



June 5, 2024

PHILIPPINE STOCK EXCHANGE

9th Floor, Philippine Stock Exchange Tower
28th Street corner 5th Avenue, BGC Taguig City

Attention: Ms. Alexandra D. Tom Wong
Officer-in-Charge - Disclosure Department

Subject: AllDay Marts, Inc.: **Definitive Information Statement**

Gentlemen:

Please see attached copy of the SEC Form 20-IS, Revised Definitive Information Statement, filed today for the Company's Annual Stockholders' Meeting on July 1, 2024.

Thank you.

Very truly yours,

A handwritten signature in black ink, appearing to read "MCR", is positioned above the printed name of the signatory.

Maria Cristina O. Barao
Chief Financial Officer

COVER SHEET

C	S	2	0	1	6	2	9	6	7	3
---	---	---	---	---	---	---	---	---	---	---

A	L	L	D	A	Y		M	A	R	T	S	,		I	N	C	.							
---	---	---	---	---	---	--	---	---	---	---	---	---	--	---	---	---	---	--	--	--	--	--	--	--

(Company's Full Name)

L	G	F		B	U	I	L	D	I	N	G		B	,		E	V	I	A		L	I	F	E	S	T	Y	L	E
C	E	N	T	E	R	,		D	A	A	N	G	H	A	R	I		R	O	A	D	,							
A	L	M	A	N	Z	A		D	O	S	,		L	A	S		P	I	Ñ	A	S		C	I	T	Y			

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

Maria Cristina O. Barao

Contact Person

(+632) 8830-1900

Company Telephone
Number

1	2
---	---

Month

3	1
---	---

Day

Calendar Year

20-IS Definitive Information Statement

FORM TYPE

--	--

Month

--	--

Day

Annual Meeting

--

Secondary License Type, If Applicable

--	--	--

Dept. Requiring this
Doc.

--

Amended Articles
Number/Section

--

Total No. of

Stockholders

Total Amount of Borrowings

--

Domestic

--

Foreign

To be accomplished by SEC Personnel concerned

--	--	--	--	--	--	--	--	--	--

File Number

--	--	--	--	--	--	--	--	--	--

Document I.D.

LCU

Cashier



CERTIFICATION

ALLDAY MARTS, INC. (the "Company") hereby certifies that except for Ms. Camille A. Villar, none of the directors and officers of the Company named in the Information Statement for the Annual Meeting of its shareholders for the year 2024 works in the government as of the date hereof.

Ms. Villar is currently a duly elected Congresswoman, representing Las Piñas City. She is not disqualified from being, does not require any consent or approval to serve as, a director of the Company on account of her said position.

Issued this 15th day of May 2024.

ALLDAY MARTS, INC.

By:



ARBIN OMAR SARIÑO

Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTORS

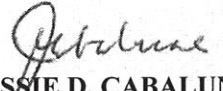
I, **Jessie D. Cabaluna**, Filipino, of legal age and a resident of **No. 87 Molave Avenue, Merville, Parañaque City**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **AllDay Marts, Inc.** and have been its independent director since July 8, 2019.
2. I am affiliated with the following companies or organizations:

Company / Organization	Position / Relationship	Period of Service
AllHome Corp.	Independent Director	8 July 2019-present
Stetchworth	President	18 September 2019 to present
Anvaya Cove Beach and Nature Club, Inc.	Independent Director	30 July 2021 to present
Areit, Inc.	Independent Director	3 December 2021 to present
Alveira Country Club	Independent Director	21 March 2023 to present
SyCip Gorres Velayo & Co. (SGV)	Partner	1978 to 2017

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of **AllDay Marts, Inc.**, as provided for Sec 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.
6. I shall inform the corporate secretary of **AllDay Marts, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done, this JUN 04 2024 at MANDALUYONG CITY.


JESSIE D. CABALUNA
Affiant

SUBSCRIBED AND SWORN to before me this JUN 04 2024 at
MANDALUYONG CITY, affiant personally appeared before me and exhibited to me her valid
Passport No. P3937505B, expiring on November 21, 2029.

Doc. No. 380
Page No. 77
Book No. XXIII
Series of 2024.

