform in November 2021. In 2022, sales contribution of e-commerce is at 4.3%.

Risks

The satisfaction of AllDay's customers depends on the effectiveness of customer service, in particular, the ability to address requests and inquiries, and deal with complaints, in a timely and satisfying manner. Any unsatisfactory response or lack of responsiveness by the customer service team could adversely affect customer satisfaction and loyalty. In addition, failure to source and effectively market products, or to accurately forecast changes in customer preferences, could negatively affect customer satisfaction levels, relationship with customers, and demand for products and services.

Management Approach to Risks

AllDay relies on experience, data, and established processes to accurately forecast and manage fluctuations in consumer demand. These processes include conducting internal and customer surveys, reviewing industry reports, attending trade shows and industry benchmarking to assess changes in consumer preferences.

The main thrust of the Company is to an innovation-first customer experience. AllDay is continuously enhancing its inventory management system and working on effective and efficient resolution of customer concerns through its customer experience channels. Training will be regularly provided to in-store personnel as part of AllDay's effective store management and operation.

Opportunities and Management Approach

Data analytics Company GlobalData anticipates that the internet user penetration will reach 75% of the total Philippine population by 2025. AllDay, therefore, uses this opportunity to continue innovating to outpace the local supermarket landscape. The Company designs itself after leading supermarkets that implemented self-checkout services, a push towards safety, customer independence and efficiency.

Smart carts are an additional innovation by AllDay that was first launched in the Evia branch in 2022. These carts allow the customer to know the information for the selected items and the running total of all items in the cart. On checking out, the smart cart will automatically generate a QR code for the total purchase that can be scanned at self-checkout counters or handed over to cashier personnel for payment.

Moreover, AllDay recently introduced Addie, the Supermarket Service Robot. Addie is Philippines' first fully automated supermarket assistant and product promoter. Shoppers can interact with the robot through product pushes, audio prompts, and an interactive touchscreen interface. Addie is the Company's first foray into modern interactive product marketing, pushing awareness for new items, ongoing promos, and other offerings from AllDay.

AllDay also continues to cultivate partnerships with the country's top e-commerce aggregators and on-demand service providers such as Grab, Pandamart, Lazada and Shopee.

In September 2021, the Company launched a progressive website application (PWA) website interface. PWA is a web development nomenclature for websites that adopted a user interface that functions like a mobile application without having to install the application on the device. It helps ensure a uniform experience across all AllDay digital platforms. This also allows the Company to feature the same streamlined and intuitive experience on both mobile and desktop. Because of this, shopping experience improved due to ease of use and loading speed. This platform is accessible to any mobile operating systems for Android and Apple users. Customers may also choose to download AllDay Supermarket in Apple's App Store and Google Play.

AllDay believes customer insights from any platform trigger business process improvements. The Company plans to extend its customer experience channel through an in-store customer satisfaction feedback mechanism.

Health and Safety

Disclosure	Quantity		Units
	2022	2021	
No. of substantiated complaints on product or service health and safety[14]	0	0	#
No. of complaints addressed	N/A	N/A	#

AllDay's Impact and Risks

AllDay's digital services have contributed to ensuring the health and safety of customers. All products sold are subject to regulations relating to health, food, and cosmetics, and the the Company maintains compliance with these. As a result, no substantiated complaints have been reported in 2022.

14 *Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies. This definition also applies to the disclosures under Marketing and Labeling and Customer Privacy.*

Management Approach to Impacts and Risks

Regulations adhered to relating to health, food, and cosmetic products:

- FDA Rules and Regulations
- The Food Safety Act
- The Livestock and Poultry Feeds Act
- The Meat Inspection Code
- The Philippine Food Fortification Act
- The Food, Drug and Cosmetics Act

AllDay follows the minimum health requirements set previously by the IATF and the respective local government units (LGUs). Because of this, majority of the stores have been granted the Safety Seal during the previous years.

Since the start of the pandemic, StaySafe and QR code apparatuses have been used for contact tracing. Temperature checks were also conducted for customers entering the stores. Floor markings were affixed to indicate social distancing within the stores. In addition, total store disinfection is conducted once a month and deep sanitation is performed in all 37 locations to ensure customer safety.

Potential risk associated with chemicals is not considered as a major hazard in AllDay's day-to-day operations. Any issue regarding product expiry is met with quick action. In these instances, store heads automatically seek out dialogue with the customer concerned and replace items as needed

Opportunities and Management Approach

AllDay pushes for innovation by taking inspiration from supermarkets all over the world to excite and delight customers. In addition to providing a beautiful in-store experience for customers, self-service counters and smart carts are sure to delight, as they are efficient and provide an added layer of safety, especially in the time of the pandemic. For more information on the digital innovations of AllDay, refer to the Management Approach under the Customer Satisfaction section.

Marketing and Labelling

Disclosure	Quantity		Units
	2022	2021	
No. of substantiated complaints on marketing and labelling	0	0	#
No. of complaints addressed	N/A	N/A	#

AllDay's Impacts and Risks

AllDay's vendors and suppliers are responsible for transparency in product information and labeling on source of components, content that may have an environmental or social impact, safe use of the product, and disposal, all of which are subject to Philippine regulations. Any issues in the vendor- or supplier- level will affect the supply chain and the business. For more information on supply chain risks, refer to the Supply Chain Management section.

Management Approach to Impacts and Risks

AllDay employs a two-pronged approach: (1) thematic campaigns that speak to the broad AllDay customer experience and build the AllDay brand; and (2) tactical campaigns that capitalize on Supermarket seasons specifically summer, school year and Christmas. Invariably, the supermarket chain also promotes campaigns to support categories, such as health and beauty, and fresh foods[15] and its international selections.

Each approach uses campaigns on the digital channels, saturation (mailers and flyers), Out of Home (OOH) materials including billboards, outdoor materials such as lamp post banners along major thoroughfares to create awareness for AllDay product offers in-store. The Company will continue to provide greater value to customers through creative promos and bundles, in order for consumers to feel valued while shopping at AllDay.

Invariably, AllDay's supermarket chain also promotes campaigns to support categories, such as health and beauty, and fresh foods and its international selections. In 2022, the Company increased our exposure on third-party aggregators such as GrabMart, PandaMart, Metromart, and Pick-A-Roo, which enabled us to improve our online business share from 1% to 4% of total sales. As a consequence, the percentage of third-party aggregators contributing to our total online sales increased from 52% to 64%, placing them as a key source of development for the online business and a priority for 2023.

Opportunities

AllDay believes that the investment in technology allows for more informed marketing strategies that helps create promotions and initiatives that will drive customer acquisition and retention. Introducing international trends to the country has been a brand commitment of AllDay since its incorporation in 2016. It began with a clear vision of a retail experience curated to evoke an elevated, exclusive feel—something unseen locally yet desired by increasingly discerning Filipino shoppers.

15 This category includes fresh seafood, meats, fruits, and vegetables.

Management Approach to Opportunities
To provide that premium vibe, AllDay went all in with aesthetics, comfort, accessibility, and convenience. While no two AllDay locations are alike in design, they all deliver farm-fresh produce, local and global brands, enjoyable hubs like the Paluto and Gastroville sections, as well as digital integration. By providing Filipino consumers an elevated, modern grocery shopping experience built on a foundation of premium in-store journey and innovative consumer solutions, AllDay has established itself as a leading player in the mid-premium supermarket segment.

Customer privacy

Disclosure	Quantity		Units
	2022	2021	
No. of substantiated complaints on customer privacy	0	0	#
No. of complaints addressed	N/A	N/A	#
No. of customers, users, and account holders whose information is used for secondary purposes	0	0	#

Data Security

Disclosure	Quantity		Units
	2022	2021	
No. of data breaches, including leaks, thefts, and losses of data	0	0	#
Percentage of data breaches in which personally identified information (PII) was subject to data breach	0	0	%
No. of customers affected by data breaches	0	0	#

AllDay's Impact and Management Approach

AllDay uses an up-to-date integrated system of Hana Enterprise Cloud (HEC) with Customer Activity Repository (CAR) for back-end financial and inventory processes that monitors inventory levels. These systems allow for analysis of sales per stock keeping unit (SKU) that informs and enables the merchandising group to adjust product offerings, in a timely and efficient manner.

For point-of-sale (POS) systems, AllDay uses LS retail, which is integrated with SAP, using the CAR module. This integrated system has demonstrated capability in the real-time monitoring and analysis of sales and margin, store and category performance, SKU performance, inventory levels and flow, stock aging, and supplier performance.

The e-commerce platform, www.allday.com.ph, is hosted by Amazon Web Services and uses the Magento Enterprise E-Commerce platform that allows for higher customization and a wider integration of merchant processes, such as inventory management, order management, and payment gateway integration. The platform is integrated with a PWA interface, allowing for a better customer-facing experience for desktop and mobile customers. A mobile application for www.allday.com.ph was developed and is available in Google Play and Apple App Store.

These systems are protected and maintained in accordance with the guidelines set by the Department of Trade and Industry (DTI), the Data Privacy Act of 2012 and the Company's Code of Business Conduct and Ethics. Moreover, AllDay has an existing policy that prohibits (1) deliberate disclosures of data; (2) submission of fraudulent documents, misrepresentation, and falsification of any kind; and (3) disclosing, leaking out or revealing confidential or classified information, technique, method and Company secret to unauthorized persons or employees.

Risks and Management Approach

AllDay identified the COVID 19 Tracker. e-commerce platform, and AllRewards Loyalty Program are vulnerable to data security risks due to their external-facing nature and the sensitivity of personal data[16] collected by these platforms. For this reason, the Company presents a Data Privacy Consent before the customers share their information.

AllDay uses a multi-layer of security technologies from Anti-Virus to IPS/IDS (Intrusion Prevention System/Intrusion Detection System) on its data centers. Third-party risk assessments are performed semi-annually to determine security improvements and to check if multi-layer security technologies are in place.

Additionally, for external-facing applications, AllDay uses SSL/TLS (Secured Socket Layer/Transport Layer Security) based security. For employees in the work-from- home setup, the Company provides an IPSec VPN Client and Zero Trust Network Access for corporate resource access.

16 Personal data includes the full name, address, mobile number, e-mail address, and current health state.

Moreover, Zero Trust Network Access (ZTNA) enforces granular, adaptive, and context-aware policies for providing secure and seamless Zero Trust access to private applications hosted across clouds and corporate data centers, from any remote location and device. That context can be a combination of user identity, user or service location, time of the day, type of service, and security posture of the device.

On assessment of user identity, device identity, and other contextual factors, ZTNA allows "least privilege" access to specific applications, and not the entire underlying network to any user with valid login keys, reducing the attack surface and preventing lateral movement of threats from compromised accounts or devices.

ZTNA builds upon the concept of "Zero Trust", that asserts that organizations should not trust any entity, whether inside or outside the security perimeters, and instead must verify every user or device before granting them access to sensitive resources, ensuring data safety and integrity.

Opportunities and Management Approach

AllDay will continue to invest in a store data system that will strengthen the understanding of customer behavior in terms of purchase patterns, payment methods, and promotion available across various channels.

Moreover, the Company plans for continuous improvement of security controls through a waterfall model of a seven-point objective:

1. Audit existing system: Carry out a comprehensive audit of existing technology. Use penetration testing, vulnerability scanning, configuration management, and other security auditing tools to find flaws in the system and prioritize fixes. Conduct system hardening assessments against resources using industry standards from National Institute of Standards and Technology (NIST), Microsoft, Center for Internet Security (CIS), Defense Information Systems Administration (DISA), etc.

2. Create a strategy for systems hardening: Create a strategy and plan based on risks identified within the technology ecosystem, and use a phased approach to remediate the biggest flaws.

3. Patch vulnerabilities immediately: Ensure to have an automated and comprehensive vulnerability identification and patching system in place.

4. Network hardening: Ensure the firewall is properly configured and that all rules are regularly audited. Secure remote access points and users. Block any unused or unneeded open network ports. Disable and remove unnecessary protocols and services. Implement access lists and encrypt network traffic.

5. Server hardening: Put all servers in a secure data center. Never test hardening on production servers. Always harden servers before connecting them to the internet or external networks. Avoid installing unnecessary software on a server. Segregate servers appropriately.

6. Operating system hardening: Apply operating system (OS) updates, service packs, and patches automatically. Remove unnecessary drivers, file sharing, libraries, software, services, and functionality.

7. Eliminate unnecessary accounts and privileges: Enforce least privilege by removing unnecessary accounts (such as orphaned accounts and unused accounts) and privileges throughout the IT infrastructure.

CONTRIBUTION TO THE UN SDGS

AllDay's products and programs contribute to the following global goals:

Key Products and Services and Their Contribution		Potential Negative Impact of Contribution and Management Approach
2 ZERO HUNGER	**Approximately 4,200 local and international product brands for fresh items, food items, and non- food items** AllDay offers its fresh, food, and non-food items to communities where it is present in. This contributes to the supply of accessible food in different parts of the country. Moreover, the Company also distributes food items to malnourished and undernourished people in orphanages, schools, churches, and communities in partnership with the PH Food Bank Foundation.	AllDay envisions to be a leading premium supermarket chain. This is fulfilled through the various product offerings in which all food and non-food needs of the people are satisfied.
3 GOOD HEALTH AND WELL-BEING	**COVID-19 vaccination program for employees** As part of the Company's effort to ensure the safety of its employees and its customers, the Company has reached its goal of 100% vaccination for its entire workforce across its stores nationwide. All eligible employees have received their two doses of the COVID-19 vaccine and booster shots. This served as another layer of protection added to the Company's existing health protocols which are strictly implemented in stores to ensure a safe and clean environment – boosting consumer confidence.	There is no identified potential negative impact as this initiative aims to promote the well-being of employees and safety of customers. AllDay continues to take a proactive stance in the responsible and sustainable conduct of its business to benefit all of its stakeholders. This includes protecting them from illnesses especially from the effects of the COVID-19.

5 GENDER EQUALITY 	**Majority of the executive positions are currently held by female officers** AllDay ensures that both male and female employees are provided just and humane treatment, equal employment opportunity and protection from any harm and discrimination. Its practices are set to be aligned for compliance with the requirements of due process aside from making sure that sound and clear Company policies, rules and regulations are implemented.	There is no identified potential negative impact as the Company promotes gender equality in the workplace.
8 DECENT WORK AND ECONOMIC GROWTH 	**Store expansions provide employment and business opportunities to the nearby communities** Retail trade fosters economic growth through the extensive supply of items from different local suppliers and the establishment of a wide retail network across the country, resulting in job creation and employment opportunities for people living in nearby communities around AllDay stores.	No potential negative impacts identified.
11 SUSTAINABLE CITIES AND COMMUNITIES 	**Location of stores are inside, adjacent, or near communities** AllDay contributes to the creation of sustainable cities and communities by promoting human resource development and capacity-building for human settlements development by employing personnel residing near stores.	No potential negative impacts identified.
12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	**Promotions to encourage use of eco bags** AllDay encourages customers to use eco-friendly bags instead of plastics. This effort aims to reduce the volume of wastes generated by the stores that, therefore, promotes the responsible use and protection of the natural environment.	No potential negative impacts identified.

Corporate Governance

AllDay Marts, Inc.'s "Manual on Corporate Governance" shall institutionalize the principles of good corporate governance in the entire organization. It mandates the Board of Directors, Management, officers and staff of the Company to adhere to its set standards and ethics. This Manual continuously evolves to adapt to the changes within the organization and industry.

AllDay: Corporate Governance Code

Board of Directors

The Board of Directors (the "Board") shall be primarily responsible for the governance of the Corporation. Its duties include setting the policies for the accomplishment of the corporate objectives and providing an independent check on Management.

Composition

The Board shall be composed of at least seven (7), but not more than fifteen (15), members who are elected by the stockholders and shall hold office for one (1) year and until their successors are elected and qualified in accordance with the Corporation's By- Laws. The Board shall have at least two (2) independent directors or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is lesser, but in no case less than two (2).

The membership of the Board may be a combination of executive and non-executive directors (which include independent directors) in order that no director or small group of directors can dominate the decision-making process. The non-executive directors should possess such qualifications and stature that would enable them to effectively participate in the deliberations of the Board.

Chairman

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

Responsibilities, Duties & Functions of the Board

It shall be the Board's responsibility to foster the long-term success of the Corporation, and to sustain its competitiveness and profitability in a manner consistent with its corporate objectives and the best interests of its stockholders and other stakeholders.

Board Performance

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

Board Committees

To aid in the optimal performance of its roles and responsibilities, the Board established four (4) committees: the Audit Committee, Corporate Governance Committee, Related Parties Transactions Committee and Board Risk Oversight Committee.

Audit Committee. The Audit Committee is established to assist the Board in providing oversight over the company's financial reporting, internal control system, internal and external audit processes, and compliance with applicable laws and regulations. The committee is composed of three (3) members, two (2) of which are Independent Directors: Chairman Jessie D. Cabaluna, Raul Juan N. Esteban and Manuel Paolo A. Villar.

Corporate Governance Committee. The Corporate Governance Committee is tasked to assist the Board in the performance of its corporate governance responsibilities, including functions of a nomination and remuneration committee. The committee is composed of three (3) members, two (2) of which are Independent Directors: Chairman Raul Juan N. Esteban, Jessie D. Cabaluna, and Manuel B. Villar, Jr.

Related Parties Transactions Committee. The Related Parties Transactions Committee is tasked with reviewing all material related party transactions of

the company. The committee is composed of three (3) members, two (2) of which are Independent Directors: Chairman Raul Juan N. Esteban, Jessie D. Cabaluna and Benjamarie Therese N. Serrano.

Board Risk Oversight Committee. The Board Risk Oversight Committee is responsible for the oversight of a company's Enterprise Risk Management system to ensure its functionality and effectiveness. The committee is composed of three (3) members, two (2) of which are Independent Directors: Chairman Jessie D. Cabaluna, Raul Juan N. Esteban and Frances Rosalie T. Coloma as members.

Management

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

Compliance Monitoring

The Compliance Officer designated by the Chairman of the Board is in-charge of monitoring compliance by the Company and ensuring adherence to corporate principles and best practices.

Annual Corporate Governance Report

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

https://corporate.allday.com.ph/corporate-governance/manual-of-corporate-governance/

Website

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

https://www.allday.com.ph/

To view the Manual on Corporate Governance please refer to the link below.

https://corporate.allday.com.ph/corporate-governance/manual-of-corporate-governance/

In 2022, the Board held 5 meetings. The record of attendance is indicated in the chart.

Directors Name	April 6	May 16	July 4	Aug 15	Nov 14
Manny B. Villar, Jr.	P	P	P	P	P
Camille A. Villar	P	P	P	P	P
Frances Rosalie T. Coloma	P	P	P	P	P
Manuel Paolo A. Villar	P	P	P	P	P
Benjamarie Therese N. Serrano	P	P	A	P	P
Jessie D. Cabaluna	P	P	P	P	P
Raul Juan N. Esteban	P	P	P	P	P

Legend: (A) Absent, (P) Present

Board of Directors



MANUEL B. VILLAR, JR.
Chairman



CAMILLE A. VILLAR
Vice Chairman



BENJAMARIE THERESE N. SERRANO
Director

Board of Directors



FRANCES ROSALIE T. COLOMA
Director



MANUEL PAOLO A. VILLAR
Director



JESSIE D. CABALUNA
Independent Director



RAUL JUAN N. ESTEBAN
Independent Director

Board of Directors and Senior Management

Manuel B. Villar, Jr., Chairman. Mr. Villar, 73, is the Chairman of the Board of Vista Land and Lifescapes, Inc., one of the leading integrated property developers in the Philippines and the largest homebuilder in the country which operates through six distinct business units namely: Brittany, Crown Asia, Camella, Communities Philippines, Vista Residences and Vistamalls.

He founded Camella Homes, Vista Land's flagship brand in the early 1970s, and successfully managed the said company over the years to become the most preferred brand overall in the Philippine Housing market, with a brand awareness rate and brand preference rate of 99% and 56%, respectively, according to a survey by PSRC . Mr. Villar is also the Chairman of the Board of All Value, the retail group comprising of AllHome, AllDay Supermarket, AllDay Convenience Store, Coffee Project, AllSports, AllToys, AllBank, Bake My Day, Finds Finds, Kinder City, and Wake Up Cafe. Mr. Villar's family is also involved in water, energy and mining and owns Golden Bria Holdings Inc., a publicly listed company which includes Golden Haven, the largest Philippine deathcare property developer in terms of number of projects, and Bria Homes, one of the fastest growing mass housing developers in the country.

Mr. Villar was Senator of the Philippines from 2001 to June 2013. He also served as a Congressman from 1992 to 2001. He holds the distinction of being the only post-war public official who became Speaker of the House of Representatives and President of the Philippine Senate. He is also President of the Nacionalista Party, the grandest political party of the Philippines.

A Certified Public Accountant, Mr. Villar graduated from the University of the Philippines with the degree of Bachelor of Science in Business Administration and Masters in Business Administration. He worked at Sycip, Gorres, Velayo & Co. (SGV & Co.), the premier accounting firm in the Philippines.

Mr. Villar received several national awards: Ten Outstanding Young Men Award by the Philippine Jaycees, Agora Award for Outstanding Achievement in Marketing Management 1989), Most Outstanding CPA by the Philippine Institute of Certified Public Accountants (1990), Most Outstanding UP Alumnus (1991), Most Distinguished UP Alumnus (2004), Real Estate Personality of the Year (2016) by Property Report, and Property Man of the Year (2018) by FIABCI-Philippines.

He is married to Senator Cynthia A. Villar with three children namely Paolo, currently the President & CEO of Vista Land; Mark, Senator of the Republic of the Philippines; and Camille, the District Representative of Las Pinas, Director of Vista Land and Managing Director of Vista Land Commercial Division and Vice Chairman of AllHome Corp.

Camille A. Villar, Vice Chairman. Ms. Villar, 39, graduated from Ateneo de Manila University with a degree in Bachelor of Science in Management. She took Management in Business Administration, Global Executive MBA Program in Instituto de Estudios Superiores de la Eprese (IESE) Business School, Barcelona, Spain. She joined the Corporate Communications Group of Brittany in 2007 until she assumed the position of Managing Director of Vista Land Commercial. She is a Director of Vistamalls, Inc. (formerly Starmalls, Inc.) and Golden MV Holdings, Inc. (formerly Golden Bria Holdings, Inc.). She is also the Concurrent President of All Value Holdings Corp., and the Vice Chairman of AllHome Corp. Ms. Villar is currently a Congresswoman, representing Las Pinas City.

Frances Rosalie T. Coloma, Director, President and Chief Executive Officer. Ms. Coloma, 60, graduated cum laude from the University of the Philippines with the degree of Bachelor of Science in Business Administration and Accountancy. She is a Certified Public Accountant. She was previously the Finance Manager of Alcatel Philippines, Inc. and Intel Philippines, Inc., Country Controller of Ericsson Telecommunications Philippines, Inc., Deal Finance Manager of Accenture Delivery Center, Philippines, and Assistant General Manager of Maersk Global Services, Philippines. From 2012 to 2016, Ms. Coloma was the Chief Financial Officer of Vistamalls, Inc. before she

was designated as the Chief Financial Officer and Chief Information Officer of Golden Bria Holdings, Inc. from 2016 to 2019. Ms. Coloma then became the Chief Financial Officer of AllHome Corp for about two years from 2019 to 2021. She is currently the Treasurer and a Director of AllHome Corp., and Director of Golden MV Holdings, Inc.

Manuel Paolo A. Villar, Director. Mr. Villar, 46, graduated from the Wharton School of the University of Pennsylvania, Philadelphia, USA with a Bachelor of Science in Economics and Bachelor of Applied Science in 1999. He was an Analyst for McKinsey &Co. in the United States from 1999 to 2001. He joined the Vista Land Group in 2001 as Head of Corporate Planning then became the Chief Financial Officer of the Company in 2008. He was elected President and Chief Executive Officer of the Company in July 2011 and President of Vistamalls, Inc. (formerly Starmalls, Inc.) in June 2019. In addition, he is the CEO and Chairman of St. Augustine Gold and Copper Limited and Chairman of TVI Resources Development Philippines, Inc., Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation, Vista Residences, Inc. and Powersource Phils Development Corp. Mr. Villar is also the majority shareholder of Prime Asset Ventures, Inc., and director of Fine Properties, Inc, and AllHome Corp.

Benjamarie Therese N. Serrano, Director. Ms. Serrano, 60, graduated from the University of the Philippines with a degree in Economics and from the Asian Institute of Management, with a Master's degree in Business Management. From 2001 to 2007, Ms. Serrano was the President of Brittany Corporation then became the Chief Executive Officer of Vista Land & Lifescapes Inc. from 2007 to 2011. She is also the President of AllHome Corp. and other subsidiaries of AllValue. Ms. Serrano was the President of Vistamalls, Inc. (formerly Starmalls, Inc.) from 2017 to 2019.

Jessie D. Cabaluna, Independent Director. Ms. Cabaluna, 66, graduated with the degree of Bachelor of Science in Commerce, major in Accounting from University of St. La Salle in 1977. She also completed the Management Development Program in the Asian Institute of Management in 1988, and Advance Management Program in the Harvard Business School in 2012. Ms. Cabaluna also completed Finance for Corporate Directors Program in 2017. She was previously a Partner at SGV & Co. from 1997 to 2017. She is presently an independent director of AllHome Corp.

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

Jacqueline B. Cano, Chief Operating Officer. Ms Cano, 52, graduated from the Polytechnic University of the Philippines with the degree of Mass Communication – Broadcast Journalism in 1991. She started in the retail business as a District Manager for Abenson from 1994 to 1997. She also previously served as an Area Manager for Waltermart from 1998 to 2005, and Store General Manager for Pilipinas Makro Inc. from 2005 to 2011. Prior to her current operational lead role for AllDay, Ms. Cano was the Regional Manager of Metro Gaisano from 2011 to 2015. She was the Operations Manager of AllDay Retail Concepts, Inc. from 2015 to 2016 before she was designated as the Operations Manager of AllDay Marts, Inc. from 2016 to 2019.

Maria Cristina O. Barao, Treasurer, Chief Financial Officer and Compliance Officer. Ms. Barao, 42, graduated from the Pamantasan ng Lungsod ng Maynila in 2001 with a Bachelor of Science in Accountancy. She was previously the Senior Accountant and Chief Accountant of Camella Homes, Crown Asia Properties Inc., and Brittany Corporation from 2009 to 2018.

Arbin Omar P. Cariño, Corporate Secretary. Mr. Cariño, 42, graduated from the De La Salle University. He took up Bachelor of Science in Chemistry and Bachelor of Secondary Education major in Physics and Math. Mr. Cariño earned his law degree from the San Beda College of Law. He is the Corporate Secretary of AllHome Corp.

Emerito M. Purisima Jr., Investor Relations Officer. Mr. Purisima, 40, graduated from the University of the Philippines Diliman in 2005 with the degree of Bachelor of Science in Business Administration and Accountancy. He is a Certified Public Accountant. He served as Transaction and Advisory Lead for Corporate Finance in Punongbayan and Araullo from 2006 to 2011. He then served as Financial Planning and Analysis Supervisor in Ortigas Land from 2011 to 2014. He joined the Villar Group as a Business Development Officer for Special Projects in 2014 and as Finance Manager of the AllValue Group from 2018 to present.

Management Committee



FRANCES ROSALIE T. COLOMA
President and Chief Executive Officer



JACQUELINE B. CANO
Chief Operating Officer

Management Committee



MARIA CRISTINA O. BARAO
Treasurer, CFO and Chief Compliance Officer



ARBIN OMAR P. CARIÑO
Corporate Secretary



EMERITO M. PURISIMA, JR.
Investor Relations Officer

REVIEW OF YEAR END 2022 VS YEAR END 2021

RESULTS OF OPERATIONS

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

	For the year ended December 31,		Horizontal analysis	Vertical analysis	
	2022	2021		2022	2021
	(in millions of ₱)		% Change	% of Total Sales	
Sales	₱9,759.7	₱9,456.4	3.2%	100.0%	100.0%
Cost of merchandise sold	7,756.9	7,600.5	2.1%	79.5%	80.4%
Other income	51.4	80.3	-36.0%	0.5%	0.8%
Other operating expenses	1,553.3	1,421.2	9.3%	15.9%	15.0%
Finance income (costs)					
Finance costs	(27.5)	(70.8)	-61.2%	-0.3%	-0.7%
Finance income	0.3	0.4	-20.5%	0.0%	0.0%
Losses from Fire Damage	(71.8)	-	-	-0.7%	0.0%
Tax expense	100.1	58.1	72.4%	1.0%	0.6%
Net profit	301.8	386.5	-21.9%	3.1%	4.1%

Sales

The company recorded sales of ₱9,759.7 million for the year ended 31 December 2022, an increase of 3.2% from ₱9,456.4 million for the year ended 31 December 2021. The increase was attributable to sales growth from existing stores and revenue contribution of new stores.

Cost of Merchandise Sold

For the year ended 31 December 2022, cost of merchandise sold was at ₱7,756.9 million, an increase of 2.1% compared to ₱7,600.5 million for the year ended 31 December 2021, largely driven by the increase in sales in existing stores and incremental sales from the new stores added during the period.

Support, Fees, Rentals and Other Income

Support, fees, rentals and other income decreased by 36.0% from ₱80.3 million for the year ended 31 December 2021 to ₱51.4 million for the year ended 31 December 2022, primarily due to the decrease of support fees from suppliers with lesser stores opened during the period.

Other Operating Expenses

Selling Expenses

Selling expenses increased by 5.4% from ₱984.0 million for the year ended 31 December 2021 to ₱1,036.6 million for the year ended 31 December 2022 primarily due to the following:

- Decrease in delivery fees from ₱5.4 million for the year ended 31 December 2021 to ₱2.8 million for the year ended 31 December 2022 on account of decrease in the volume of deliveries for the year.

- Decrease in salaries, wages, and other employee benefits from ₱118.2 million for the year ended 31 December 2021 to ₱103.3 million for the year ended 31 December 2022 due to overtime pay and transportation allowance provided to employees in 2021 in light of the pandemic.

- Increase in operating supplies from ₱29.6 million for the year ended 31 December 2021 to ₱37.1 million for the year ended 31 December 2022 due primarily to purchases of supplies in the head office and due to increase in the number of stores.

- Increase in communication and utilities from ₱243.2 million for the year ended 31 December 2021 to ₱273.3 million for the year ended 31 December 2022 due to the increase in utilities cost and higher store network for the year.

- Increase in repairs and maintenance from ₱37.1 million for the year ended 31 December 2021 to ₱41.6 million for the year ended 31 December 2022 due to the additional disinfection and sanitation protocols implemented as well as to maintenance services done in the stores

- Decrease in merchant fee from ₱48.9 million for the year ended 31 December 2021 to ₱43.9 million for the year ended 31 December 2022 primarily due to lower debit and credit card sales for the period.

- Increase in agency fee from ₱218.5 million for the year ended 31 December 2021 to ₱235.5 million for the year ended 31 December 2022 attributable to the additional manpower of new stores added during the period.

- Increase in rentals from ₱264.6 million for the year ended 31 December 2021 to ₱281.0 million for the year ended 31 December 2022 due to higher sales recorded during the period. Rent is charged as a percentage of sales.

- Decrease in advertising and promotions from ₱18.4 million for the year ended 31 December 2021 to ₱18.1 million for the year ended 31 December 2022 on account of cost-cutting measures implemented and usage of online digital and social media platforms for marketing purposes.

General and administrative expenses

General and administrative expenses increased by 18.2% from ₱437.2 million for the year ended 31 December 2021 to ₱516.6 million for year ended 31 December 2022 primarily due to the following:

- Increase in dues and subscriptions from ₱3.1 million for the year ended 31 December 2021 to ₱25.5 million for the year ended 31 December 2022 attributable to the acquisition of new IT systems during the year and increase in the number of stores.

- Decrease in professional fees from ₱33.4 million for the year ended 31 December 2021 to ₱3.8 million for the year ended 31 December 2022 primarily due to the audit, market research, and other fees incurred in 2021 in relation to the company's initial public offering.

- Decrease in other general and administrative expenses from ₱19.5 million for the year ended 31 December 2021 to ₱4.9 million for the year ended 31 December 2021 attributable to the one-time fees incurred in 2021 in relation to the company's initial public offering.

- Increase in depreciation and amortization from ₱296.9 million for the year ended 31 December 2021 to ₱400.8 million for the year ended 31 December 2022 due to the increase in the number of stores.

- Increase in insurance from ₱10.5 million for the year ended 31 December 2021 to ₱13.2 million for the year ended 31 December 2022 due primarily to the increase in the number of stores and adjustment in insurance coverages.

- Decrease in taxes and licenses from ₱54.6 million for the year ended 31 December 2021 to ₱ 49.5 million for the year ended 31 December 2022 on account of lower documentary stamp tax paid during the year.

- Decrease in travel and transportation from ₱19.3 million for the year ended December 31, 2021 to ₱19.1 million for the year ended December 31, 2022 due to cost-saving measures being implemented.

Finance Cost

Finance Cost decreased from ₱70.8 million for the year ended 31 December 2021 to ₱27.5 million for the year ended 31 December 2022. The decrease was primarily attributable to the loan settlements made from proceeds of the initial public offering.

Finance Income

Finance income decreased by 20.5% from ₱406.5 thousand for the year ended 31 December 2021 to ₱323.3 thousand for the year ended 31 December 2022 due primarily to the decrease in the interest income on deposits.

Loss from Fire Damage

On January 8, 2022, the Company's distribution warehouse, selling area, and head office, located in Alabang, Muntinlupa City, was severely damaged by a fire. As a result, the Company wrote-off certain inventories and property and equipment with the net carrying value amounting to ₱58.0 million and ₱112.2 million, respectively. The Company received total insurance claims amounting to ₱98.3 million, which was offset against the losses incurred from the fire incident. Thus, the related net losses from the fire amounted to ₱71.8 million.

Tax Expense

Tax expense increased by 72.4% from ₱58.1 million for the year ended 31 December 2021 to ₱100.1 million for the year ended 31 December 2022. The lower tax expense in 2021 was primarily attributable to the reversal of deferred tax liabilities due to the change in tax rate as an effect of CREATE to align with the 25% corporate income tax rate and the tax effect of the Initial Public Offering expenses charged against equity.

Net Profit

As a result of the foregoing, our net income decreased by 21.9% from ₱386.5 million for the year ended 31 December 2021 to ₱301.8 million for the year ended 31 December 2022.

FINANCIAL CONDITION

As of 31 December 2022 vs. 31 December 2021

	For the period ended,		Horizontal analysis	Vertical analysis	
	December 31, 2022	December 31, 2021		December 31, 2022	December 31, 2021
	(in millions of ₱)		% Change	% of Total Sales	
Total Current Assets	₱3,775.4	₱3,823.9	-2.1%	41.3%	43.6%
Total Noncurrent Assets	5,356.1	4,952.5	8.8%	58.7%	56.4%
Total Assets	9,131.5	8,776.4	4.0%	100.0%	100.0%
Total Current Liabilities	1,849.2	1,516.7	21.9%	20.3%	17.3%
Total Noncurrent Liabilities	678.2	890.6	-23.8%	7.4%	10.1%
Total Liabilities	2,527.5	2,407.3	5.0%	27.7%	27.4%
Equity	6,604.1	6,369.1	3.7%	72.3%	72.6%
Total Liabilities and Equity	9,131.5	8,776.4	4.0%	100.0%	100.0%

As of 31 December 2022 vs. 31 December 2021

Total assets as of 31 December 2022 were ₱9,131.5 million compared to ₱8,776.4 million as of 31 December 2021, or about 4.0% increase due to the following:

- Cash increased by 6.9% from ₱927.8 million as of 31 December 2021 to ₱992.2 million as of 31 December 2022 as cash used for investing and financing was partially offset by cash generated from operating activities.

- Receivables increased by 1.2% from ₱130.4 million as of 31 December 2021 to ₱132.0 million as of 31 December 2022 due primarily to the increase in third party receivables pertaining to online sales for the period.

- Merchandise inventories decreased by 1.5% from ₱1,826.1 million as of 31 December 2021 to ₱1,797.9 million as of 31 December 2022 due primarily to inventory optimization.

- Prepayments and other current assets decreased by 9.2% from ₱939.6 million as of 31 December 2021 to ₱853.2 million as of 31 December 2022 due primarily to the decrease in carried over input VAT.

- Property and equipment increased by 6.3% from ₱3,989.8 million as of 31 December 2021 to ₱4,243.1 million as of 31 December 2022 due primarily to acquisitions of equipment and furniture and fixtures as well as increase in leasehold improvements for new stores.

- Right-of-use assets decreased by 9.4% from ₱162.9 million as of 31 December 2021 to ₱147.5 million as of 31 December 2022 due to amortization for the period.

- Intangible assets increased by 27.6% from ₱434.6 million as of 31 December 2021 to ₱554.4 million as of 31 December 2022 due to acquisition of additional license software.

- Other non-current assets increased by 12.6% from ₱365.2 million as of 31 December 2021 to ₱411.1 million as of 31 December 2022 due primarily to advances to contractors and lease security deposits of new stores.

Total liabilities as of 31 December 2021 were ₱2,407.3 million compared to ₱2,527.5 million as of 31 December 2022, or a 5.0% increase. This was due to the following:

- Trade and other payables increased by 8.7% from ₱545.6 million as of 31 December 2021 to ₱592.8 million as of 31 December 2022 due primarily to inventory build up for holiday season and initial inventory of two new stores for the last quarter of 2022.

- Loans payable including non-current portion decreased by 0.1% from ₱1,433.8 million as of 31 December 2021 to ₱1,432.4 million as of 31 December 2022 primarily due to loan payments for the period.

- Lease liabilities including non-current portion decreased by 2.9% from ₱224.2 million as of 31 December 2021 to ₱217.6 million as of 31 December 2022 due to lease payments made.

- Retirement benefit obligation increased by 5.5% from ₱20.9 as of 31 December 2021 to ₱22.0 million as of 31 December 2022 due to adjustment of provision for the retirement benefit.

- Deferred tax liabilities increased by 43.6% from ₱182.9 million as of December 31, 2021 to ₱262.7 million as of 31 December 2022 attributable to additional temporary tax differences recognized for the period

Total equity increased by 3.7% from ₱6,369.1 as of 31 December 2021 to ₱6,604.1 million as of 31 December 2022 due to net income recorded for the period and recognition of revaluation reserves for the remeasurement of post-employment defined benefit plan.

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

Key Performance Indicators	12/31/2022	12/31/2021
Sales (₱ millions)	₱9,759.7	₱9,456.4
Sales Growth (%)	3.2%	19.2%
Gross Profit Margin (%) [1]	20.5%	19.6%
Net Profit (₱ millions)	301.8	386.5
Net Profit Margin (%) [2]	3.1%	4.1%

Notes:
1) Gross Profit Margin: This ratio is obtained by dividing the Gross Profit of the Company by its Sales
2) Net Profit Margin: This ratio is obtained by dividing the Net Profit of the Company by its Sales
Because there are various calculation methods for the performance indicators above, the Company's presentation of such may not be comparable to similarly titled measures used by other companies.