ATTY. ARBIN OMAR P. CARINO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ROLL No. 57146
IBP Lifetime Member No. 018537
PTR No. 5415602 / 05 Jan. 2024 / Mandaluyong City
MCLE Compliance No. VII-0020373 issued dated 03 June 2022
Notarial Commission Appointment No. 0388-23
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

CERTIFICATION OF INDEPENDENT DIRECTORS

I, **Raul Juan N. Esteban**, Filipino, of legal age and a resident of **223B Alexandra Condominium, 29 Meralco Avenue, Ortigas Center, Pasig City**, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of **AllDay Marts, Inc.** and have been its independent director since August 5, 2021
2. I am affiliated with the following companies or organizations:

Company/ Organization	Position/ Relationship	Period of Service
Philippine Survey and Research Center	Managing Director	1989-Present
Vistamalls, Inc.	Independent Director	2014-Present
AllHome Corp.	Independent Director	2023-Present
VistaREIT, Inc.	Independent Director	2022-Present

3. I possess all the qualification and none of the disqualifications to serve as an Independent Director of **AllDay Marts, Inc.**, as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.
5. I shall faithfully and diligently comply with my duties and responsibilities as independent director under the Securities Regulation Code.
6. I shall inform the corporate secretary of **AllDay Marts, Inc.** of any changes in the abovementioned information within five days from its occurrence.

Done, this JUN 04 2024 at MANDALUYONG CITY.


RAUL JUAN N. ESTEBAN
Affiant

SUBSCRIBED AND SWORN to before me this JUN 04 2024 at MANDALUYONG CITY, affiant personally appeared before me and exhibited to me his valid ID PPH P711 56603, expiring on _____.

Doc. No. 379
Page No. 77
Book No. XXIII
Series of 2024.

ATTY. ARBIN OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ROLL 113571462
IBP Lifetime Member No. 018537
PTR No. 5415602 / 05 Jan. 2024 / Mandaluyong City
MCLE Compliance No. VII-0020373 issued dated 03 June 2022
Notarial Commission Appointment No. 0388-23
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City



NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

Notice is hereby given that the annual meeting of stockholders of ALLDAY MARTS, INC. (the "**Company**" or "**ALLDY**") for the year 2024 will be held online on **1 July 2024, Monday at 10:00 a.m.** with the proceedings livestreamed and voting conducted in absentia through the Company's secure voting online facility which may be accessed through the Company's website for the 2024 AGM: <https://corporate.allday.com.ph/asm2024>.

The order of business thereat as follows:

- I. Call to order
 - II. Certification of service of notice and presence of quorum
 - III. Approval of the minutes of the last Annual Meeting of Stockholders held on July 3, 2023
 - IV. Presentation of the President's Report, Management Report and Audited Financial Statements as of and for the year ended December 31, 2023
 - V. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting
 - VI. Election of the members of the Board of Directors, including the Independent Directors, for the year 2024
- Manuel B. Villar Jr.
Camille A. Villar
Frances Rosalie T. Coloma
Benjamarie Therese N. Serrano
Manuel Paolo A. Villar
Jessie D. Cabaluna (Independent Director)
Raul Juan N. Esteban (Independent Director)
- VII. Appointment of External Auditors
 - VIII. Other Matters
 - IX. Adjournment

Minutes of the 2023 Annual Meeting of Stockholders is available at the website of the Company, <https://corporate.allday.com.ph>.

The Board of Directors has fixed **30 May 2024** as the record date for the determination of stockholders entitled to notice of, and to vote at, said Annual Stockholders' Meeting.

In light of the current circumstances, and to ensure the safety and welfare of the Company's stockholders, the Company will dispense with the physical attendance of stockholders at the meeting and will allow attendance only by remote communication and voting only in absentia or by appointing the Chairman of the meeting as their proxy.

Stockholders who intend to participate in the meeting via remote communication and to exercise their vote in absentia must notify the Corporate Secretary by registering *in absentia* on or before **19 June 2024**. All information submitted will be subject to verification and validation by the Corporate Secretary.

Stockholders who intend to appoint a proxy should submit duly accomplished proxy forms on or before **19 June 2024** at the Office of the Corporate Secretary at **Upper Ground Floor, Worldwide Corporate Center, Shaw Boulevard, Mandaluyong City** and/or by email to **omar_carino@rlsclawoffices.com**.