Sales increased for the year ended 31 December 2022 compared to year ended 31 December 2021 due to the same store sales growth of existing stores and the additional revenues generated from the new stores.

Gross Profit Margin increased for the year ended 31 December 2022 compared to year ended 31 December 2021 due to economies of scale achieved as a result of higher purchases made during the period and increased revenue contribution of imported products and private label items.

Net Profit and Net Profit Margin decreased for the year ended 31 December 2022 compared to year ended 31 December 2021 primarily due to higher tax expense and incurrence of loss on damaged assets due to fire loss.

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

Cash increased by 6.9% from ₱927.8 million as of 31 December 2021 to ₱992.2 million as of 31 December 2022 as cash used for investing and financing was partially offset by cash generated from operating activities.

Prepayments and other current assets decreased by 9.2% from ₱939.6 million as of 31 December 2021 to ₱853.2 million as of 31 December 2022 due primarily to the decrease in carried over input VAT.

Property and equipment increased by 6.3% from ₱3,989.8 million as of 31 December 2021 to ₱4,243.1 million as of 31 December 2022 due primarily to acquisitions of equipment and furniture and fixtures as well as increase in leasehold improvements for new stores.

Right-of-use assets decreased by 9.4% from ₱162.9 million as of 31 December 2021 to ₱147.5 million as of 31 December 2022 due to amortization for the period.

Intangible assets increased by 27.6% from ₱434.6 million as of 31 December 2021 to ₱554.4 million as of 31 December 2022 due to acquisition of additional license software.

Other non-current assets increased by 12.6% from ₱365.2 million as of 31 December 2021 to ₱411.1 million as of 31 December 2022 due primarily to advances to contractors and lease security deposits of new stores.

Trade and other payables increased by 8.7% from ₱545.6 million as of 31 December 2021 to ₱592.8 million as of 31 December 2022 due primarily to inventory build up for holiday season and initial inventory of two new stores for the last quarter of 2022.

Retirement benefit obligation increased by 5.5% from ₱20.9 as of 31 December 2021 to ₱22.0 million as of 31 December 2022 due to adjustment of provision for the retirement benefit.

Deferred tax liabilities increased by 43.6% from ₱182.9 million as of December 31, 2021 to ₱262.7 million as of 31 December 2022 attributable to additional temporary tax differences recognized for the period

Material Changes to the Company's Statement of income for the 12-month of 2021 compared to the 12-month of 2020 (increase/decrease of 5% or more)

Support, fees, rentals and other income decreased by 36.0% from ₱80.3 million for the year ended 31 December 2021 to ₱51.4 million for the year ended 31 December 2022, primarily due to the decrease of support fees from suppliers with lesser stores opened during the period.

Selling, general and administrative expenses increased by 9.3% from ₱1,421.2 million for the year ended 31 December 2021 to ₱1,553.3 million for the year ended 31 December 2022 due to the above-mentioned reasons.

Finance Cost decreased by 61.2% from ₱70.8 million for the year ended 31 December 2021 to ₱27.5 million for the year ended 31 December 2022. The decrease was primarily attributable to the loan settlements made from proceeds of the initial public offering.

Finance income decreased by 20.5% from ₱406.5 thousand for the year ended 31 December 2021 to ₱323.3 thousand for the year ended 31 December 2022 due primarily to the decrease in the interest income on deposits.

On January 8, 2022, the Company's distribution warehouse, selling area, and head office, located in Alabang, Muntinlupa City, was severely damaged by a fire. As a result, the Company wrote-off certain inventories and property and equipment with the net carrying value amounting to ₱58.0 million and ₱112.2 million, respectively. The Company received total insurance claims amounting to ₱98.3 million, which was offset against the losses incurred from the fire incident. Thus, the related net losses from the fire amounted to ₱71.8 million.

Tax expense increased by 72.4% from ₱58.1 million for the year ended 31 December 2021 to ₱100.1 million for the year ended 31 December 2022. The lower tax expense in 2021 was primarily attributable to the reversal of deferred tax liabilities due to the change in tax rate as an effect of CREATE to align with the 25% corporate income tax rate and the tax effect of the Initial Public Offering expenses charged against equity.

Net income decreased by 21.9% from ₱386.5 million for the year ended 31 December 2021 to ₱301.8 million for the year ended 31 December 2022 due to the foregoing movements in the income statement items.

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

COMMITMENTS AND CONTINGENCIES

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

REVIEW OF YEAR END 2021 VS YEAR END 2020

RESULTS OF OPERATIONS

The impact of COVID-19 to the Company's business operations relates to certain operational adjustments to ensure appropriate response to the effects of COVID-19. In response to this matter, the Company innovated operational strategy in order to adapt to the 'new normal mindset', minimized operating expenses and implement cost saving measures, notwithstanding compliance with health and safety guidelines to protect employees, contractors and customers.

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

	For the year ended December 31,		Horizontal analysis	Vertical analysis	
	2021	2020		2021	2020
	(in millions of ₱)		% Change	% of Total Sales	
Sales	₱9,456.4	₱7,931.0	19.2%	100.0%	100.0%
Cost of merchandise sold	7,600.5	6,392.4	18.9%	80.4%	80.6%
Other income	80.3	63.2	26.9%	0.8%	0.8%
Other operating expenses	1,421.2	1,209.3	17.5%	15.0%	15.2%
Finance income (costs)					
Finance costs	(70.8)	(79.2)	-10.5%	-0.7%	-1.0%
Finance income	0.4	0.3	29.5%	0.0%	0.0%
Tax expense	58.1	94.0	-38.2%	0.6%	1.2%
Net profit	386.5	219.6	76.0%	4.1%	2.8%

Sales

The company recorded sales of ₱9,456.4 million for the year ended 31 December 2021, an increase of 19.2% from ₱7,931.0 million for the year ended 31 December 2020. The increase was attributable to sales growth from existing stores and revenue contribution of new stores.

Cost of Merchandise Sold

For the year ended 31 December 2021, cost of merchandise sold was at ₱7,600.5 million, an increase of 18.9% compared to ₱6,392.4 million for the year ended 31 December 2020, largely driven by the increase in sales in existing stores and incremental sales from the five new stores added during the period.

Support, Fees, Rentals and Other Income
Support, fees, rentals and other income increased by 26.9% from ₱63.2 million for the year ended 31 December 2020 to ₱80.3 million for the year ended 31 December 2021 due to increase in vendor support fees.

Other Operating Expenses

Selling Expenses

Selling expenses increased by 12.0% from ₱878.4 million for the year ended 31 December 2020 to ₱984.0 million for the for the year ended 31 December 2021 primarily due to the following:

- Increase in salaries, wages, and other employee benefits from ₱65.6 million for the year ended 31 December 2020 to ₱118.2 million for the year ended 31 December 2021 due to additional personnel for new stores opened and increased headcount for Finance, Merchandising and IT personnel. There were also contracted personnel previously recorded under Outside Services that were converted into organic employees.

- Increase in merchant fee from ₱41.7 million for the year ended 31 December 2020 to ₱48.9 million for the year ended 31 December 2021 primarily due to increase in revenues on account of higher store network.

- Increase in rentals from ₱237.1 million for the year ended 31 December 2020 to ₱264.6 million for the year ended 31 December 2021 due to higher sales recorded during the period. Rent are charged as a percentage of sales.

- Increase in communication and utilities from ₱223.2 million for the year ended 31 December 2020 to ₱243.2 million for the year ended 31 December 2021 due to the increase in the number of stores for the year.

- Increase in agency fee from ₱204.3 million for the year ended 31 December 2020 to ₱218.5 million for the year ended 31 December 2021 attributable to the additional manpower of new stores added during the period.

- Increase in delivery fees from ₱5.3 million for the year ended 31 December 2020 to ₱5.4 million for the year ended 31 December 2021 on account of increase in the volume of deliveries for the year.

- Decrease in operating supplies from ₱34.4 million for the year ended 31 December 2020 to ₱29.6 million for the year ended 31 December 2021 due to cost-cutting measures implemented and transition to more online and electronic transactions.

- Decrease in repairs and maintenance from ₱43.9 million for the year ended 31 December 2020 to ₱37.1 million for the year ended 31 December 2021 due to cost-cutting measures implemented.

Decrease in advertising and promotions from ₱22.9 million for the year ended 31 December 2020 to ₱18.4 million for the year ended 31 December 2021 on account of cost-cutting measures implemented and usage of online digital and social media platforms for marketing purposes.

General and administrative expenses

General and administrative expenses increased by 32.1% from ₱330.9 million for the year ended 31 December 2020 to ₱437.2 million for year ended 31 December 2021 primarily due to the following:

- Increase in professional fees from ₱3.3 million for the year ended 31 December 2020 to ₱33.4 millionfor the year ended 31 December 2021 on account of audit and market research fees incurred in relation to the company's initial public offering.

- Increase in other general and administrative expenses from ₱4.9 million for the year ended 31 December 2020 to ₱19.5 million for the year ended 31 December 2020 attributable to the one-time fees incurred in 2021 in relation to the company's initial public offering.

- Increase in dues and subscriptions from ₱1.0 million for the year ended 31 December 2020 to ₱3.1 million for the year ended 31 December 2021 attributable to the acquisition of new IT systems during the year.

- Increase in depreciation and amortization from ₱235.2 million for the year ended 31 December 2020 to ₱296.9 million for the year ended 31 December 2021due to the increase in the number of stores.

- Increase in insurance from ₱9.8 million for the year ended 31 December 2020 to ₱10.5 million for the year ended 31 December 2020 due primarily to the increase in the number of stores.

- Decrease in travel and transportation from ₱19.8 million for the year ended December 31, 2020 to ₱19.3 million for the year ended December 31, 2021 attributable to limited headcount to travel during pandemic and work from home arrangement.

- Decrease in taxes and licenses from ₱56.9 million for the year ended 31 December 2020 to ₱54.6 million for the year ended 31 December 2021 attributable to the decrease taxes and licenses for the year.

Finance Cost

Finance Cost decreased from ₱79.2 million for the year ended 31 December 2020 to ₱70.8 million for the year ended 31 December 2021. The decrease was primarily attributable to the capitalization of interest during the period.

Finance Income
Finance income increased by 29.5% from ₱313.9 thousand for the year ended 31 December 2020 to ₱406.5 thousand for the year ended 31 December 2021. The increase was primarily attributable to the higher average cash balance during the year ended 31 December 2021 compared to the year ended 31 December 2020.

Tax Expense
Tax expense decreased by 38.2% from ₱94.0 million for the year ended 31 December 2020 to ₱58.1 million for the year ended 31 December 2021. The decrease was primarily attributable to the reversal of deferred tax liabilities due to the change in tax rate as an effect of CREATE to align with the 25% corporate income tax rate.

Net Profit
As a result of the foregoing, our net income increased by 76.0% from ₱219.6 million for the year ended 31 December 2020 to ₱386.5 million for the year ended 31 December 2021.

FINANCIAL CONDITION

As of 31 December 2021 vs. 31 December 2020

	For the period ended,		Horizontal analysis	Vertical analysis	
	December 31, 2021	December 31, 2020		December 31, 2021	December 31, 2020
	(in millions of ₱)		% Change	% of Total Sales	
Total Current Assets	₱3,823.9	₱2,687.9	42.3%	43.6%	41.6%
Total Noncurrent Assets	4,952.5	3,769.5	31.4%	56.4%	58.4%
Total Assets	8,776.4	6,457.4	35.9%	100.0%	100.0%
Total Current Liabilities	1,516.7	2,146.4	-29.3%	17.3%	33.2%
Total Noncurrent Liabilities	890.6	2,592.3	-65.6%	10.1%	40.1%
Total Liabilities	2,407.3	4,738.7	-49.2%	27.4%	73.4%
Equity	6,369.1	1,718.7	270.6%	72.6%	26.6%
Total Liabilities and Equity	8,776.4	6,457.4	35.9%	100.0%	100.0%

As of 31 December 2021 vs. 31 December 2020

Total assets as of 31 December 2021 were ₱8,776.4 million compared to ₱6,457.4 million as of 31 December2020, or about 35.9% increase due to the following:

- Cash increased by 18.4% from 783.5 million as of 31 December 2020 to 927.8 million as of 31 December 2021 primarily due to proceeds from initial public offering earmarked for fit-outs and inventory of new stores.

- Receivables increased by 134.1% from 55.7 million as of 31 December 2020 to 130.4 million as of 31 December 2021 due primarily to the increase in third party receivables pertaining to online sales for the period.

- Merchandise inventories increased by 31.0% from 1,393.4 million as of 31 December 2020 to 1,826.1 million as of 31 December 2021 due primarily to inventory purchases mostly for newly added stores.

- Prepayments and other current assets increased by 106.4% from 455.3 million as of 31 December 2020 to 939.6 million as of 31 December 2021 due primarily to input VAT from merchandise inventories and capital expenditures.

- Property and equipment increased by 17.7% from 3,391.2 million as of 31 December 2020 to 3,989.8 million as of 31 December 2021 due primarily to acquisitions of equipment and furniture and fixtures as well as increase in leasehold improvements for new stores.

- Right-of-use assets decreased by 8.6% from 178.3 million as of 31 December 2020 to 162.9 million as of 31 December 2021 due to amortization for the period.

- Intangible assets increased by 286.6% from 112.4 million as of 31 December 2020 to 434.6 million as of 31 December 2021 due to acquisition of additional license software.

- Other non-current assets increased by 316.9% from 87.6 million as of 31 December 2020 to 365.2 million as of 31 December 2021 due primarily to advances to contractors and lease security deposits of new stores.

Total liabilities as of 31 December 2020 were 4,738.7 million compared to 2,407.3 million as of 31 December 2021, or a 49.2% decrease. This was due to the following:

- Trade and other payables decreased by 7.5% from 589.6 million as of 31 December 2020 to 545.6 million as of 31 December 2021 due to payments made for the period.

- Loans payable including non-current portion decreased by 62.0% from ₱3,769.9 million as of 31 December 2020 to ₱1,433.8 million as of 31 December 2021 due to loan settlements made from proceeds of the initial public offering.

- Lease liabilities including non-current portion decreased by 2.1% from 228.9 million as of 31 December 2020 to 224.2 million as of 31 December 2021 due to payments made for the period.

- Dividends payable decreased by 100.0% from 6.3 million as of 31 December 2020 to nil as of 31 December 2021 due to payments made.

- Income tax payable decreased by 100.0% from 1.1 million as of 31 December 2020 to nil as of 31 December 2021 due to the new lower corporate income tax rate.

- Retirement benefit obligation increased from nil as of 31 December 2020 to 20.9 million as of 31 December 2021 due to recognition of retirement benefit obligation.

- Deferred tax liabilities increased by 27.9% from 143.0 million as of December 31, 2020 to 182.9 million as of 31 December 2021 attributable to additional temporary tax differences recognized for the period mainly due to change of asset useful life per books compared to shorter useful life per tax depreciation, recognition of retirement benefit obligation, and remeasurement at 25% corporate tax rate compared to 30% from prior year.

Total equity as of 31 December 2021 was 6,369.1 million compared to 1,718.7 million as of 31 December 2020, or a 270.6% increase due to issuance of additional shares for the period, additional paid in capital recognized from IPO, and the net profit recorded for the period.

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

Key Performance Indicators	12/31/2021	12/31/2020
Sales (₱ millions)	₱9,456.4	₱7,931.0
Sales Growth (%)	19.2%	68.4%
Gross Profit Margin (%) [1]	19.6%	19.4%
Net Profit (₱ millions)	386.5	219.6
Net Profit Margin (%) [2]	4.1%	2.8%

Notes:
3) Gross Profit Margin: This ratio is obtained by dividing the Gross Profit of the Company by its Sales
4) Net Profit Margin: This ratio is obtained by dividing the Net Profit of the Company by its Sales
Because there are various calculation methods for the performance indicators above, the Company's presentation of such may not be comparable to similarly titled measures used by other companies.

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

Gross Profit Margin increased for the year ended 31 December 2021 compared to year ended 31 December 2020 due to economies of scale achieved as a result of higher purchases made during the period.

Net Profit and Net Profit Margin increased for the year ended 31 December 2021 compared to year ended 31 December 2020 primarily due to increase in sales, gross profit, and change in corporate income tax rate as an effect of CREATE, from 30% to 25%.

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

Cash increased by 18.4% from 783.5 million as of 31 December 2020 to 927.8 million as of 31 December 2021 primarily due to proceeds from initial public offering earmarked for fit-outs and inventory of new stores.

Receivables increased by 134.1% from 55.7 million as of 31 December 2020 to 130.4 million as of 31 December 2021 due primarily to the increase in third party receivables pertaining to online sales for the period.

Merchandise inventories increased by 31.0% from 1,393.4 million as of 31 December 2020 to 1,826.1 million as of 31 December 2021 due primarily to inventory purchases mostly for newly added stores.

Prepayments and other current assets increased by 106.4% from 455.3 million as of 31 December 2020 to 939.6 million as of 31 December 2021 due primarily to input VAT from merchandise inventories and capital expenditures.

Property and equipment increased by 17.7% from 3,391.2 million as of 31 December 2020 to 3,989.8 million as of 31 December 2021 due primarily to acquisitions of equipment and furniture and fixtures as well as increase in leasehold improvements for new stores.

Right-of-use assets decreased by 8.6% from 178.3 million as of 31 December 2020 to 162.9 million as of 31 December 2021 due to amortization for the period.

Intangible assets increased by 286.6% from 112.4 million as of 31 December 2020 to 434.6 million as of 31 December 2021 due to acquisition of additional license software.

Other non-current assets increased by 316.9% from 87.6 million as of 31 December 2020 to 365.2 million as of 31 December 2021 due primarily to advances to contractors and lease security deposits of new stores.

Trade and other payables decreased by 7.5% from 589.6 million as of 31 December 2020 to 545.6 million as of 31 December 2021 due to payments made for the period.

Loans payable including non-current portion decreased by 62.0% from ₱3,769.9 million as of 31 December 2020 to ₱1,433.8 million as of 31 December 2021 due to loan settlements made from proceeds of the initial public offering.

Dividends payable decreased by 100.0% from 6.3 million as of 31 December 2020 to nil as of 31 December 2021 due to payments made.

Income tax payable decreased by 100.0% from 1.1 million as of 31 December 2020 to nil as of 31 December 2021 due to the new lower corporate income tax rate.

Retirement benefit obligation increased from nil as of 31 December 2020 to 20.9 million as of 31 December 2021 due to recognition of retirement benefit obligation.

Deferred tax liabilities increased by 27.9% from 143.0 million as of December 31, 2020 to 182.9 million as of 31 December 2021 attributable to additional temporary tax differences recognized for the period mainly due to change of asset useful life per books compared to shorter useful life per tax depreciation, recognition of retirement benefit obligation, and remeasurement at 25% corporate tax rate compared to 30% from prior year.

Total stockholder's equity as of 31 December 2021 was 6,370.3 million compared to 1,718.7 million as of 31 December 2020, or a 270.7% increase due to issuance of additional shares for the period, additional paid in capital recognized from IPO, and the net profit recorded for the year ended 31 December 2021.

Material Changes to the Company's Statement of income for the 12-month of 2021 compared to the 12-month of 2020 (increase/decrease of 5% or more)

Sales increase by 19.2% to ₱9,456.4 million for the year ended 31 December 2021 from ₱ 7,931.0 million for the year ended 31 December 2020. The increase was attributable to sales growth from existing stores and revenue contribution of new stores.