The procedures for participating in the meeting through remote communication and for casting of votes in absentia are set forth in the Information Statement.


ARBIN OMAR P. CARIÑO
Corporate Secretary

AGENDA DETAILS AND RATIONALE

1. Certification of service of notice and presence of quorum

The Corporate Secretary, Atty. Arbin Omar P. Cariño, will certify that copies of the Notice of Meeting were duly published in the business section of two (2) newspapers of general circulation, and will certify the number of shares represented in the meeting, for the purpose of determining the existence of quorum to validly transact business.

Pursuant to Sections 23 and 57 of the Revised Corporation Code and SEC Memorandum Circular No. 6, Series of 2020, the Corporation has set up a designated web address which may be accessed by the stockholders to participate and vote in absentia on the agenda items presented for resolution at the meeting. A stockholder who votes in absentia as well as a stockholder participating by remote communication shall be deemed present for purposes of quorum.

The following are the rules and procedures for the conduct of the meeting:

- (i) Stockholders may attend the meeting remotely through <https://corporate.allday.com.ph/asm2024> (the "Website"). Stockholders may send their questions or comments prior to the meeting by e-mail at ir@allday.ph. The Website shall include a mechanism by which questions may be posted live during the meeting. The Company will endeavor to answer all questions submitted prior to and in the course of the meeting, or separately through the Company's Investor Relations Office within a reasonable period after the meeting.
- (ii) Each of the Agenda items which will be presented for resolution will be shown on the screen during the live streaming as the same is taken up at the meeting.
- (iii) Stockholders must notify the Company of their intention to participate in the meeting by remote communication to be included in determining quorum, together with the stockholders who voted in absentia and by proxy.
- (iv) Voting shall only be allowed for stockholders registered in the Company's Electronic Voting in Absentia System provided in the Company's website for the 2024 Annual Meeting of Stockholders or through the Chairman of the meeting as proxy.
- (v) All the items in the Agenda for the approval by the stockholders will need the affirmative vote of stockholders representing at least a majority of the issued and outstanding voting stock represented at the meeting.
- (vi) Election of directors will be by plurality of votes and every stockholder will be entitled to cumulate his votes.
- (vii) The Company's stock transfer agent and Corporate Secretary will tabulate and validate all votes received.

2. Approval of the minutes of the last Annual Meeting of Stockholders held on 3 July 2023

The minutes of the last Annual Meeting of Stockholders held on 3 July 2023 will be presented for approval by the stockholders, in keeping with Section 49(a) of the Revised Corporation Code.

A copy of such minutes has been uploaded on the Company's website.

3. Presentation of the President's Report, Management Report and Audited Financial Statements as of and for the year ended 31 December 2023

The audited financial statements ("AFS") of the Company as of and for the year ended 31 December 2023 (as audited by Punongbayan & Araullo), a copy of which is incorporated in the Definitive Information Statement for this meeting, will be presented for approval by the stockholders. The President and CEO of the Company, Ms. Frances Rosalie T. Coloma, will deliver a report to the stockholders on the Company's performance for the year 2023 (which will include highlights from the AFS) and the outlook for 2024.

The Board and Management of the Company believe it is in keeping with the Company's thrust to at all times observe best corporate governance practices, that the results of operations and financial condition of the Company be presented and explained to the shareholders. Any comment from the shareholders, and their approval or disapproval of these reports, will provide guidance to the Board and Management in their running of the business and affairs of the Company.

4. Ratification of all acts and resolutions of the Board of Directors and Management from the date of the last annual stockholders' meeting until the date of this meeting

Ratification by the stockholders will be sought for all the acts and resolutions of the Board of Directors and all the acts of Management taken or adopted from the date of the last annual stockholders' meeting until the date of this meeting. A brief summary of these resolutions and actions is set forth in the Definitive Information Statement for this meeting. Copies of the minutes of the meetings of the Board of Directors are available for inspection by any shareholder at the offices of the Company during business hours.

The Board and Management of the Company believe it is in keeping with the Company's thrust to at all times observe best corporate governance practices, that ratification of their acts and resolutions be requested from the shareholders in this annual meeting. Such ratification will be a confirmation that the shareholders approve the manner that the Board and Management run the business and affairs of the Company.

5. Election of the members of the Board of Directors, including the Independent Directors, for the year 2024

The Corporate Secretary will present the names of the persons who have been duly nominated for election as directors of the Company in accordance with the By-Laws and Revised Manual on Corporate Governance of the Company and applicable laws and regulations. The voting procedure is set forth in the Definitive Information Statement for this meeting.

6. Appointment of External Auditors

The Audit Committee is endorsing to the stockholders the re-appointment of Punongbayan & Araullo ("P&A") as external auditor of the Company for the fiscal year 2024.

PROXY

[NOTE: Stockholders who would like to be represented thereat by a proxy may choose to execute and send a proxy form to the Office of the Corporate Secretary, Atty. Arbin Omar P. Cariño at Upper Ground Floor, Worldwide Corporate Center, Shaw Boulevard, Mandaluyong City on or before 19 June 2024. A sample proxy form is provided below. Stockholders may likewise email a copy of the accomplished proxy form to omar_carino@rlsclawoffices.com.]

The undersigned stockholder of ALLDAY MARTS, INC. (the "Company") hereby appoints _____ or in his absence, the Chairman of the meeting, as attorney-in-fact or proxy, with power of substitution, to represent and vote _____ shares registered in his/her/its name as proxy of the undersigned stockholder, at the Annual Stockholders' Meeting of the Company on 1 July 2024 at 10:00 a.m. and at any adjournment thereof for the purpose of acting on the following matters:

- | | |
|---|--|
| 1. Approval of the Minutes of the Annual Stockholders Meeting of the Company held on 4 July 2023
☐ Yes ☐ No ☐ Abstain | 5. Appointment _____ of Punongbayan & Araullo ("P&A") as external auditor
☐ Yes ☐ No ☐ Abstain |
| 2. Approval of the Audited Financial Statements for the period ended 31 December 2023
☐ Yes ☐ No ☐ Abstain | |
| 3. Ratification of all acts and resolutions of the Board of Directors and Management for the year 2023 until date of the meeting
☐ Yes ☐ No ☐ Abstain | |
| 4. Election of the members of the Board of Directors, including the Independent Directors, for the year 2024 | _____
Printed name of Stockholder |

Name	No. of votes
Manuel B. Villar Jr.	_____
Camille A. Villar	_____
Frances Rosalie T. Coloma	_____
Manuel Paolo A. Villar	_____
Benjamin Therese N. Serrano	_____
Jessie D. Cabaluna	_____
Raul Juan N. Esteban	_____

Signature of Stockholder /
Authorized representative

Date

This proxy should be received by the Corporate Secretary on or before 19 June 2024, the deadline for submission of proxies.

This proxy when properly executed will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted for the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the Information Statement. Unless otherwise provided in the proxy, it shall be valid only for the meeting for which it is intended. (As amended on 7 July 2021 by at least a majority of the Board of Directors and by the Stockholders owning or representing at least two-thirds (2/3) of the outstanding capital stock of the Corporation)

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expressed his intention to vote in person.

Notarization of this proxy is not required.

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE

1. Check the appropriate box:
☐ Preliminary Information Statement
☒ Definitive Information Statement
2. Name of Registrant as specified in its charter: **ALLDAY MARTS, INC.**
3. **Philippines**
Province, country or other jurisdiction of incorporation or organization
4. SEC Identification Number **CS201629673**
5. BIR Tax Identification Code **009-491-731-000**
6. **LGF Building B, Evia Lifestyle Center, Daanghari Road,**
Almanza Dos, Las Piñas City **1750**
Address of principal office Postal Code
7. Registrant's telephone number, including area code **(+632) 8830-1900 / (+632) 8830-1901**
8. Date, time and place of the meeting of security holders
1 July 2024, 10:00 a.m. (via Remote Communication)
9. Approximate date on which the Information Statement is first to be sent or given to security holders
3 June 2024
10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA:
- | Title of Each Class | Number of Shares of Common Stock
Outstanding or Amount of Debt Outstanding |
|---------------------------------------|---|
| Common stock (As of 3/31/2024) | 22,857,145,000 shares |
11. Are any or all of registrant's securities listed in a Stock Exchange?
Yes ☒ No ☐
Name of Stock Exchange: **Philippine Stock Exchange**
Class of securities listed: **Common Stocks**

WE ARE NOT ASKING YOU FOR A PROXY
AND YOU ARE REQUESTED NOT TO SEND US A PROXY

PART I

INFORMATION STATEMENT

GENERAL INFORMATION

Date, time and place of meeting of security holders.