Cost of merchandise sold increase by 18.9% to ₱7,600.5 million for the year ended 31 December 2021 to ₱6,392.4 million for the year ended 31 December 2020, largely driven by the increase in sales in existing stores and incremental sales from the five new stores added during the period.

Support, fees, rentals and other income increased by 26.9% from ₱63.2 million for the year ended 31 December 2020 to ₱80.3 million for the year ended 31 December 2021 due to increase in vendor support fees.

Selling, general and administrative expenses increased by 17.5% from ₱1,209.3 million for the year ended 31 December 2020 to ₱1,421.2 million for the for the year ended 31 December 2021 primarily due to increase in depreciation and amortization, salaries, wages and other benefits, professional fees, rentals, communication and utilities, agency fees, merchant fees, dues and subscriptions, insurance and other general and administrative expenses.

Finance cost decreased by 10.5% from ₱79.2 million for the for the year ended 31 December 2020 to ₱70.8 million for the for the year ended 31 December 2021. The decrease was primarily attributable to the capitalization of interest during the period.

Finance income increased by 29.5% from ₱313.9 thousand for the year ended 31 December 2020 to ₱406.5 thousand for the year ended 31 December 2021. The increase was primarily attributable to the higher average cash balance during the year ended 31 December 2021 compared to the year ended 31 December 2020.

Tax expense decreased by 38.2% from ₱94.0 million for the year ended 31 December 2020 to ₱58.1 million for the year ended 31 December 2021. The decrease was primarily attributable to the reversal of deferred tax liabilities due to the change in tax rate as an effect of CREATE to align with the 25% corporate income tax rate.

Net income increased by 76.0% from ₱219.6 million for the year ended 31 December 2020 to ₱386.5 million for the year ended 31 December 2021 due to the foregoing movements in the income statement items.

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

COMMITMENTS AND CONTINGENCIES

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

REVIEW OF YEAR END 2020 VS YEAR END 2019

RESULTS OF OPERATIONS

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

	For the year ended December 31,		Horizontal analysis	Vertical analysis	
	2020	2019		2020	2019
	(in millions of ₱)		% Change	% of Total Sales	
Sales	₱7,931.0	₱4,710.4	68.4%	100.0%	100.0%
Cost of merchandise sold	6,392.4	3,798.6	68.3%	80.6%	80.6%
Other income	63.2	67.9	-6.8%	0.8%	1.4%
Other operating expenses	1,209.3	798.9	51.4%	15.2%	17.0%
Finance income (costs)					
Finance costs	(79.2)	(41.6)	90.3%	-1.0%	-0.9%
Finance income	0.3	0.4	-18.5%	0.0%	0.0%
Tax expense	94.0	41.8	125.0%	1.2%	-0.9%
Net profit	219.6	97.8	124.6%	2.8%	2.1%

Sales

Our sales increased by 68.4% from ₱4,710.4 million for the year ended 31 December 2019 to ₱7,931.0 million for the year ended 31 December 2020. This increase was primarily due to the opening of seven new stores, and an increase in sales of existing stores.

Cost of Merchandise Sold

For the year ended 31 December 2020, our cost of merchandise sold was ₱6,392.4 million, an increase of 68.3% compared to ₱3,798.6 million for the year ended 31 December 2019, largely driven by the increase in sales in existing stores and incremental sales from the seven new stores added during the year.

Support, Fees, Rentals and Other Income

Support, fees, rentals and other income decreased by 6.8% from ₱67.9 million for the year ended 31 December 2019 to ₱63.2 million for the year ended 31 December 2020 due to the decrease of support fees from suppliers.

Other Operating Expenses

Selling Expenses

Selling expenses increased by 63.8% from ₱536.1 million for the year ended 31 December 2019 to ₱878.4 million for the year ended 31 December 2020 primarily due to the following:

- Increase in agency fee from ₱98.4 million for the year ended 31 December 2019 to ₱204.3 million for the year ended 31 December 2020 attributable to additional manpower on existing and new stores and additional pandemic assistance to store personnel for the year.

- Increase in rentals from ₱155.9 million for the year ended 31 December 2019 to ₱237.1 million for the year ended 31 December 2020 due to the higher sales for the year. Rent are charged as a percentage of sales.

- Increase in communication and utilities from ₱165.8 million for the year ended 31 December 2019 to ₱223.2 million for the year ended 31 December 2020 due to the increase in the number of stores for the year.

General and Administrative Expenses

General and administrative expenses increased by 25.9% from ₱262.8 million for the year ended 31 December 2019 to ₱330.9 million for the year ended 31 December 2020 primarily due to the following:

- Increase in taxes and licenses from ₱28.4 million for the year ended 31 December 2019 to ₱56.9 million for the year ended 31 December 2020 attributable to the increase related taxes and licenses for the year.

- Increase in depreciation and amortization from ₱217.1 million for the year ended 31 December 2019 to ₱235.2 million for the year ended 31 December 2020 due to the increase in the number of stores.

- Increase in travel and transportation from ₱3.5 million for the year ended 31 December 2019 to ₱19.8 million for the year ended 31 December 2020 attributable to additional cost on shuttle services during the ECQ, delivery cost due to personal shopper delivery and online delivery.

Finance Cost

Finance Cost increased by 90.3% from ₱41.6 million for the year ended 31 December 2019 to ₱79.2 million for the year ended 31 December 2020. The increase was primarily attributable to the increase in the interest bearing debt of the Company for the year to finance working capital requirements.

Finance Income
Finance income decreased by 18.5% from ₱0.4 million for the year ended 31 December 2019 to ₱0.3 million for the year ended 31 December 2020. The decrease was primarily attributable to the lower average cash balance during the year ended 31 December 2020 compared to the year ended 31 December 2019.

Tax Expense
Tax expense increased by 125.0% from ₱41.8 million for the year ended 31 December 2019 to ₱94.0 million for the year ended 31 December 2020 primarily due to a higher taxable base for the year.

Net Profit
As a result of the foregoing, our net income increased by 124.6% to ₱219.6 million for the year ended 31 December 2020 from ₱97.8 million for the year ended 31 December 2019.

FINANCIAL CONDITION

As of 31 December 2020 vs. 31 December 2019

	For the period ended,		Horizontal analysis	Vertical analysis	
	December 31, 2020	December 31, 2019		December 31, 2020	December 31, 2019
	(in millions of ₱)		% Change	% of Total Sales	
Total Current Assets	₱2,687.9	₱1,880.7	42.9%	41.6%	36.3%
Total Noncurrent Assets	3,769.5	3,303.8	14.1%	58.4%	63.7%
Total Assets	6,457.4	5,184.5	24.6%	100.0%	100.0%
Total Current Liabilities	2,146.4	1,327.4	61.7%	33.2%	25.6%
Total Noncurrent Liabilities	2,592.3	2,690.4	-3.6%	40.1%	51.9%
Total Liabilities	4,738.7	4,017.7	17.9%	73.4%	77.5%
Equity	1,718.7	1,166.8	47.3%	26.6%	22.5%
Total Liabilities and Equity	6,457.4	5,184.5	24.6%	100.0%	100.0%

Total assets as of 31 December 2020 were ₱6,457.4 million compared to ₱5,184.5 million as of 31 December 2019, or a 24.6% increase. This was due to the following:

- Increase in travel and transportation from ₱3.5 million for the year ended 31 December 2019 to ₱19.8 million for the year ended 31 December 2020 attributable to additional cost on shuttle services during the ECQ, delivery cost due to personal shopper delivery and online delivery.

- Cash increased by 100.6% from ₱390.7 million as of 31 December 2019 to ₱783.5 million as of 31 December 2020 due primarily to higher sales for the period.

- Trade receivables decreased by 11.8% from ₱63.2 million as of 31 December 2019 to ₱55.7 million as of 31 December 2020 due to collections made.

- Merchandise inventories increased by 27.3% from ₱1,094.8 million as of 31 December 2019 to ₱1,393.4 million as of 31 December 2020 due primarily to inventory purchases mostly for newly added stores.

- Prepayments and other current assets increased by 37.1% from ₱332.1 million as of 31 December 2019 to ₱455.3 million as of 31 December 2020 due primarily to carry-over of input VAT from merchandise inventories.

- Property and equipment increased by 14.2% from ₱2,969.0 million as of 31 December 2019 to ₱3,391.2 million as of 31 December 2020 due primarily to acquisitions of equipment and furniture and fixtures as well as increase in leasehold improvements for new stores.

- Right-of-use assets decreased by 7.9% from ₱193.7 million as of 31 December 2019 to ₱178.3 million as of 31 December 2020 due primarily to amortization for the period.

- Intangible assets increased by 110.1% from ₱53.5 million as of 31 December 2019 to ₱112.4 million as of 31 December 2020 due primarily to acquisition of additional software license.

Total Liabilities

Total liabilities as of 31 December 2020 were ₱4,738.7 million compared to ₱4,017.7 million as of 31 December 2019, or a 17.9% increase. This was due to the following:

- Trade and other payables increased by 44.8% from ₱407.2 million as of 31 December 2019 to ₱589.6 million as of 31 December 2020 due primarily to inventory build up for holiday season and initial inventory of four new stores for the last quarter of 2020.

- Loans payable including non-current portion increased by 26.6% from ₱2,977.2 million as of 31 December 2019 to ₱3,769.9 million as of 31 December 2020 due to loan availments for the year to fund store expansion.

- Dividends payable increased from nil as of 31 December 2019 to ₱6.3 million as of 31 December 2020 due to declaration of dividends.

- Income tax payable increased from nil as of 31 December 2019 to ₱1.1 million as of 31 December 2020 due to tax due for the period.

- Deposits for future stock subscription decreased by 100% from ₱338.5 million as of 31 December 2019 to nil as of 31 December 2020 attributable to the issuance of shares of stock.

- Deferred tax liabilities increased by 127.9% from ₱62.8 million as of 31 December 2019 to ₱143.0 million as of 31 December 2020 attributable to additional temporary tax differences recognized for the period mainly due to borrowing costs and tax depreciation and amortization.

Total equity as of 31 December 2020 were ₱1,718.7 million compared to ₱1,166.8 million as of 31 December 2019, or a 47.3% increase due to issuance of additional shares for the period and the net profit recorded for the year ended 31 December 2020.

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

Key Performance Indicators	12/31/2020	12/31/2019
Sales (₱ millions)	₱7,931.0	₱4,710.4
Sales Growth (%)	68.4%	54.7%
Gross Profit Margin (%) [1]	19.4%	19.4%
Net Profit (₱ millions)	219.6	97.8
Net Profit Margin (%) [2]	2.8%	2.1%

Notes:
1) Gross Profit Margin: This ratio is obtained by dividing the Gross Profit of the Company by its Sales
2) Net Profit Margin: This ratio is obtained by dividing the Net Profit of the Company by its Sales
Because there are various calculation methods for the performance indicators above, the Company's presentation of such may not be comparable to similarly titled measures used by other companies.

Sales increased for the year ended 31 December 2020 compared to year ended 31 December 2019 due to the same store sales growth of existing stores and the additional revenues generated from the new stores.

Gross Profit Margin was maintained for the year ended 31 December 2020 compared to year ended 31 December 2019.

Net Profit and Net Profit Margin increased for the year ended 31 December 2020 compared to year ended 31 December 2019 due to improved revenues, gross profit, and other income.

COMMITMENTS AND CONTINGENCIES

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



Financial Statements 2022

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of AllDay Marts, Inc. is responsible for the preparation and fair presentation of the financial statements, including the schedules attached therein, for the years ended December 31, 2022, and 2021 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

MANUEL B. VILLAR, JR.
Chairman of the Board

FRANCES ROSALIE T. COLOMA
President and CEO

MARIA CRISTINA O. BARAO
Chief Finance Officer

P&A Grant Thornton

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Report of Independent Auditors

The Board of Directors and Stockholders
AllDay Marts, Inc.
(A Subsidiary of AllValue Holdings Corp.)
LGF Evia Lifestyle Center
Daang Hari, Brgy. Almanza Dos
Las Piñas City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AllDay Marts, Inc. (the Company), which comprise the statements of financial position as of December 31, 2022 and 2021, and statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2022 in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

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

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SEC Accreditation No. 0002

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Key Audit Matters

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

(a) Revenue Recognition

Description of the Matter

Revenue is one of the key performance measures used to assess the Company's business performance. Revenue is recognized when the control over the goods has been transferred at a point in time to the customer, i.e., generally when the customer has acknowledged delivery of goods. Revenue from sale of merchandise is generated through direct sales to customers. For the year ended December 31, 2022, total revenues amounted to P9,759.7 million.

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

The Company's disclosures about its revenues and revenue recognition policy are included in Notes 2, 3 and 14.

How the Matter was Addressed in the Audit

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

- updating our understanding of the Company's revenue transactions by reviewing revenue arrangements and revenue transaction processes;
- evaluating appropriateness of the Company's revenue recognition policy in accordance with PFRS 15, *Revenue from Contracts with Customers*;
- involving our information technology (IT) experts in testing the IT general controls and application controls over the automated system from origination to recording of sales;
- testing the design and operating effectiveness of internal controls related to the Company's sale and receipts processes, which include inquiry and observation, and examination of supporting documents, on a sampling basis, of revenue transactions during the year; and,

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

(b) Existence, Accuracy and Valuation of Merchandise Inventories

Description of the Matter

The Company's total merchandise inventories amounting to P1,797.9 million as of December 31, 2022 represent 20% of total assets of the Company. Merchandise inventories are valued at the lower of cost and net realizable value. Cost is determined using the moving average method. Management uses estimates in assessing whether merchandise inventories are valued at the lower of cost and net realizable value and appropriate allowance for obsolescence on perishable merchandise inventories. Moreover, the Company's merchandise inventories are considered voluminous and majority of these are kept in the Company's stores and warehouses. Relative to these, we determined that existence and valuation of merchandise inventories are key audit matters.

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

How the Matter was Addressed in the Audit

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

On inventory existence:

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

On inventory accuracy and valuation:

- evaluating appropriateness and consistent application of policy on inventory costing and valuation of merchandise inventories at lower of cost and net realizable value;
- involving our IT experts in testing the IT general controls and application controls over the automated system related to updating and changing of prices;
- performing test of design and implementation of key controls on inventory costing;

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

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2022 but does not include the financial statements and our auditors' report thereon. The SEC Form 20-IS, SEC Form 17-A and Annual Report for the year ended December 31, 2022 are expected to be made available to us after the date of this auditors' report.

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

P&A
Grant Thornton

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2022 required by the Bureau of Internal Revenue as disclosed in Note 26 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

PUNONGBAYAN & ARAULLO

By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 9566632, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until financial period 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2022 (until Oct. 13, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 27, 2023

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021
(Amounts in Philippine Pesos)

	Notes	2022	2021
ASSETS			
CURRENT ASSETS			
Cash	5	**P 992,201,140**	P 927,775,974
Receivables	6	**132,048,806**	130,420,231
Merchandise inventories	7	**1,797,940,590**	1,826,059,707
Prepayments and other current assets	8	**853,206,585**	939,646,161
Total Current Assets		**3,775,397,121**	3,823,902,073
NON-CURRENT ASSETS			
Property and equipment - net	9	**4,243,071,508**	3,989,782,229
Intangible assets - net	11	**554,449,898**	434,569,288
Right-of-use assets - net	10	**147,532,622**	162,927,331
Other non-current assets	8	**411,092,221**	365,204,332
Total Non-current Assets		**5,356,146,249**	4,952,483,180
TOTAL ASSETS		**P 9,131,543,370**	P 8,776,385,253
LIABILITIES AND EQUITY			
CURRENT LIABILITIES			
Trade and other payables	12	**P 592,820,558**	P 545,578,828
Loans payable	13	**1,247,792,200**	964,615,385
Lease liabilities	10	**8,630,256**	6,554,121
Total Current Liabilities		**1,849,243,014**	1,516,748,334
NON-CURRENT LIABILITIES			
Loans payable	13	**184,615,385**	469,230,769
Lease liabilities	10	**208,966,287**	217,596,544
Deferred tax liabilities - net	18	**262,652,894**	182,884,110
Retirement benefit obligation	17	**22,008,221**	20,869,333
Total Non-current Liabilities		**678,242,787**	890,580,756
Total Liabilities		**2,527,485,801**	2,407,329,090
EQUITY	20		
Capital stock		**2,285,714,500**	2,285,714,500
Additional paid-in capital		**3,316,671,118**	3,316,671,118
Revaluation reserves		**6,380,329**	-
Retained earnings		**995,291,622**	766,670,545
Total Equity		**6,604,057,569**	6,369,056,163
TOTAL LIABILITIES AND EQUITY		**P 9,131,543,370**	P 8,776,385,253

See Notes to Financial Statements.

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
SALES	14	**P 9,759,707,468**	P 9,456,401,220	P 7,931,030,211
COST OF MERCHANDISE SOLD	15	**7,756,900,602**	7,600,499,247	6,392,406,003
GROSS PROFIT		**2,002,806,866**	1,855,901,973	1,538,624,208
SUPPORT, FEES, RENTALS AND OTHER INCOME	9, 14, 19	**51,387,483**	80,271,347	63,243,585
GROSS PROFIT INCLUDING OTHER INCOME		**2,054,194,349**	1,936,173,320	1,601,867,793
OTHER OPERATING EXPENSES	15			
Selling expenses		**1,036,641,834**	983,988,864	878,388,661
General and administrative expenses		**516,641,586**	437,182,034	330,938,978
		1,553,283,420	1,421,170,898	1,209,327,639
OPERATING PROFIT		**500,910,929**	515,002,422	392,540,154
OTHER INCOME (CHARGES)				
Loss from fire damage - net	16	**(71,818,442)**	-	-
Finance costs	10, 13, 17	**(27,506,130)**	(70,821,067)	(79,164,156)
Finance income	5, 7	**323,252**	406,518	313,902
		(99,001,320)	(70,414,549)	(78,850,254)
PROFIT BEFORE TAX		**401,909,609**	444,587,873	313,689,900
TAX EXPENSE	18			
Current		**22,503,661**	18,214,309	13,803,997
Deferred		**77,642,007**	39,887,556	80,239,878
		100,145,668	58,101,865	94,043,875
NET PROFIT		**301,763,941**	386,486,008	219,646,025
OTHER COMPREHENSIVE INCOME				
Item that will not be reclassified subsequently to profit or loss				
Remeasurements of retirement benefit plan	17	**8,507,106**	-	-
Tax expense	18	**(2,126,777)**	-	-
		6,380,329	-	-
TOTAL COMPREHENSIVE INCOME		**P 308,144,270**	P 386,486,008	P 219,646,025
Basic and Diluted Earnings per Share	21	**P 0.01**	P 0.02	P 0.02

See Notes to Financial Statements.

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Capital Stock (see Note 20)	Additional Paid-in Capital (see Note 20)	Revaluation Reserves (see Note 17)	Retained Earnings (see Note 20)	Total Equity
Balance at January 1, 2022	P 2,285,714,500	P 3,316,671,118	P -	P 766,670,545	P 6,369,056,163
Dividends declared	-	-	-	(73,142,864)	(73,142,864)
Total comprehensive income for the year	-	-	6,380,329	301,763,941	308,144,270
Balance at December 31, 2022	**P 2,285,714,500**	**P 3,316,671,118**	**P 6,380,329**	**P 995,291,622**	**P 6,604,057,569**
Balance at January 1, 2021	P 1,338,500,000	P -	P -	P 380,184,537	P 1,718,684,537
Issuance of shares during the year	947,214,500	3,316,671,118	-	-	4,263,885,618
Total comprehensive income for the year	-	-	-	386,486,008	386,486,008
Balance at December 31, 2021	P 2,285,714,500	P 3,316,671,118	P -	P 766,670,545	P 6,369,056,163
Balance at January 1, 2020	P 1,000,000,000	P -	P -	P 166,792,186	P 1,166,792,186
Issuance of shares during the year	338,500,000	-	-	-	338,500,000
Dividend declared	-	-	-	(6,253,674)	(6,253,674)
Total comprehensive income for the year	-	-	-	219,646,025	219,646,025
Balance at December 31, 2020	P 1,338,500,000	P -	P -	P 380,184,537	P 1,718,684,537

See Notes to Financial Statements.

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

	Notes	2022	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		**P 401,909,609**	P 444,587,873	P 313,689,900
Adjustments for:				
Depreciation and amortization	9, 10, 11	**400,830,615**	296,866,723	235,206,825
Loss from fire damage	16	**71,818,442**	-	-
Finance costs	10, 13, 17	**27,506,130**	70,821,067	79,164,156
Finance income	5	**(323,252)**	(406,518)	(313,902)
Gain on sale of property and equipment and intangible assets	9, 11, 19	**-**	(10,000,000)	-
Operating profit before working capital changes		**901,741,544**	801,869,145	627,746,979
Decrease (increase) in trade receivables		**(2,721,910)**	(74,717,517)	7,485,792
Increase in merchandise inventories		**(29,864,946)**	(432,640,399)	(298,646,797)
Decrease (increase) in prepayments and other current assets		**74,283,471**	(476,036,742)	(123,173,450)
Decrease (increase) in other non-current assets		**28,182,435**	(43,550,371)	(18,093)
Increase (decrease) in trade and other payables		**47,241,730**	(29,124,603)	184,907,952
Increase in retirement benefit obligation		**9,655,026**	20,368,291	-
Cash generated from (used in) operations		**1,028,517,350**	(233,832,196)	398,302,383
Cash paid for income taxes		**(10,347,556)**	(27,687,644)	(12,662,048)
Interest received		**323,252**	406,518	313,902
Net Cash From (Used in) Operating Activities		**1,018,493,046**	(261,113,322)	385,954,237
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	9	**(549,148,965)**	(705,501,228)	(453,402,603)
Additions to intangible assets	11	**(229,251,336)**	(363,931,373)	(76,625,645)
Proceeds from insurance claim on loss from fire damage	16	**98,629,601**	-	-
Proceeds from disposal of property and equipment and intangible assets	9, 11, 19	**-**	104,726,354	-
Advances paid to contractors	8	**(74,070,324)**	(234,046,683)	-
	z			
Net Cash Used in Investing Activities		**(753,841,024)**	(1,198,752,930)	(530,028,248)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of loans	13	**(1,381,615,385)**	(6,586,831,183)	(1,763,205,481)
Proceeds from availment of loans	13	**1,380,176,816**	4,250,760,278	2,555,882,787
Interest paid for loans payable	13	**(98,226,413)**	(291,326,049)	(230,864,651)
Dividends paid	20	**(73,142,864)**	(6,253,674)	-
Interest paid for lease liabilities	10	**(20,864,888)**	(21,387,266)	(21,748,915)
Repayment of lease liabilities	10	**(6,554,122)**	(4,726,076)	(3,120,935)
Proceeds from issuance of stocks, net of share issue costs	20	**-**	4,263,885,618	-
Net Cash From (Used in) Financing Activities		**(200,226,856)**	1,604,121,648	536,942,805
NET INCREASE IN CASH		**64,425,166**	144,255,396	392,868,794
CASH AT BEGINNING OF YEAR		**927,775,974**	783,520,578	390,651,784
CASH AT END OF YEAR		**P 992,201,140**	P 927,775,974	P 783,520,578

Supplemental Information on Non-cash Investing and Financing Activities:

(1) In 2022, 2021 and 2020, the Company capitalized borrowing costs amounting to P92.7 million, P227.5 million and P170.9 million based on capitalization rate ranging from 6.50% to 8.08% for specific borrowings in those periods (see Notes 9 and 13).

(2) The Company has accrued interest expense amounting to P8.2 million, P5.4 million and P20.3 million as of December 31, 2022, 2021 and 2020, respectively (see Note 13). There were no unpaid interest as of December 31, 2022.

(3) In 2020, the Company approved the declaration of cash dividends amounting P6.3 million which remain unpaid as of December 31, 2020 and subsequently fully settled in 2021 (see Note 19).

(4) In 2020, the Company issued additional shares of stock amounting to P338.5 million, which was subscribed and fully paid through the conversion of certain liabilities to parent company (see Notes 18 and 19).

See Notes to Financial Statements.

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022, 2021 AND 2020
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

AllDay Marts, Inc. (the Company) was registered with the Philippine Securities and Exchange Commission (SEC) on December 22, 2016. The Company is primarily engaged in retailing, merchandising, buying, selling, marketing, importing, exporting, franchising, acquiring, holding, distributing, warehousing, trading, exchanging, or otherwise dealing in all kinds of products and services.

The Company's shares were listed in the Philippine Stock Exchange on November 3, 2021 (see Note 20.1).

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 Evia Lifestyle Center, Daang Hari, Brgy. Almanza Dos, Las Piñas City. The registered offices and principal places of business of AllValue and FPI are located at 3rd Level Starmall Las Piñas, CV Starr Avenue, Philamlife Village, Pamplona, Las Piñas City.

1.2 Continuing Impact of COVID-19 Pandemic on Company's Business

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020 and its impact has been continuing until the date of the approval of these financial statements. In 2022, the country's economic status improved because of reopening of local and international travels and loosening of health and safety protocols and restrictions.

Management will continue to take actions to continually improve the operations as the need arises. Based on the foregoing improvements, management projects that the Company would continue to report positive results of operations and would remain liquid to meet current obligations as they fall due. Accordingly, management has not determined material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern due to the effects of the pandemic.

1.3 Approval of Financial Statements

The financial statements of the Company as of and for the year ended December 31, 2022 (including the comparative financial statements as of December 31, 2021 and for the years ended December 31, 2021 and 2020) were authorized for issue by the Company's Board of Directors (BOD) on April 27, 2023. The Company's owners and BOD have the power to amend the financial statements after issuance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

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

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

(c) Functional and Presentation Currency

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

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

2.2 Adoption of Amended PFRS

(a) Effective in 2022 that are Relevant to the Company

The Company adopted for the first time the following amendments and annual improvements to PFRS, which are mandatorily effective for annual periods beginning on or after January 1, 2022:

PAS 16 (Amendments)	:	Property, Plant and Equipment – Proceeds Before Intended Use
PAS 37 (Amendments)	:	Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract
Annual Improvements to PFRS (2018-2020 Cycle)		
PFRS 9 (Amendments)	:	Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities
PFRS 16 (Amendments)	:	Leases – Lease Incentives

Discussed below and in the succeeding page are the relevant information about these pronouncements.

(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 be capable of operating in the manner intended by management. Instead, an entity recognizes the proceeds from selling such items, and the cost of producing those items, in profit or loss. The application of these amendments had no significant impact on 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 the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The amendments resulted in a revision in the Company's policy to include both incremental costs and an 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 as onerous after applying the amendments.

(iii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments which do not have significant impact are relevant to the Company's financial statements:

- PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities.* The amendments clarify the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf.

- Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives.* The amendments remove potential for confusion regarding lease incentives by deleting from Illustrative Example 13 the reimbursement relating to leasehold improvements as it had not been explained clearly enough as to whether the reimbursement would meet the definition of a lease incentive in accordance with PFRS 16.

(b) Effective in 2022 that are not Relevant to the Company

Among the amendments to PFRS which are mandatorily effective for annual periods beginning on or after January 1, 2022, the following are not relevant to the Company's financial statements:

(i) PFRS 3 (Amendments), *Business Combinations - Reference to the Conceptual Framework*

(ii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments are not relevant to the Company:

- PFRS 1, *First-time Adoption of Philippine Financial Reporting Standards – Subsidiary as a First-time Adopter*

- PAS 41, *Agriculture – Taxation in Fair Value Measurements*

(c) Effective Subsequent to 2022 but not Adopted Early

There are amendments to existing standards effective for annual periods subsequent to 2022, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Company's financial statements:

(i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)

(ii) PAS 1 and PFRS Practice Statement 2 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)

(iii) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)

(iv) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

2.3 Current versus Non-current Classification

The Company presents assets and liabilities in the statement of financial position based on current or non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within 12 months after the reporting period; or,
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period; or,
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred income tax assets and deferred income tax liabilities are classified as non-current assets and non-current liabilities, respectively.

2.4 Financial Instruments

Financial assets and financial liabilities are recognized when the entity becomes a party to the contractual provisions of the financial instrument.

(a) Financial Assets

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

(i) Classification and Measurement of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Currently, the only classification that applies 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 receivables that do not contain a significant financing component and are measured at the transaction price in accordance with PFRS 15, *Revenue from Contracts with Customers*, all financial assets meeting these criteria are measured initially at fair value plus transaction costs. These are subsequently measured at amortized cost using the effective interest method, less allowance for expected credit loss (ECL).

The Company's financial assets at amortized cost are presented under Current Assets as Cash, Receivables, Short-term investments under Prepayments and Other Current Assets) and Security deposits under Other Non-current Assets in the statement of financial position.

For purposes of cash flows reporting and presentation, cash includes demand deposits which earn interest based on daily bank deposit rates and 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 part of Finance Income.

(ii) Impairment of Financial Assets

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

For cash and short-term investments, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL [see Note 23.2(a)].

The Company applies the simplified approach in measuring ECL for its receivables which uses a lifetime expected loss allowance for all 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 receivables on a collective basis as they possess shared credit risk characteristics and have been grouped based on the days past due [see Note 23.2(b)].

For security deposits, the Company applies the general approach, which track changes in credit risk at every reporting date [see Note 23.2(c)].

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.

The Company recognizes an impairment loss in profit or loss for all financial assets at amortized cost subjected to impairment assessment with a corresponding adjustment to their carrying amount through a loss allowance.

(iii) Derecognition of Financial Assets

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

(a) Financial Liabilities

Financial liabilities, which include trade and other payables (except provisions and tax-related liabilities), loans payable and dividends payable, are recognized initially at their fair values and subsequently measured at amortized cost, using effective interest method for those with maturities beyond one year, less settlement payments.

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

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

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

Financial liabilities are derecognized from the statement of financial position only when the obligations are extinguished either through discharge, cancellation or expiration. Financial liabilities are also derecognized when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. The difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

(b) Offsetting of Financial Instruments

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

2.5 Merchandise Inventories

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

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

At the end of each reporting period, merchandise inventories are assessed for impairment, i.e., the carrying amount is not fully recoverable due to damage, obsolescence or declining selling prices.

2.6 Other Assets

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.13).

2.7 Property and Equipment

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

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

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

Equipment	3 to 15 years
Furniture and fixtures	9 years

Leasehold improvements are amortized over their estimated useful lives of 20 years or the lease term, whichever is shorter.

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

Construction in progress (CIP) represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs and other direct costs (see Note 2.15). The account is not depreciated until such time that the assets are completed and available-for-use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.13).

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.

An item of property and equipment, including the related accumulated depreciation, amortization and impairment losses, 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 year the item is derecognized.

2.8 Intangible Assets

Intangible assets pertain to acquired computer software which is accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of other considerations given up to acquire an asset at the time of its acquisition or production. Capitalized cost is amortized on a straight-line basis over the estimated useful life of five to eight years as the life of this intangible asset is considered finite. In addition, intangible asset is subject to impairment testing as described in Note 2.13.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset and is recognized in profit or loss.

2.9 Segment Reporting

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

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

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

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

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

2.10 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 pre-tax rate that reflects market assessments and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

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

2.11 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.

The Company determines whether a contract with customer exists by evaluating whether the following gating criteria are 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 fresh items, food items, and non-food items. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(d). The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods transfers to the customer. As a matter of accounting policy, when applicable, if the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

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

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

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

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

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. 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 of the pattern of rights exercised by customers. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(d).

Costs and expenses are recognized in profit or loss upon utilization of the goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs, which are included as part of the cost of any related qualifying assets (see Note 2.15).

2.12 Leases

(a) Company as a 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 in the statement of financial position.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.13).

On the other hand, the lease liability is measured 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, variable lease payments based on an index or rate, 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 separately from property and equipment and other liabilities, respectively.

(b) Company as a Lessor

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

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

2.13 Impairment of Non-financial Assets

The Company's property and equipment, right-of-use assets, intangible assets and other non-financial assets are subject to impairment testing whenever events or changes in circumstances indicate that the carrying amount of those assets 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, assets are tested for impairment either individually or at the cash-generating unit level.

Similarly, at each reporting date, inventories are assessed for impairment by comparing the carrying amount of each item of inventory (or group of similar items) with its selling price less cost to sell. If an item of inventory (or group of similar items) is impaired, its carrying amount is reduced to selling price less cost to sell, and an impairment loss is recognized immediately in profit or loss.

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

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

2.14 Employee Benefits

The Company provides post-employment benefits to employees through a defined benefit plan, a defined contribution plan and other employee benefits which are recognized as follows:

(a) Post-employment Defined Benefit Plan

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

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

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

The Company recognizes a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's employees after certain adjustments. The Company recognizes a provision where it is contractually obliged to pay the benefits, or where there is a past practice that has created a constructive obligation.

(e) Compensated Absences

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

2.15 Borrowing Costs

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

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

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

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

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

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

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

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

2.17 Related Party Transactions and Relationships

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

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

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

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

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

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

2.18 Deposit for Future Stock Subscription

Deposit for future stock subscription represents the amount of money received from the stockholders for the purpose of applying the same as payment for future issuance of stocks which may or may not materialize. Based on the requirements of the SEC, the Company recognizes a deposit for future stock subscription as part of equity if all of the following criteria are met as at the end of the reporting period:

(a) The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;

(b) There is BOD's approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);

(c) There is stockholders' approval of said proposed increase; and

(d) The application for the approval of the proposed increase has been presented for filing or has been filed with the SEC.

If any of the foregoing criteria is not met at the end of the reporting period, the deposit for future stock subscription is recognized as a liability. The amount of deposit for future stock subscription will be reclassified to equity account when the Company meets the foregoing elements.

2.19 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 consist of accumulated actuarial gains and losses arising from remeasurements of retirement benefit obligation, net of tax.

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.

2.20 Basic and Diluted Earnings Per Share

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

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

Currently, the basic and diluted EPS are the same as there are no dilutive preferred shares, convertible loans and stock options (see Note 21).

2.21 Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgment in Applying Accounting Policies

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

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

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

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

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

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

(b) Determination of Timing of Satisfaction of Performance Obligations

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

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

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

(c) Determination Whether the Loyalty Points Provide Material Rights to Customers

The Company has a loyalty points programme which allows customers to accumulate points that can be redeemed for future purchases at any of the Company's store outlets, subject to a minimum number of points obtained. The loyalty points give rise to a separate performance obligation as they provided a material right to the customer. The transaction price is allocated to the product and the points on a relative stand-alone selling price basis. Management estimates the stand-alone selling price per point on the basis of the discount granted when the points are redeemed and on the basis of the likelihood of redemption, based on past experience.

As of December 31, 2022 and 2021, liabilities arising from customer loyalty programme amounted to P0.5 million and P4.4 million, respectively (see Note 12).

(d) Determination of Transaction Price and Amounts Allocated to Performance Obligations

The transaction price for a contract is allocated amongst the material right and other performance obligations identified in the contract based on their stand-alone selling prices, which are all observable. The transaction price for a contract excludes any amounts collected on behalf of third parties [e.g., value added tax (VAT)].

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

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

(e) Determination of ECL on Receivables

The Company uses a provision matrix to calculate ECL for receivables. The provision rates are based on days past due for groupings of various customer segments to the extent applicable that have similar loss patterns (i.e., by geography, product type, or customer type and rating). The provision matrix is based on the Company's historical observed default rates. The Company's management intends to regularly calibrate (i.e., on an annual basis) the matrix to consider the historical credit loss experience with forward-looking information (i.e., forecast economic conditions). Details about the ECL on the Company's receivables are disclosed in Note 23.2(b).

(f) Distinction Between Operating and Finance Leases as a Lessor

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

(g) Capitalization of Borrowing Costs

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

(b) Recognition of Provisions and Contingencies

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.10 and disclosures on relevant provisions and contingencies are presented in Note 22.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

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

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

(b) Estimation of Allowance for ECL

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 23.2.

(c) Determination of Net Realizable Value of Merchandise Inventories

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

(d) Estimation of Useful Lives of Property and Equipment, Right-of-Use Assets, and Intangible Assets

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

In 2020, the management assessed that an extension of the property and equipment's and intangible assets' remaining useful lives is appropriate to align with the other companies in the same industry. This change in accounting estimate was applied prospectively, beginning January 1, 2020. With the increase in useful lives, the annual depreciation and amortization decreased by P80.1 million in 2020. There was no change in estimated useful lives of these assets in 2022 and 2021. The carrying amounts of property and equipment, right-of-use assets and intangible assets are analyzed in Notes 9, 10 and 11, respectively.

(e) Evaluation of Impairment of Non-financial Assets

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.13).

Though management believes that the assumptions used in the estimation of recoverable values are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Based on management's assessment, no impairment losses are required to be recognized on the Company's non-financial assets as of December 31, 2022 and 2021.

(f) Determination of Realizable Amount of Deferred Tax Assets

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management assessed that the deferred tax assets recognized as at December 31, 2022 and 2021 will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 18.

(g) Valuation of Post-employment Defined Benefit Obligation

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

The amounts of post-employment benefit obligation and expense, and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 17.2.

4. SEGMENT REPORTING

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

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

The revenue of the Company consists mainly of sales to external customers through its retail and e-commerce channels.

The Company has no significant customer which contributed to 10% or more to the revenue of the Company.

5. CASH

Cash include the following components as of December 31, 2022, and 2021:

	2022	2021
Cash on hand	**P 9,542,000**	P 9,355,000
Cash in banks	**982,659,140**	918,420,974
	P 992,201,140	P 927,775,974

Cash in banks generally earn interest based on daily bank deposit rates and interest income is recognized as the interest accrues taking into account the effective yield. Interest income earned on bank deposits is presented as part of Finance Income under Other Income (Charges) – Net in the statements of comprehensive income.

6. RECEIVABLES

This account is composed of the following:

	Notes	2022	2021
Trade receivables	19.1	**P 111,598,998**	P 114,099,466
Non-trade receivables		**19,356,473**	12,271,528
Others	17.2	**1,093,335**	4,049,237
		P 132,048,806	P 130,420,231

Trade receivables are due from various customers, including credit card companies, and have credit terms ranging from 2 days to 30 days.

Non-trade receivables comprise of the Company's receivables arising from delivery fees, rental income and miscellaneous income.

Others pertain to the receivable for the transferred retirement benefit obligation from a related party under common ownership.

The carrying amounts of the receivables are considered a reasonable approximation of fair values due to their short duration.

All of the Company's receivables have been assessed for impairment using the ECL model. Management believes that no allowance for ECL is required since there has no significant change in the credit quality of the accounts as of December 31, 2022 and 2021 [see Note 23.2(b)].

7. MERCHANDISE INVENTORIES

Merchandise inventories pertain to goods owned by the Company, which include food and non-food items, pharmaceutical products and dry goods, among others, that are traded under the normal course of business and amounted to P1,797.9 million and P1,826.1 million as of December 31, 2022 and 2021, respectively (see Note 15.1).