Date: July 1, 2024
Time: 10:00 a.m.
Place: Las Piñas City (via Remote Communication)
Link: <https://corporate.allday.com.ph/asm2024>

The corporate mailing address of the principal office of the Registrant is LGF Building B, Evia Lifestyle Center, Daanghari Road, Almanza Dos, Las Piñas City, Philippines.

This Information Statement may be accessed by the Company's stockholders beginning June 5, 2024 at the Company's website, <https://corporate.allday.com.ph>.

Dissenters' Right of Appraisal

Under Section 80, Title X, of the Revised Corporation Code of the Philippines ("Corporation Code"), any stockholder of the Registrant shall have the right to dissent and demand payment of the fair value of his shares only in the following instances, as provided by the Revised Corporation Code:

- (1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence;
- (2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets;
- (3) In case of merger or consolidation; and
- (4) In case of investments in another corporation, business or purpose.

The appraisal right, when available, may be exercised by any stockholder who shall have voted against the proposed corporate action, by making a written demand on the corporation within thirty (30) days after the date on which the vote was taken, for payment of the fair value of his shares; Provided, that failure to make the demand within such period shall be deemed a waiver of the appraisal right. A stockholder must have voted against the proposed corporate action in order to avail himself of the appraisal right. If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder upon surrender of his certificate(s) of stock representing his shares, the fair value thereof as of the day prior to the date on which the vote was taken, excluding any appreciation or depreciation in anticipation of such corporate action.

If within a period of sixty (60) days from the date the corporate action was approved by the stockholders, the withdrawing stockholder and the corporation cannot agree on the fair value of the shares, it shall be determined and appraised by three (3) disinterested persons, one of whom shall be named by the stockholder, another by the corporation and the third by the two thus chosen. The findings of the majority of appraisers shall be final, and their award shall be paid by the corporation within thirty (30) days after such award is made: Provided, that no payment shall be made to any dissenting stockholder unless the corporation has unrestricted retained earnings in its books to cover such payment; and Provided, Further, That upon payment by the corporation of the agreed or awarded price, the stockholder shall forthwith transfer his shares to the corporation.

None of the matters that are proposed to be taken up during the meeting gives a dissenter a right of appraisal.

Interest of Certain Persons in or Opposition to Matters to be Acted Upon

None of the officers or directors or any of their associates has any substantial interest, direct or indirect, in any of the matters to be acted upon in the stockholders' meeting.

No director has informed the Registrant in writing that he intends to oppose any action to be taken at the meeting.

CONTROL AND COMPENSATION INFORMATION

Voting Securities and Principal Holders Thereof

(a) Number of shares outstanding as of 31 March 2024

Common: 22,857,145,000

(b) Record Date: 30 May 2024

Each common share of stock of the Registrant is entitled to one (1) vote. Pursuant to Article V, Section 4 and Article VI Section 1 of the Registrant's By-Laws, all stockholders of the corporation shall have the right to participate and vote during meetings of the stockholders, including the Annual Stockholders' Meeting, either in person or by proxy executed in writing by the stockholder and filed with the corporate secretary within five business days before the scheduled meeting.

Stockholders entitled to vote are also entitled to cumulative voting in the election of directors. Section 23 of the Revised Corporation Code provides, in part, that: "...in stock corporations, stockholders entitled to vote shall have the right to vote the number of shares of stock standing in their own names in the stock books of the corporation at the time fixed in the bylaws or where the bylaws are silent, at the time of election. The said stockholder may: (a) vote such number of shares for as many persons as there are directors to be elected; (b) cumulate said shares and give one (1) candidate as many votes as the number of directors to be elected multiplied by the number of shares owned; or (c) distribute them on the same principle among as many candidates as may be seen fit...."

Equity Ownership of Foreign and Local Shareholders

Foreign and local security ownership as of March 31, 2024:

Class	Filipino		Foreign		Total Shares Outstanding
	Shares	Percent of Class	Shares	Percent of Class	
Common	21,539,045,097	94.23%	1,318,099,903	5.77%	22,857,145,000
Total	21,539,045,097		1,318,099,903		22,857,145,000

Security Ownership of Certain Beneficial Owners and Management

Security ownership of certain record and beneficial owners of more than 5.0% of the voting securities as of March 31, 2024:

Title of Class of Securities	Name/Address of Record Owners and Relationship with Us	Name of Beneficial Owner /Relationship with Record Owner	Citizenship	No. of Shares Held	% of Ownership¹
Common Shares	AllValue Holdings Corp. LGF Bldg B, Evia Lifestyle Center, Vista City, Daang Hari, Almanza II, Las Piñas City Shareholder	Record Owner is also beneficial Owner	Filipino	15,309,286,000	66.98%
Common Shares	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6776 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is not the beneficial Owner	Filipino	6,223,298,097	27.23%
Common Shares	PCD Nominee Corporation 37/F Tower 1, The Enterprise Ctr. 6776 Ayala Ave. cor. Paseo de Roxas, Makati City Shareholder	Record Owner is not the beneficial Owner	Non-Filipino	1,318,099,903	5.77%

Security ownership of certain management as of March 31, 2024:

Title of Class	Name of Beneficial Owner	Amount & Nature of Beneficial Ownership	Citizenship	Percent of Class
Common Shares	Manuel B. Villar Jr. C. Masibay Street, BF Resort Village, Las Piñas City	15,309,286,000 – Indirect	Filipino	66.98%
Common Shares	Manuel B. Villar Jr. C. Masibay Street, BF Resort Village, Las Piñas City	1,000,000 - Direct	Filipino	0.00%
Common Shares	Camille A. Villar C. Masibay Street, BF Resort Village, Las Piñas City	1,000,000 - Direct	Filipino	0.00%
Common Shares	Frances Rosalie T. Coloma 1-10 Granwood Villas, BF Homes Quezon City	1,000,000 - Direct	Filipino	0.00%
Common Shares	Manuel Paolo A. Villar C. Masibay Street, BF Resort Village, Las Piñas City	1,000,000 - Direct	Filipino	0.00%
Common Shares	Benjamarie Therese N. Serrano 103 Parklane St., La Marea Subdivision, San Pedro Laguna	1,000,000 - Direct	Filipino	0.00%
Common Shares	Jessie D. Cabaluna 87 Molave Ave., Molave Park Merville, Paranaque City	1,000 - Direct	Filipino	0.00%
Common Shares	Raul Juan N. Esteban 2238 Alexandra Condominium, Meralco Ave., Pasig City 2238	1,000 - Direct	Filipino	0.00%
TOTAL		15,314,288,000		67.00%

Except as indicated in the above table, none of the above-listed officers and management indirectly own shares of the Registrant. Except as aforementioned, no other officers of the Registrant hold, directly or indirectly, shares in the Registrant.

Based on the total issued and outstanding capital stocks as of March 31, 2024 of 22,857,145,000 common shares.

¹ Mr. Manuel B. Villar, Jr. and his spouse are the controlling shareholders of AllValue Holdings Corp. The right to vote the shares held by AllValue Holdings Corp. in this annual meeting is expected to be, exercised by Mr. Villar.

² PCD Nominee Corporation is the registered owner of shares beneficially owned by participants in the Philippine Depository & Trust Corporation, a private company organized to implement an automated book entry system of handling securities transactions in the Philippines (PCD). Under the PCD procedures, when an issuer of a PCD-eligible issue will hold a stockholders' meeting, the PCD shall execute a pro-forma proxy in favor of its participants for the total number of shares in their respective principal securities account as well as for the total number of shares in their client securities account. For the shares held in the principal securities account, the participant concerned is appointed as proxy with full voting rights and powers as registered owner of such shares. For the shares held in the client securities account, the participant concerned is appointed as proxy, with the obligation to constitute a sub-proxy in favor of its clients with full voting and other rights for the number of shares beneficially owned by such clients. Except as indicated above, as of Record Date, the Company is not aware of any investor beneficially owning shares lodged with the PCD which comprise more than five percent (5%) of the Company's total outstanding capital stock.