The Company did not provide any allowance for inventory obsolescence as the merchandise inventories are deemed realizable above cost. Hence, merchandise inventories were all stated at cost, which is lower than net realizable value, as of December 31, 2022 and 2021.

Cost of merchandise inventories charged to operations are presented as Cost of Merchandise Sold in the statements of comprehensive income (see Note 15.1).

In relation to the fire incident in the Alabang store on January 8, 2022, the Company wrote-off certain merchandise inventories amounting to P58.0 million (see Note 16.2). There was no similar event in 2021 and 2020.

8. PREPAYMENTS AND OTHER ASSETS

The composition of this account is shown on below.

	Note	**2022**	2021
Current:			
Input VAT		**P 517,544,987**	P 623,163,286
Advances for purchases		**229,442,529**	223,762,176
Deferred input VAT		**57,065,118**	42,403,826
Prepayments		**24,433,645**	24,147,616
Store supplies		**19,431,650**	17,703,152
Short term investments		**3,000,000**	-
Creditable withholding tax		**2,288,656**	8,466,105
		853,206,585	939,646,161
Non-current:			
Advances to contractors		**302,326,993**	234,046,683
Security deposits	10	**72,322,394**	68,662,606
Deferred input VAT		**36,442,834**	62,495,043
		411,092,221	365,204,332
		P1,264,298,806	P 1,304,850,493

Advances for purchases pertains to advances that will be applied for future purchase of merchandise inventories and services.

Deferred input VAT pertains to the input VAT on purchases of services and the unamortized portion of the VAT on capital goods exceeding P1.0 million from purchases prior to 2022.

Prepayments include prepaid expenses for rentals, advertising, communication, insurance, dues and subscription, utilities, marketing and others.

Store supplies pertain to expendable items consumed during Company's operations.

Short term investments refer to the Company's time deposits with original maturities of more than three months to one year and are subject to insignificant risk of changes in value. These investments earn effective interest of 0.55% in 2022. Interest income from time deposits in 2022 is presented as part of Finance Income under Other Income (Charges) – Net in the 2022 statement of comprehensive income. There were no short-term investments in 2021.

Advances to contractors pertains to advances made to various contractors for the construction of several items under property and equipment.

9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of 2022 and 2021 are shown below.

	Leasehold Improvements	Furniture and Fixtures	Equipment	CIP	Total
December 31, 2022					
Cost	P3,381,333,982	P 336,552,451	P1,129,554,556	P 521,640,950	P5,369,081,939
Accumulated depreciation and amortization	(489,297,375)	(140,972,450)	(495,740,606)	-	(1,126,010,431)
Net carrying amount	**P2,892,036,607**	**P 195,580,001**	**P 633,813,950**	**P 521,640,950**	**P4,243,071,508**
December 31, 2021					
Cost	P2,810,724,966	P 305,689,520	P1,122,403,501	P 621,916,270	P4,860,734,257
Accumulated depreciation and amortization	(354,178,405)	(107,157,338)	(409,616,285)	-	(870,952,028)
Net carrying amount	P2,456,546,561	P 198,532,182	P 712,787,216	P 621,916,270	P3,989,782,229
January 1, 2021					
Cost	P2,141,146,243	P 240,205,654	P1,061,214,788	P 582,335,386	P4,024,902,071
Accumulated depreciation and amortization	(235,985,143)	(76,094,402)	(321,652,777)	-	(633,732,322)
Net carrying amount	P1,905,161,100	P 164,111,252	P 739,562,011	P 582,335,386	P3,391,169,749

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2022 and 2021 is shown below and in the succeeding page.

	Leasehold Improvements	Furniture and Fixtures	Equipment	CIP	Total
Balance at January 1, 2022, net of accumulated depreciation and amortization	P2,456,546,561	P 198,532,182	P 712,787,216	P 621,916,270	P3,989,782,229
Additions	277,206,092	7,242,465	22,455,533	334,914,349	641,818,439
Transfer from CIP	385,841,524	30,232,609	19,115,536	(435,189,669)	-
Write-off relating to fire loss	(81,182,512)	(4,756,829)	(26,524,639)	-	(112,463,980)
Depreciation and amortization charges for the year	(146,375,058)	(35,670,426)	(94,019,696)	-	(276,065,180)
Balance at December 31, 2022, net of accumulated depreciation and amortization	**P2,892,036,607**	**P 195,580,001**	**P 633,813,950**	**P 521,640,950**	**P4,243,071,508**

	Leasehold Improvements	Furniture and Fixtures	Equipment	CIP	Total
Balance at January 1, 2021, net of accumulated depreciation and amortization	P1,905,161,100	P 164,111,252	P 739,562,011	P 582,335,386	P3,391,169,749
Additions	211,527,249	2,384,294	47,123,020	672,005,119	933,039,682
Transfer from CIP	502,393,105	67,994,384	42,750,908	(613,138,397)	-
Disposal	(42,529,288)	(4,649,028)	(26,852,979)	(19,285,838)	(93,317,133)
Depreciation and amortization charges for the year	(120,005,605)	(31,308,720)	(89,795,744)	-	(241,110,069)
Balance at December 31, 2021, net of accumulated depreciation and amortization	P2,456,546,561	P 198,532,182	P 712,787,216	P 621,916,270	P3,989,782,229
Balance at January 1, 2020, net of accumulated depreciation and amortization	P1,537,359,500	P 156,580,321	P 746,141,507	P 528,897,929	P2,968,979,257
Additions	84,270,440	6,184,576	4,669,599	529,146,842	624,271,457
Transfer from CIP	374,493,827	25,805,790	75,409,768	(475,709,385)	-
Depreciation and amortization charges for the year	(90,962,667)	(24,459,435)	(86,658,863)	-	(202,080,965)
Balance at December 31, 2020, net of accumulated depreciation and amortization	P1,905,161,100	P 164,111,252	P 739,562,011	P 582,335,386	P3,391,169,749

The gross carrying amounts and accumulated depreciation of furniture and fixtures subject to operating lease at the beginning and end of 2022 and 2021 are shown below.

	December 31, 2022	December 31, 2021	January 1, 2021
Cost	**P 274,777,339**	P 260,022,640	P 208,166,034
Accumulated depreciation and amortization	**(80,493,730)**	(62,003,635)	(45,548,288)
Net carrying amount	**P 194,283,609**	P 198,019,005	P 162,617,746

A reconciliation of the carrying amounts of furniture and fixtures subject to operating lease at the beginning and end of 2022 and 2021 is shown below.

	2022	2021	2020
Beginning, net of accumulated depreciation and amortization	**P 198,019,005**	P 162,617,746	P 125,869,758
Additions	**22,742,104**	51,856,606	48,833,646
Disposal	**(7,087,933)**	-	-
Depreciation and amortization charges for the year	**(19,389,567)**	(16,455,347)	(12,085,658)
Ending, net of accumulated depreciation and amortization	**P 194,283,609**	P 198,019,005	P 162,617,746

The amount of depreciation and amortization is presented as part of General and Administrative Expenses in the statements of comprehensive income (see Note 15.2).

In 2022, the Company wrote-off certain property and equipment with net book value of P112.2 million as a result of the fire incident in Alabang store on January 8, 2022 (see Note 16.2). There was no similar event in 2021 and 2020.

In 2021, the Company sold certain property and equipment to a related party under common ownership with carrying amount of P93.3 million and the related gain on sale is presented as part of Support, Fees, Rentals and Other Income in the 2021 statement of comprehensive income (see Note 19.3). There was no similar transaction in 2022 and 2020.

In 2022, 2021 and 2020, borrowing costs amounting to P92.7 million, P227.5 million, and P170.9 million, respectively, based on capitalization rate ranging from 6.50% to 8.08% for specific borrowings in those periods, were capitalized (see Note 13).

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

Cost of fully depreciated and amortized assets that are still used in operations amounts to P28.4 million and P28.1 million as of December 31, 2022 and 2021, respectively.

The Company also recognized rental income from its operating leases as a lessor amounting to P31.4 million, P35.7 million and P35.1 million in 2022, 2021 and 2020, respectively and is presented as part of Support, Fees, Rentals and Other Income in the statements of comprehensive income (see Note 14).

10. LEASES

The Company is a lessee under non-cancellable operating leases covering its store outlets and warehouse with lease terms ranging from 10 years to 20 years. With the exception of leases with variable consideration, only one lease contract is reflected on the statements of financial position as a right-of-use asset and a lease liability. This lease contract covers a store outlet with a remaining lease term of 9 years and 8 years as of December 31, 2022 and 2021, respectively.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. The leases contain an option to renew the lease which requires mutual agreement of both parties. The Company is prohibited from selling or pledging the underlying leased assets as security. The Company must keep the leased properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts. There are no leases with options to purchase or terminate. The Company has no short-term leases and leases of low-value assets.

The security deposits paid in connection with the leases amounting to P72.3 million and P68.7 million as of December 31, 2022 and 2021, respectively, is presented as Security deposits under Other Non-current Assets in the statements of financial position (see Note 8). Management believes that no allowance for ECL is required for security deposits since there has no significant change in the credit quality of the accounts [see Note 23.2(c)].

10.1 Right-of-use Assets

The carrying amount of the Company's right-of-use assets from store outlets and the movements at beginning and end of 2022 and 2021 are shown below.

	2022	2021
Cost	**P 209,111,455**	P 209,111,455
Accumulated amortization:		
Balance at beginning of year	**46,184,124**	30,789,416
Amortization for the year	**15,394,709**	15,394,708
Balance at end of year	**61,578,833**	46,184,124
Carrying amount	**P 147,532,622**	P 162,927,331

The amount of depreciation is presented as part of General and Administrative Expenses in the 2022 and 2021 statements of comprehensive income (see Note 15.2).

10.2 Lease Liabilities

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

	2022	2021
Current	**P 8,630,256**	P 6,554,121
Non-current	**208,966,287**	217,596,544
	P 217,596,543	P 224,150,665

The reconciliation of the carrying amounts of the lease liabilities are as follows:

	Note	**2022**	2021
Balance at beginning of year		**P 224,150,665**	P 228,876,741
Accretion of interest	10.4	**20,864,887**	21,387,266
Repayment	10.4	**(27,419,009)**	(26,113,342)
Balance at end of year		**P 217,596,543**	P 224,150,665

As of December 31, 2022 and 2021, the Company has no commitments for leases entered into but which had not commenced nor termination options to its lease contracts.

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

	Within one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 6 years	6 to 10 years	More than ten years	Total
December 31, 2022									
Lease payments	P 28,789,960	P 30,229,458	P 31,740,930	P 33,327,977	P 34,994,376	P 36,744,095	P 147,149,076	P -	P 342,975,872
Finance charges	(20,159,704)	(19,247,146)	(18,099,906)	(16,687,638)	(14,976,650)	(12,929,549)	(23,278,736)	-	(125,379,329)
Net present values	**P 8,630,256**	**P 10,982,312**	**P 13,641,024**	**P 16,640,339**	**P 20,017,726**	**P 23,814,546**	**P 123,870,340**	**P -**	**P 217,596,543**
December 31, 2021									
Lease payments	P 27,419,009	P 28,789,960	P 30,229,458	P 31,740,930	P 33,327,977	P 34,994,376	P 183,893,170	P -	P 370,394,880
Finance charges	(20,864,888)	(20,159,703)	(19,247,146)	(18,099,906)	(16,687,638)	(14,976,650)	(36,208,284)	-	(146,244,215)
Net present values	P 6,554,121	P 8,630,257	P 10,982,312	P 13,641,024	P 16,640,339	P 20,017,726	P 147,684,886	P -	P 224,150,665

	Within one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 6 years	6 to 10 years	More than ten years	Total
December 31, 2020									
Lease payments	P 26,113,342	P 27,419,009	P 28,789,960	P 30,229,458	P 31,740,930	P 33,327,977	P 193,366,016	P 25,521,530	P 396,508,222
Finance charges	(21,387,266)	(20,864,888)	(20,159,703)	(19,247,146)	(18,099,906)	(16,687,638)	(50,401,595)	(783,339)	(167,631,481)
Net present values	P 4,726,076	P 6,554,121	P 8,630,257	P 10,982,312	P 13,641,024	P 16,640,339	P 142,964,421	P 24,738,191	P 228,876,741

10.3 Lease Payments Not Recognized as Liabilities

The Company also entered into lease agreements that contain variable payments linked to sales generated from certain stores (see Note 19.2). The expenses relating to these leases amounting to P281.0 million, P264.6 million and P237.1 million for 2022, 2021 and 2020 are presented as Rentals under Selling Expenses in the statements of comprehensive income (see Note 15.2).

If the sales of the Company had changed by an average of +/-1.0%, the variable rent expense would have changed by +/- P2.4 million, +/- P2.4 million and +/- P2.0 million in 2022, 2021 and 2020, respectively.

10.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P27.4 million, P26.1 million and P24.9 million in 2022, 2021 and 2020, respectively. Interest expense in relation to lease liabilities amounted to P20.9 million, P21.4 million and P21.7 million in 2022, 2021 and 2020, respectively, and is presented as part of Finance Costs in the statements of comprehensive income (see Note 16.1).

11. INTANGIBLE ASSETS

The gross carrying amounts and accumulated amortization of intangible assets at the beginning and end of 2022 and 2021 are shown below.

	2022	2021	2020
Cost	**P 732,816,801**	P 503,565,463	P 141,322,325
Accumulated amortization	**(178,366,903)**	(68,996,175)	(28,913,243)
	P 554,449,898	P 434,569,288	P 112,409,082

A reconciliation of the carrying amounts of intangible assets at the beginning and end of 2022, 2021 and 2020 is shown below.

	2022	2021	2020
Balance at beginning of year, net of accumulated amortization	**P 434,569,288**	P 112,409,082	P 53,514,589
Additions	**229,251,336**	363,931,373	76,625,645
Amortization charges for the year	**(109,370,726)**	(40,361,946)	(17,731,152)
Disposal	**-**	(1,409,221)	-
Balance at end of year, net of accumulated amortization	**P 554,449,898**	P 434,569,288	P 112,409,082

In 2021, the Company sold certain intangible assets with net book value of P1.4 million for P 104.7 million. The related gain arising from this transaction is presented under Support, Fees, Rentals and Other income in the 2021 statement of comprehensive income (see Note 19.3). There was no similar transaction in 2022 and 2020.

The amount of amortization is presented as part of General and Administrative Expenses in the statements of comprehensive income (see Note 15.2).

Intangible assets are subject to impairment whenever there is an indication of impairment. No impairment losses were recognized in 2022, 2021 and 2020 as the recoverable amounts of the intangible assets determined by management are higher than their carrying values.

There were no contractual commitments entered into in 2022, 2021 and 2020.

12. TRADE AND OTHER PAYABLES

The composition of this account is shown below.

	Note	2022	2021
Trade payables		**P 575,689,665**	P 499,063,652
Accrued expenses	13	**10,104,032**	23,544,305
Withholding taxes and other government payables		**6,488,430**	18,589,344
Customer loyalty rewards liability		**538,431**	4,381,527
		P 592,820,558	P 545,578,828

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

Accrued expenses are liabilities arising from unpaid interest, agency service fee, utilities, professional fees and other expenses.

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 recognized a deferred revenue for the unredeemed points.

13. LOANS PAYABLE

The account consists of:

	Note	2022	2021
Current:			
Short-term loans	13.1	**P1,063,176,816**	P 780,000,000
Current portion of long-term loans	13.2	**184,615,384**	184,615,385
		1,247,792,200	964,615,385
Non-current:			
Long-term loans	13.2	**184,615,385**	469,230,769
		P1,432,407,585	P1,433,846,154

Presented below is the reconciliation of the Company's loans payable.

	Short-term Loans	Long-term Loans	Total
Balance as of January 1, 2022	P 880,000,000	P 553,846,154	P1,433,846,154
Additional borrowings	612,176,816	-	612,176,816
Reavailment of loans	768,000,000	-	768,000,000
Repayments of borrowings	(1,197,000,000)	(184,615,385)	(1,381,615,385)
Balance at December 31, 2022	**P1,063,176,816**	**P 369,230,769**	**P1,432,407,585**
Balance as of January 1, 2021	P1,150,878,598	P2,619,038,461	P3,769,917,059
Additional borrowings	981,886,277	292,500,000	1,274,386,277
Reavailment of loans	2,976,374,001	-	2,976,374,001
Repayments of borrowings	(4,329,138,876)	(2,257,692,307)	(6,586,831,183)
Balance at December 31, 2021	P 780,000,000	P 653,846,154	P1,433,846,154
Balance as of January 1, 2020	P 609,308,984	P2,367,930,769	P2,977,239,753
Additional borrowings	750,000,000	735,000,000	1,485,000,000
Reavailment of loans	1,070,882,787	-	1,070,882,787
Repayments of borrowings	(1,279,313,173)	(483,892,308)	(1,763,205,481)
Balance at December 31, 2020	P1,150,878,598	P2,619,038,461	P3,769,917,059

The total interest expense incurred on these loans amounted to P5.6 million, P48.9 million and P57.4 million in 2022, 2021 and 2020, respectively, and is presented as part of Finance Costs under Other Income (Charges) – Net in the statements of comprehensive income.

In 2022, 2021 and 2020, borrowing costs amounting to P92.7 million, P227.5 million and P170.9 million, respectively, based on capitalization rate ranging from 6.50% to 8.08% for specific borrowing in those years, were capitalized as part of Property and Equipment (see Note 9).

The unpaid interest amounted to P8.2 million and P5.4 million as of December 31, 2022 and 2021 and is presented as part of Accrued expenses under Trade and Other Payables in the statements of financial position (see Note 12).

13.1 Short-term Loans

In 2022, 2021 and 2020, 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 8.08% and with terms of 90 to 180 days. These loans are usually being rolled-over upon maturity and are secured by cross suretyship of the Company's ultimate parent company (see Note 19.4). There are no loan covenants on the Company's short-term loans.

13.2 Long-term Loans

In 2021 and 2020, the Company obtained three to seven-year corporate loans, inclusive of two-year grace period, from various local banks for the Company's store construction and expansion with fixed interest rate ranging from 6.50% to 8.08% both in 2021 and 2020. The loans are secured by cross suretyship of the Company's ultimate parent company (see Note 19.4). There was no similar transaction in 2022. Certain loans of the Company with local banks are subject to covenants and all have been complied with as of December 31, 2022 and 2021 (see Note 25).

14. REVENUES

The Company's sales revenues arise from transactions with individual and corporate customers in the Philippines totalling to P9,759.7 million, P9,456.4 million and P7,931.0 million in 2022, 2021 and 2020, respectively.

The disaggregation on revenue recognition whether point in time or over time is shown below.

	Point in time	Over time	Total
2022			
Sales	P9,759,707,468	P -	P9,759,707,468
Delivery fees	-	18,196,443	18,196,443
Miscellaneous	1,840,982	-	1,840,982
	P 9,761,548,450	**P 18,196,443**	**P9,779,744,893**
2021			
Sales	P9,456,401,220	P -	P9,456,401,220
Delivery fees	-	24,253,245	24,253,245
Miscellaneous	20,330,321	-	20,330,321
	P 9,476,731,541	P 24,253,245	P9,500,984,786
2020			
Sales	P7,931,030,211	P -	P7,931,030,211
Delivery fees	-	24,100,677	24,100,677
Miscellaneous	4,086,755	-	4,086,755
	P7,935,116,966	P 24,100,677	P7,959,217,643

The Company also recognized rental income from its operating leases as lessor amounting to P31.4 million, P35.7 million and P35.1 million in 2022, 2021 and 2020, respectively (see Note 9).

Rentals, delivery fees and miscellaneous income are presented as Support, Fees, Rentals and Other Income in the statements of comprehensive income.

15. COSTS AND EXPENSES

15.1 Cost of Merchandise Sold

The details of cost of merchandise sold are shown on below.

	Note	**2022**	2021	2020
Merchandise inventories at beginning of year	7	**P 1,826,059,707**	P1,393,419,308	P1,094,772,511
Purchases during the year		**7,728,781,485**	8,033,139,646	6,691,052,800
Cost of goods available for sale		**9,554,841,192**	9,426,558,954	7,785,825,311
Merchandise inventories at end of year	7	**(1,797,940,590)**	(1,826,059,707)	(1,393,419,308)
		P7,756,900,602	P7,600,499,247	P6,392,406,003

15.2 Other Operating Expenses

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

	Notes	**2022**	2021	2020
Depreciation and amortization	9, 10.1, 11	**P 400,830,615**	P 296,866,723	P 235,206,825
Rentals	10.3, 19.2	**281,009,936**	264,590,255	237,124,009
Communication and utilities		**273,315,491**	243,157,862	223,236,780
Agency fee		**235,515,977**	218,544,070	204,339,630
Salaries, wages and other other employee benefits	17.1	**103,342,971**	118,231,818	65,569,204
Taxes and licenses		**49,466,086**	54,562,120	56,942,725
Merchant fee		**43,863,989**	48,900,892	41,700,421
Repairs and maintenance		**41,597,351**	37,129,493	43,852,948
Operating supplies		**37,093,513**	29,631,387	34,379,893
Dues and subscriptions		**25,452,247**	3,088,807	1,031,323
Travel and transportation		**19,055,098**	19,289,715	19,815,867
Advertising and promotions		**18,087,797**	18,373,817	22,878,840
Insurance		**13,172,778**	10,465,898	9,770,403
Professional fees	20.2	**3,756,216**	33,425,945	3,311,776
Delivery fees		**2,814,809**	5,429,270	5,306,936
Others	20.2	**4,908,546**	19,482,826	4,860,059
		P1,553,283,420	P1,421,170,898	P1,209,327,639

These expenses are classified as follows:

	2022	2021	2020
Selling	**P1,036,641,834**	P 983,988,864	P 878,388,661
General and administrative	**516,641,586**	437,182,034	330,938,978
	P1,553,283,420	P1,421,170,898	P 1,209,327,639

16. OTHER INCOME (CHARGES) – Net

16.1 Finance Income (Costs)

Finance income (costs) include the following:

	Notes	2022	2021	2020
Finance costs:				
Interest expense from:				
Lease liabilities	10.2	**P 20,864,888**	P 21,387,266	P 21,748,915
Retirement benefit obligation	17.2	**1,084,303**	501,042	-
Loans payable	13	**5,556,939**	48,932,759	57,415,241
		P 27,506,130	P 70,821,067	P 79,164,156
Finance income:				
Interest income from banks	5, 7	**P 323,252**	P 406,518	P 313,902

16.2 Losses from Fire Damage – Net

On January 8, 2022, the Company's distribution warehouse, selling area, and head office, located in Alabang, Muntinlupa City, was severely damaged by a fire. As a result, the Company wrote-off certain inventories and property and equipment with the net carrying value amounting to P58.0 million and P112.2 million, respectively (see Notes 7 and 9). The Company received total insurance claims amounting to P98.3 million, which was offset against the losses incurred from the fire incident. The related net loss which amounted to P71.8 million is presented as Loss from fire damage under Other Income (Charges) – Net in the 2022 statement of comprehensive income. There was no similar event in 2021 and 2020.

17. EMPLOYEE BENEFITS

17.1 Salaries, Wages and Employee Benefits

Details of salaries and employee benefits, which is presented as part of Selling, General and Administrative Expenses in the statements of comprehensive income are presented below.

	Notes	2022	2021	2020
Salaries and wages		**P 68,260,044**	P 83,239,149	P 49,927,131
Post-employment benefits	17.2	**7,468,356**	16,319,054	-
Other employee benefits		**27,614,571**	18,673,615	15,642,073
	15.2	**P 103,342,971**	P 118,231,818	P 65,569,204

17.2 Post-employment Benefits

(a) Characteristics of the Defined Benefit Plan

The Company maintains an unfunded, non-contributory, 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 actuarial valuation was made in 2022 and 2021 by a professionally qualified actuary. The retirement benefit obligation amounted to P22.0 million and P20.9 million as of December 31, 2022 and 2021, respectively and is presented as Retirement Benefit Obligation in the statements of financial position.

The movements in the present value of the retirement benefit obligation recognized in the 2022 and 2021 statements of financial position are as follows:

	2022	2021
Balance at beginning of year	**P 20,869,333**	P -
Current service cost	**7,468,356**	16,319,054
Interest cost	**1,084,303**	501,042
Actuarial loss (gain) due to:		
Experience adjustments	**794,292**	-
Changes in financial assumptions	**(9,301,398)**	-
Net acquired obligation due to employee transfers	**1,093,335**	4,049,237
Balance at end of year	**P 22,008,221**	P 20,869,333

In 2022 and 2021, the Company recognized a receivable for the transferred retirement benefit obligation related to the transfer of employees to the Company from a related party under common ownership amounting to P1.1 million and P4.0 million, respectively, which remained outstanding as of December 31, 2022 and 2021. The outstanding receivable is presented as Others under Receivables in the 2022 and 2021 statements of financial position (see Notes 6 and 19).

The component of amounts recognized in profit or loss and in other comprehensive income in respect of the retirement benefit obligation are as follows:

	2022	2021
Reported in profit or loss:		
Current service cost	**P 7,468,356**	P 16,319,054
Interest cost	**1,084,303**	501,042
	P 8,552,659	P 16,820,096
Reported in other comprehensive income:		
Actuarial loss (gain) arising from:		
Experience adjustments	**P 794,292**	P -
Changes in financial assumptions	**(9,301,398)**	-
	(P 8,507,106)	P -

The current service cost is presented as part of Salaries, wages and other employee benefits under Selling Expenses in the 2022 and 2021 statements of comprehensive income (see Note 15.2). Meanwhile, interest cost is included under Finance costs under Other Income (Charges) – Net in the 2022 and 2021 statement of comprehensive income (see Note 16.1).

Amounts recognized in other comprehensive income 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 years ended December 31, 2022 and 2021:

	2022	2021
Discount rate	**7.37%**	5.20%
Expected rate of salary increases	**7.75%**	7.75%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 11 years. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) Risks Associated with the Retirement Plan

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

(i) Interest Rate Risk

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

(ii) Longevity and Salary Risks

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

(d) Other Information

The information on the sensitivity analysis for certain significant actuarial assumptions, and the timing and uncertainty of future cash flows related to the retirement plan as of the years ended December 31, 2022 and 2021, are discussed below and in the succeeding page.

(i) Sensitivity Analysis

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31, 2022 and 2021:

	Impact on Post-Employment Benefit Obligation		
	Change in Assumption	Increase in Assumption	Decrease in Assumption
December 31, 2022			
Discount rate	**+/- 1.0%**	**(P 3,137,211)**	**P 3,803,637**
Salary growth rate	**+/- 1.0%**	**3,844,349**	**(3,223,016)**
December 31, 2021			
Discount rate	+/- 1.0%	(P 3,295,763)	P 4,057,061
Salary growth rate	+/- 1.0%	4,001,192	(3,317,320)

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.

(ii) Funding Arrangements and Expected Contributions

The plan is currently unfunded by P22.0 million based on the latest actuarial valuation. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 20 years' time when a significant number of employees is expected to retire..

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

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

	2022	2021
Within five years	**P 1,544,248**	P 1,220,335
More than five years to 10 years	**16,087,530**	12,593,455
More than 10 years to 15 years	**19,029,136**	9,469,039
More than 15 years to 20 years	**95,947,929**	70,963,894
More than 20 years	**346,619,367**	239,406,134
	P 479,228,210	P 333,652,857

The weighted average duration of the defined benefit obligation at the end of the reporting period is 19.9 years.

18. TAXES

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 P1.2 million than the amount presented in the 2020 financial statements and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax assets as of December 31, 2020 was remeasured to 25%. This resulted in a decline in the recognized net deferred tax liabilities in 2020 by P23.8 million and such was recognized in the profit or loss section of the 2021 statement of comprehensive income.

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

	2022	2021	2020
Reported in profit or loss:			
Current tax expense:			
RCIT at 25% in 2022 and 2021, and 30% in 2020	**P 33,324,271**	P -	P 13,803,997
Application of excess MCIT	**(10,820,610)**	-	-
MCIT at 1%	**-**	19,370,253	-
Effect of the change in income tax rate	**-**	(1,155,944)	-
	22,503,661	18,214,309	13,803,997
Deferred tax expense arising from:			
Origination and reversal of temporary differences	**77,642,007**	63,720,315	80,239,878
Effect of change in income tax rate	**-**	(23,832,759)	-
	77,642,007	39,887,556	80,239,878
	P 100,145,668	P 58,101,865	P 94,043,875
Reported in other comprehensive income –			
Deferred tax expense arising from:			
Origination and reversal of temporary differences	**P 2,126,777**	P -	P -

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

	2022	2021	2020
Tax on pretax profit at 25% in 2022 and 2021, and 30% in 2020	**P 100,477,402**	P 111,146,968	P 94,106,970
Adjustment for income subjected to lower tax rate	**(80,813)**	(101,630)	(94,171)
Effect of the change in income tax rate	**-**	(24,988,703)	-
Tax effects of:			
Non-taxable income	**(273,334)**	-	-
Non-deductible expenses	**22,413**	20,326	31,076
IPO expenses charged against APIC	**-**	(27,975,096)	-
Tax expense	**P 100,145,668**	P 58,101,865	P 94,043,875

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

	Statements of Financial Position		Statements of Comprehensive Income – Profit or Loss			Other Comprehensive Income		
	2022	2021	2022	2021	2020	2022	2021	2020
Deferred tax assets:								
Leases - PFRS 16	**P 17,515,981**	P 15,305,834	**(P 2,210,147)**	(P 139,423)	(P 3,682,132)	**P -**	P -	P -
MCIT	**8,549,643**	19,370,253	**10,820,610**	(19,370,253)	-	**-**	-	-
Retirement benefit obligation	**5,502,055**	4,205,025	**(1,297,030)**	(4,205,025)	-	**(2,126,777)**	-	-
Rewards liability	**134,608**	1,095,382	**960,774**	(36,513)	(148,399)	**-**	-	-
Net operating loss carry-over	**-**	678,984	**678,984**	(678,984)	-	**-**	-	-
	31,702,287	40,655,478	**8,953,191**	(24,430,198)	(3,830,531)	**(2,126,777)**	-	-
Deferred tax liabilities:								
Borrowing costs	**(169,330,662)**	(152,736,692)	**16,593,970**	31,252,356	46,332,911	**-**	-	-
Tax depreciation and amortization	**(125,024,519)**	(70,802,896)	**54,221,623**	33,065,398	37,737,498	**-**	-	-
	(294,355,181)	(223,539,588)	**70,815,593**	64,317,754	84,070,409	**-**	-	-
Deferred tax liabilities - net	**(P 262,652,894)**	(P 182,884,110)				**(P 2,126,777)**	P -	P -
Net deferred tax expense			**P 79,768,784**	P 39,887,556	P 80,239,878			

In 2020, the Company is not yet subject to the MCIT, which is computed at 2% of gross income, as defined under tax regulations, as the Company was only registered with the Bureau of Internal Revenue (BIR) on January 4, 2017.

Starting 2021, the Company is subject to the MCIT, which is computed at 1% of gross income as defined under the tax regulations, or RCIT, whichever is higher. The Company reported MCIT in 2021 and RCIT in 2022 and 2020.

In 2021, the Company incurred NOLCO amounting to P2.7 million which can be claimed as a deduction from the gross taxable income until 2026. Pursuant to Section 4 (bbbb) of R.A. No. 11494, *Bayanihan to Recover as One Act (Bayanihan II)* and as implemented under RR No. 25-2020, the net operating loss of a business or enterprise incurred for the taxable years 2021 can be carried over as a deduction from gross income for the next five consecutive taxable years following the year of such loss which is until 2026. In 2022, the NOLCO was applied against the gross taxable income.

The MCIT of P19.3 million in 2021 is valid and deductible from future RCIT until 2024. In 2022, the excess MCIT amounting to P10.8 million was claimed as deduction against RCIT.

The Company claimed itemized deductions for 2022, 2021 and 2020 in computing for its income tax due.

19. 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 as of and for the years ended December 31, 2022, 2021 and 2020 are discussed below.

	Notes	Amount of Transactions			Outstanding Balances Receivables (Payables)	
		2022	2021	2020	**2022**	2021
Parent Company:						
Dividends	20	**P 48,989,715**	P -	P -	**P -**	P -
Deposit for future stock subscription	20		-	(338,500,000)	**-**	-
Related Parties Under Common Ownership:						
Rentals	10.3, 19.2	**281,009,936**	264,590,255	237,124,009	**-**	-
Sale of merchandise	19.1	**61,461,748**	156,977,701	57,790,781	**18,819,945**	26,872,205
Sale of property and equipment and intangible assets	9, 11, 19.3	**-**	104,726,354	-	**-**	-
Transferred retirement benefit obligation	6, 17.2	**1,093,335**	4,049,237	-	**1,093,335**	4,409,237
Key Management Personnel –						
Compensation	19.5	**13,755,619**	11,869,200	11,304,000	**-**	-

In 2022, 2021 and 2020, the Company's outstanding receivables with related parties were subjected to impairment using ECL assessment. Based on management assessment, no impairment needs to be recognized. The outstanding balances of related party transactions are noninterest-bearing, unsecured and payable in cash on demand and upon due date.

The details of the Company's related party transactions and balances are as follows:

19.1 Sale of Merchandise

The Company sells various merchandise items to its related parties with similar transaction price and terms under exact business circumstance with third parties. These transactions are presented as part of Revenues in the statements of comprehensive income (see Note 14). The outstanding receivables from these transactions are presented as part of Trade Receivables in the statements of financial position (see Note 6).

19.2 Lease Agreements

The Company entered into lease agreements with related parties under common ownership that contain variable payments linked to sales generated from certain stores. The expenses relating to these leases amounting are presented as Rentals under Selling Expenses in the statements of comprehensive income (see Notes 10.3 and 15.2).

19.3 Sale of Property and Equipment and Intangible Assets

In 2021, the Company sold certain property and equipment and intangible assets to a related party under common ownership amounting to P93.3 million and P1.4 million, respectively, with a total selling price of P104.7 million and the related gain on sale of property and equipment and intangible assets amounting to P10.0 million is presented as part of Support, Fees, Rentals and Other Income in the 2021 statement of comprehensive income (see Notes 9 and 11). There is no outstanding receivable arising from these transactions. There was no similar transaction in 2022 and 2020.

19.4 Guarantees of Loans

The Company obtained short-term loans with interests ranging from 5.00% to 8.08% in 2022 and 2021 and 6.50% to 8.08% in 2020 for additional working capital requirements and store construction and expansion. The loans are secured by cross suretyship of its ultimate parent company (see Note 13.2).

19.5 Key Management Personnel Compensation

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

	2022	2021	2020
Short-term benefits	**P 13,755,619**	P 5,731,239	P 11,304,000
Post-employment benefits	**-**	6,137,961	-
	P 13,755,619	P 11,869,200	P 11,304,000

20. EQUITY

20.1 Capital Stock

Details of this account are shown below.

	Shares			Amount		
	2022	2021	2020	**2022**	2021	2020
Common shares						
Authorized						
Balance at beginning of the year	**30,000,000,000**	20,000,000	10,000,000	**P 3,000,000,000**	P 2,000,000,000	P 1,000,000,000
Increase during the year	**-**	10,000,000,000	10,000,000	**-**	1,000,000,000	1,000,000,000
Change in par value	**-**	19,980,000,000	-	**-**	-	-
Balance at end of year	**30,000,000,000**	30,000,000,000	20,000,000	**P 3,000,0000,000**	P 3,000,000,000	P 2,000,000,000
Issued and outstanding:						
Balance at beginning of the year	**22,857,145,000**	13,385,000	10,000,000	**P 2,285,714,500**	P 1,338,500,000	P 1,000,000,000
Issuance during the year	**-**	9,472,145,000	3,385,000	**-**	947,214,500	338,500,000
Change in par value	**-**	13,371,615,000	-	**-**	-	-
Balance at end of year	**22,857,145,000**	22,857,145,000	13,385,000	**P 2,285,714,500**	P 2,285,714,500	P 1,338,500,000

On September 24, 2020, the Company's BOD and stockholders approved the increase in the authorized capital stock from P1,000.0 million divided into 10.0 million common shares with a par value P100.0 per share to P2,000.0 million divided into 20.0 million common shares with a par value of P100.0 per share. The shares of stock were subscribed through the conversion of certain due to parent company to equity amounting to P338.5 million. On December 21, 2020, the increase in authorized capital stock and the related debt to equity conversion was approved by the SEC.

On February 5, 2021, the Company's BOD and stockholders approved the increase in the authorized capital stock from P2,000.0 million divided into 20.0 million common shares with a par value of P100.0 per share to P3,000.0 million divided into 30,000.0 million common shares with a par value of P0.10 per share. On June 25, 2021, the increase in authorized capital stock was approved by the SEC. Out of the increase in the authorized capital stock of the Company, 2,615.0 million shares with an aggregate subscription price of P261.5 million has been fully paid in cash. The payment of subscriptions thru cash was approved by the Company's BOD and stockholders on the same date as above.

On November 3, 2021, the Company, by way of an Initial Public Offering (IPO), sold 6,857.1 million with an Overallotment Option of up to 685.7 million of its common stock (Offer Share) at an offer price of P0.60 per Offer Share, and generated gross proceeds of P4,114.3 million from such IPO.

As of December 31, 2020, the Company has six stockholders owning 100 or more shares each of the Company's capital stock.

As of December 31, 2022 and 2021, the Company's number of shares registered totalled 22,857,145,000 with par value of P0.10 per share and closed at a price of P0.23 in 2022. The total number of stockholders is 21 and 15 as of December 31, 2022 and 2021, respectively, with the shares held in the name of PCD Nominee Corporation belonging to 123 participants. The public float lodged with PCD Nominee Corporation is counted only as one stockholder.

20.2 Additional Paid-in Capital

Additional paid-in capital consists of P3,316.7 million proceeds from IPO in 2021, net of P111.9 million stock issuance costs incurred such as underwriting fees and commissions, taxes and filing fees (see Note 20.1).

The residual IPO-related expenses totalling to P45.8 million is allocated to Professional fees and Others amounting to P30.6 million and P15.2 million, respectively, and is presented under General and Administrative Expenses in the 2021 statement of comprehensive income (see Note 15.2).

20.3 Dividends Declaration

On December 4, 2020, the Company's BOD approved the declaration of cash dividends amounting to P6.3 million and payable to stockholders of record on December 22, 2020, which remain unpaid as of December 31, 2020 and subsequently fully settled in 2021. The outstanding liability from this transaction as of December 31, 2020 is presented as Dividends Payable in the 2020 statement of financial position.

On August 15, 2022, the Company's BOD approved the declaration of cash dividends amounting to P73.1 million (equivalent to P0.0032 per share) and payable to stockholders of record on September 12, 2022. The dividend was fully paid in 2022. There was no dividend declaration in 2021.

21. EARNINGS PER SHARE

EPS were computed as follows:

	2022	2021	2020
Net profit	**P 301,763,941**	P 386,486,008	P 219,646,025
Divided by weighted average number of outstanding common shares	**22,857,145,000**	15,835,357,500	10,000,000,000
Basic and diluted EPS	**P 0.01**	P 0.02	P 0.02

The Company has no potential dilutive common shares as of December 31, 2022, 2021 and 2020.

22. PROVISIONS, COMMITMENTS AND CONTINGENCIES

22.1 Unused Line of Credit

The Company has unused line of credit amounting to P230.8 million and P46.2 million as of December 31, 2022 and 2021, respectively.

22.2 Others

There are other commitments, guarantees and contingent liabilities that may arise in the normal course of operations of the Company which are not reflected in the financial statements. As of December 31, 2022 and 2021, 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.

23. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to certain financial risks in relation to financial instruments. The main types of risks are interest rate risk, credit risk and liquidity risk.

The Company's risk management is coordinated with its parent company, in close cooperation with the BOD, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets. The Company does not engage in the trading of financial assets for speculative purposes nor does it write options.

The most significant financial risks to which the Company is exposed to are described below and in the succeeding pages.

23.1 Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. In 2022, 2021, and 2020, the Company is exposed to changes in market interest rates through its cash in banks, which are subject to interest based on daily bank deposits rates. However, due to its short duration, management believes that the interest rate sensitivity and its effect on the net result for the year and equity are not significant (see Note 5).

On the other hand, the Company's short-term and long-term bank loans are subject to fixed rates ranging from 5.00% to 8.08% per annum, 6.50% to 8.08% per annum and 6.50% per annum for 2022, 2021 and 2020 (see Note 13). Accordingly, management assessed that the Company is not significantly exposed to changes in market interest rates for its bank borrowings in 2022, 2021 and 2020.

23.2 Credit Risk

Credit risk is the risk that counterparty will fail to discharge an obligation to the Company. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

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

	Notes	**2022**	2021
Cash and cash equivalents	5	**P 995,201,140**	P 927,775,974
Receivables	6	**132,048,806**	130,420,231
Short-term investments	7	**3,000,000**	-
Security deposits	8, 10	**72,322,394**	68,662,606
		P1,202,572,340	P 1,126,858,811

None of the financial assets are secured by collateral or other credit enhancements, except for cash and short-term investments as described below. Additional information on the financial assets follows:

(a) Cash and Short-term Investments

The credit risk for cash and short-term investments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. This includes demand deposits and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) Receivables

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

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

The expected loss rates are based on the payment and aging profiles over a period of three years before December 31, 2022 and 2021, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified that the Philippine inflation and gross domestic product in 2022 and 2021, respectively was the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The Company identifies a default when the receivables become credit-impaired or when the customer is not able to settle the receivables within the normal credit terms of 2 to 90 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, no loss allowance for trade receivables was determined based on past due amounts as of December 31, 2022 and 2021.

(c) Security Deposits

The Company is not exposed to any significant credit risk exposure, since the counterparties are reputable lessors with sound liquid position.

23.3 Liquidity Risk

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

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

As at December 31, 2022 and 2021, the Company's financial liabilities, excluding lease liabilities (see Note 10.2), have contractual maturities which are summarized below.

	Notes	Current		Non-current	
		Upon demand/ Within Six Months	Six to 12 Months	One to Three Years	Later than Three Years
December 31, 2022					
Trade and other payables	12	P 582,793,698	P -	P -	P -
Loans payable	13	1,175,794,462	100,673,077	191,865,385	-
		P 1,758,588,160	**P 100,673,077**	**P 191,865,385**	**P -**
December 31, 2021					
Trade and other payables	12	P 526,511,764	P -	P -	P -
Loans payable	13	830,119,551	218,359,625	499,346,153	-
		P 1,356,631,315	P 218,359,625	P 499,346,153	P -

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

24. CATEGORIES, FAIR VALUE AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

24.1 Carrying Amounts and Fair Values by Category

The Company has no financial instruments carried at fair values.

For the Company's financial assets and liabilities carried at amortized cost as at December 31, 2022 and 2021, management considers that the carrying values of these financial instruments approximate their fair values either because these instruments are short-term in nature or the effect of discounting for those maturities of more than one year is not material, hence, no further comparison between the carrying amounts and fair values is presented.

See Note 2.4 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 23.

24.2 Fair Value Hierarchy

In accordance with PFRS 13, *Fair Value Measurement*, the fair value of financial assets and financial 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 financial assets with fair value included in Level 1, management considers that the carrying amount of this short-term financial instrument approximates its fair value.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on instrument where the significant inputs required to determine the fair values of such instruments are not based on observable market data.

There have been no significant transfers among Levels 1 and 3 in the reporting periods.

With the exception of Cash and Short-term investments, which are classified under Level 1 of the fair value hierarchy, all of the Company's financial assets and liabilities presented in the statements of financial position are classified under Level 3 of the fair value hierarchy as of December 31, 2022 and 2021.

24.3 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2022 and 2021 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders. There is no potential offsetting as of December 31, 2022 and 2021.

25. 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.

Capital for the reporting periods is summarized as follows:

	2022	2021	2020
Interest-bearing loans	**P 1,432,407,585**	P 1,433,846,154	P 3,769,917,059
Total equity	**6,604,057,569**	6,369,056,163	1,718,684,537
Debt-to-equity ratio	**0.22: 1:00**	0.23 : 1.00	2.19 : 1.00

The Company monitors capital on the debt-to-equity ratio on its covenants with certain financial institutions. The Company has to maintain a minimum current ratio of at least 1.00, maximum debt-to-equity ratio of 2.50:1.00, and a minimum debt-service coverage ratio of at least 1.00. The Company has properly complied with its loans' covenants as of December 31, 2022 and 2021 (see Note 13.2).

26. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

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

(a) Output VAT

The Company is registered with the BIR as a VAT taxpayer. This is in relation to its sales of merchandise. The Company declared output VAT as follows:

	Tax Base	Output VAT
Sale of merchandise:		
VATable sales	P 6,845,679,444	P 821,481,533
Zero-rated sales	2,044,402,403	-
Exempt sales	863,806,476	-
	P 9,753,888,323	P 821,481,533

The Company's VAT zero-rated sales were determined pursuant to Section 108B, *Transactions Subject to Zero Percent* of the 1997 National Internal Revenue Code.

The Company's exempt sales were determined pursuant to Section 109(W), *Sale or Lease of Goods and Services to Senior Citizens and Persons with Disability, as Provided under R.A. No. 9994 (Expanded Senior Citizens Act of 2020)* and *R.A. No. 10754 (An Act Expanding the Benefits and Privileges of Persons with Disability*, of the 1997 National Internal Revenue Code.

The tax bases are included as part of Sales and Support, Fees, Rentals and Other Revenues in the 2022 statement of comprehensive income. The tax bases for Other Income are based on the Company's gross receipts for the year, hence, may not be the same as the amounts of revenues reported in the 2022 statement of comprehensive income.

(b) Input VAT

The movements in input VAT in 2022 are shown below.

Balance at beginning of year	P 623,163,286
Domestic purchases of goods	618,942,059
Domestic purchases of services	57,662,704
Purchases of capital goods	27,867,553
Amortization of capital goods subject to amortization	11,390,918
Applied against output VAT	(821,481,533)
Balance at end of year	P 517,544,987

The outstanding input VAT as of December 31, 2022 is presented as Input VAT under Prepayments and Other Current Assets in the 2022 statement of financial position.

(c) Taxes on Importation

The Company did not have any customs duties and tariff fees paid in 2022 since it did not engage in any importation activities during the year.

(d) Excise Tax

The Company did not have any transactions in 2022 which are subject to excise tax.

(e) Documentary Stamp Tax

In 2022, the Company paid documentary stamp tax amounting to P3.9 million arising from interest-bearing loans availed and new lease contracts entered during the year.

(f) Taxes and Licenses

The details of taxes and licenses in 2022 is broken down as follows:

Business permits and licenses	P 45,531,223
Documentary stamp tax	3,934,863
	P 49,466,086

The taxes and licenses amounting to P49.5 million is presented under General and Administrative Expenses in the 2022 statement of comprehensive income.

(g) Withholding Taxes

Details of total withholding taxes for the year ended December 31, 2022 are shown below.

Expanded	P 71,983,579
Compensation and employee benefits	6,476,254
Final	2,173,421
	P 80,633,254

The outstanding balance of expanded withholding tax, withholding tax on compensation and final withholding tax amounting to P5.2 million is recorded as part of Withholding taxes payable and other government payables under Trade and Other Payables in the 2022 statement of financial position.

(h) Deficiency Tax Assessment and Tax Cases

As of December 31, 2022, the Company does not have any final deficiency tax assessment from the BIR nor it does have tax cases outstanding or pending in courts or bodies outside of the BIR in any of the open taxable years.

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

Punongbayan & Araullo
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The Enterprise Center
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The Board of Directors and Stockholders
AllDay Marts, Inc.
(A Wholly Owned Subsidiary of AllValue Holdings Corp.)
LGF Evia Lifestyle Center
Daang Hari, Brgy. Almanza Dos
Las Piñas City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of AllDay Marts, Inc. (the Company) for the year ended December 31, 2022 on which we have rendered our report dated April 27, 2023. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Company's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO



By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 9566632, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until financial period 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2022 (until Oct. 13, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024

April 27, 2023

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

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

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ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
List of Supplementary Information
December 31, 2022

Schedule	Content	Page No.
Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68		
A	Financial Assets	N/A
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	1
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	N/A
D	Long-term Debt	2
E	Indebtedness to Related Parties (Long-term Loans from Related Companies)	N/A
F	Guarantees of Securities of Other Issuers	N/A
G	Capital Stock	3
Others Required Information		
	Reconciliation of Retained Earnings Available for Dividend Declaration	4
	Map Showing the Relationship Between the Company and its Related Entities	5

ALLDAY MARTS INC.
(A Subsidiary of AllValue Holdings Corp.)
SCHEDULE B - AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2022
(Amounts in Philippine Pesos)

Name and Designation of Debtor	Balance at Beginning of the Period	Additions	Deductions			Ending Balance		Balance at End of the Period
		Amounts Granted	Amounts Collected	Amounts Written-off	Amounts Assigned	Current	Not Current	
Trade receivable from related parties								
Fine Properties, Inc.	P 80,800	P 1,662,458	P 803,150	P -	P -	P -	P -	P 940,108
Vista Land & Lifescapes, Inc.	-	854,552	427,276	-	-	-	-	427,276
AllValue Holdings Corp.	16,111	88,206	16,111	-	-	-	-	88,206
Golden MV Holdings	158,351	160,832	158,351	-	-	-	-	160,832
AllHome Corp.	-	722,350	722,350	-	-	-	-	-
Family Shoppers Unlimited Inc.	82,681	63,736	82,681	-	-	-	-	63,736
AllDay Retail Concepts, Inc.	4,748,841	5,040,751	6,774,450	-	-	-	-	3,015,142
CM Star Management, Inc.	19,833,890	49,887,859	58,578,108	-	-	-	-	11,143,641
The Village Server, Inc.	262,409	197,156	262,409	-	-	-	-	197,156
Masterpiece Asia Properties Inc.	1,362,603	678,184	1,362,603	-	-	-	-	678,184
Vista Residences Inc.	68,810	36,342	68,810	-	-	-	-	36,342
Brittany Corporation	96,732	9,424	96,732	-	-	-	-	9,424
Metroexpress Connect, Inc.	157,170	76,532	157,170	-	-	-	-	76,532
GetAll Corp.	3,807	1,983,366	3,807	-	-	-	-	1,983,366
	-	-	-	-	-	-	-	-
TOTAL	P 26,872,205	P 61,461,748	P 69,514,008	P -	P -	P -	P -	P 18,819,945

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
Schedule D - Long-Term Debt
December 31, 2022
(Amounts in Philippine Pesos)

Title of issue and type of obligation	*Amount shown under caption "Current portion of long-term debt" in related balance sheet*	*Amount shown under caption "Long-Term Debt" in related balance sheet*
Term Loans	P 184,615,384	P 184,615,385

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2022

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Related Parties	Directors, Officers and Employees	Others
Common Shares at P0.10 par value	30,000,000,000	22,857,145,000	-	15,309,286	5,002,000	22,836,833,714

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
LGF Evia Lifestyle Center, Daang Hari
Brgy. Almanza Dos, Las Piñas City
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2022

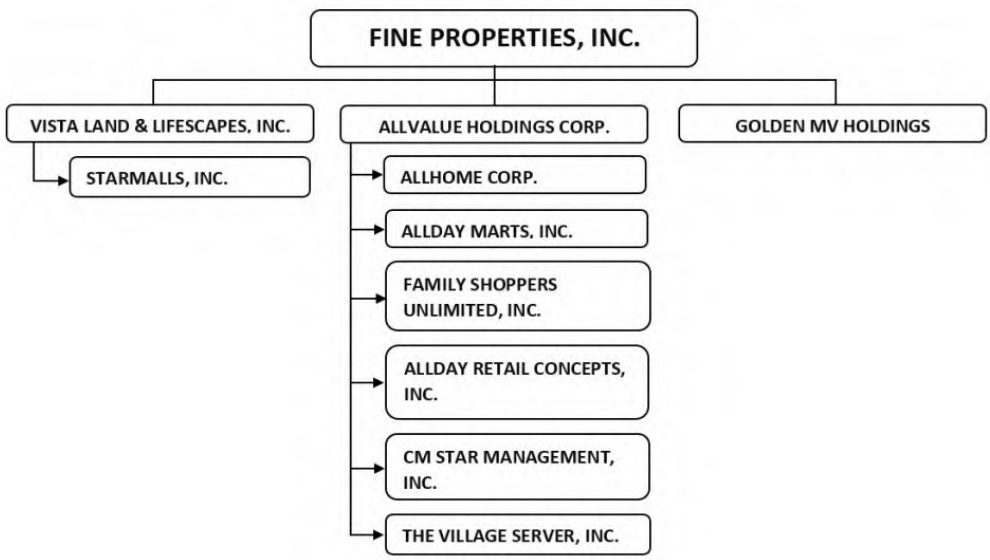
Unappropriated Retained Earnings at Beginning of the Year		P 766,670,545
Prior Year's Outstanding Reconciling Items, net of tax		
Add: Unrealized income		
Deferred tax asset – gross		(40,655,478)
Unappropriated Retained Earnings Available for Available for Dividend Declaration at Beginning of Year (As Adjusted)		726,015,067
Net profit per audited financial statements	P 301,763,941	
Add: Non-actual losses		
Deferred tax expense related to reversal of deferred tax assets during the year	5,633,954	307,397,895
Cash dividends declared during the year		(73,142,864)
Unappropriated Retained Earnings Available for Dividend Declaration at End of the Year		**P 960,270,098**

ALLDAY MARTS, INC.

(A Subsidiary of AllValue Holdings Corp.)

SHOWING THE RELATIONSHIPS BETWEEN AND AMONG COMPANIES IN THE GROUP

ULTIMATE PARENT COMPANY AND PARENT COMPANY



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35 YEARS
Shaping a Vibrant Tomorrow
#BoldPerspectives #DivergentThinking #ForgingPaths

Report of Independent Auditors on Components of Financial Soundness Indicators

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The Board of Directors and Stockholders
AllDay Marts, Inc.
(A Subsidiary of AllValue Holdings Corp.)
LGF Evia Lifestyle Center
Daang Hari, Brgy. Almanza Dos
Las Piñas City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of AllDay Marts, Inc. (the Company) for the years ended December 31, 2022 and 2021, on which we have rendered our report dated April 27, 2023. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as of December 31, 2022 and 2021 and for the years then ended and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

By: **Nelson J. Dinio**
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 9566632, January 3, 2023, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until financial period 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2022 (until Oct. 13, 2025)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 27, 2023

ALLDAY MARTS, INC.
Supplemental Schedule of Financial Soundness Indicators
December 31, 2022 and 2021

Ratio	Formula	2022	Formula	2021
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets P 3,775,397,121 Divide by: Total Current Liabilities 1,849,243,014 Current ratio 2.04	**2.04**	Total Current Assets divided by Total Current Liabilities Total Current Assets P 3,823,902,073 Divide by: Total Current Liabilities 1,516,748,334 Current ratio 2.52	2.52
Acid test ratio	Quick assets (Total Current Assets less Merchandise Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 3,775,397,121 Less: Merchandise Inventories (1,797,940,590) Other Current Assets (853,206,585) Quick Assets 1,124,249,946 Divide by: Total Current Liabilities 1,849,243,014 Acid test ratio 0.61	**0.61**	Quick assets (Total Current Assets less Merchandise Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 3,823,902,073 Less: Merchandise Inventories (1,826,059,707) Other Current Assets (939,646,161) Quick Assets 1,058,196,205 Divide by: Total Current Liabilities 1,516,748,334 Acid test ratio 0.70	0.70
Solvency ratio	Total Assets divided by Total Liabilities Total Assets P 9,131,543,370 Divide by: Total Liabilities 2,527,485,801 Solvency ratio 3.61	**3.61**	Total Assets divided by Total Liabilities Total Assets P 8,776,385,253 Divide by: Total Liabilities 2,407,329,090 Solvency ratio 3.65	3.65
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities P 2,527,485,801 Divide by: Total Equity 6,604,057,569 Debt-to-equity ratio 0.38	**0.38**	Total Liabilities divided by Total Equity Total Liabilities P 2,407,329,090 Divide by: Total Equity 6,369,056,163 Debt-to-equity ratio 0.38	0.38
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets P 9,131,543,370 Divide by: Total Equity 6,604,057,569 Assets-to-equity ratio 1.38	**1.38**	Total Assets divided by Total Equity Total Assets P 8,776,385,253 Divide by: Total Equity 6,369,056,163 Assets-to-equity ratio 1.38	1.38
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 429,415,739 Divide by: Interest expense* 120,175,604 Interest rate coverage ratio 3.57	**3.57**	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 515,408,940 Divide by: Interest expense* 298,359,521 Interest rate coverage ratio 7.28	7.28
Return on equity	Net Profit divided by Total Equity Net Profit P 301,763,941 Divide by: Total Equity 6,604,057,569 Return on equity 0.05	**0.05**	Net Profit divided by Total Equity Net Profit P 386,486,008 Divide by: Total Equity 6,369,056,163 Return on equity 0.06	0.06
Return on assets	Net Profit divided by Total Assets Net Profit P 301,763,941 Divide by: Total Assets 9,131,543,370 Return on assets 0.03	**0.03**	Net Profit divided by Total Assets Net Profit P 386,486,008 Divide by: Total Assets 8,776,385,253 Return on assets 0.04	0.04
Net profit margin	Net Profit divided by Total Revenue Net Profit P 301,763,941 Divide by: Total Revenue 9,759,707,468 Net profit margin 0.03	**0.03**	Net Profit divided by Total Revenue Net Profit P 386,486,008 Divide by: Total Revenue 9,456,401,220 Net profit margin 0.04	0.04

** Interest expense includes capitalized borrowing costs*

AllDay Marts Inc.
Shareholder Information

INSTITUTIONAL INVESTOR INQUIRIES

LGF Building B, Evia Lifestyle Center,
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Email ir@allday.com.ph
Website corporate.allday.com.ph

SHAREHOLDER SERVICES AND ASSISTANCE

For inquiries and assistance regarding dividend payments, change of address and account status, lost or damaged stock certificates, please write or call:
Philippine National Bank-Trust and Banking Group
3rd Floor, PNB Financial Center,
Diosdado Macapagal Blvd.,
Pasay City

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