Voting Trust Holders of 5.0% or More

As of March 31, 2024, there is no party holding any voting trust for 5% or more of total shares outstanding.

Changes in Control

The Registrant is not aware of any voting trust agreements or any other similar agreements which may result in a change in control of the Registrant. No change in control of the Registrant has occurred since the beginning of its last fiscal year.

Directors and Executive Officers of the Registrant

Term of Office

Each director holds office until the annual meeting of stockholders held next after his election and his successor shall have been elected and qualified, except in case of death, resignation, disqualification or removal from office. The term of office of the officers is coterminous with that of directors that elected or appointed them.

Background Information

The following are the names, ages and citizenship of the incumbent directors/independent directors and officers of the Registrant:

<u>NAME</u>	<u>AGE</u>	<u>POSITION</u>	<u>CITIZENSHIP</u>
Manuel B. Villar Jr.	74	Chairman	Filipino
Camille A. Villar	39	Vice Chairman	Filipino
Frances Rosalie T. Coloma	61	Director, President & Chief Executive Officer	Filipino
Manuel Paolo A. Villar	47	Director	Filipino
Benjamarie Therese N. Serrano	61	Director	Filipino

<u>NAME</u>	<u>AGE</u>	<u>POSITION</u>	<u>CITIZENSHIP</u>
Jessie D. Cabaluna	67	Independent Director	Filipino
Raul Juan N. Esteban	62	Independent Director	Filipino
Jacqueline B. Cano	53	Chief Operating Officer	Filipino
Maria Cristina O. Barao	43	Treasurer, Chief Financial Officer and Compliance Officer	Filipino
Emerito M. Purisima Jr.	41	Investor Relations Officer	Filipino
Arbin Omar P. Cariño	43	Corporate Secretary	Filipino

The following states the business experience of the incumbent directors and officers of the Registrant for the last five (5) years:

Manuel B. Villar, Jr. *Chairman of the Board.* Mr. Villar, 74, was Senator of the Philippines from 2001 to June 2013. He served as Senate President from 2006 to 2008. He also served as a Congressman from 1992 to 2001 and as Speaker of the House of Representatives from 1998 to 2000. A Certified Public Accountant, Mr. Villar graduated from the University of the Philippines in 1970 with the degree of Bachelor of Science in Business Administration and in 1973 with the degree of Masters in Business Administration. He founded Camella Homes in the early 1970s and successfully managed said company over the years, to become the largest homebuilder in the Philippines now known as the Vista Land Group. Mr. Villar is also Chairman of the Board of Vistamalls, Inc. (formerly Starmalls, Inc.), AllHome Corp., AllValue Holdings Corp. and Golden MV Holdings, Inc. (formerly Golden Bria Holdings, Inc.). He is a member of the following organizations: Makati Business Club, Manila Golf Club, Management Association of the Philippines, Financial Executive Institute of the Philippines (FINEX), Philippine Institute of Certified Public Accountants, and the Villar Social Institute for Poverty Alleviation and Governance (SIPAG).

Camille A. Villar. *Vice Chairman.* Ms. Villar, 39, graduated from Ateneo de Manila University with a degree in Bachelor of Science in Management in 2006. She took Management in Business Administration, Global Executive MBA Program in Instituto de Estudios Superiores de la Epresse (IESE) Business School, Barcelona, Spain in 2014. She joined the Corporate Communications Group of Brittany from 2010 to 2013 and was Managing Director of Vista Land Commercial from 2008 to 2010. 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 Piñas City.

Frances Rosalie T. Coloma. *Director, President and Chief Executive Officer.* Ms. Coloma, 61, graduated cum laude from the University of the Philippines with the degree of Bachelor of Science in Business Administration and Accountancy in 1984. She is a Certified Public Accountant. She was previously the Finance Manager of Alcatel Philippines, Inc. (2002 to 2003) and Intel Philippines, Inc. (2003 to 2005), Country Controller of Ericsson Telecommunications Philippines, Inc. (2005 to 2009), Deal Finance Manager of Accenture Delivery Center, Philippines (2009 to 2010), and Assistant General Manager of Maersk Global Services, Philippines (2010). Ms. Coloma was also the Chief Financial Officer and Chief Information Officer of Golden Bria Holdings, Inc. (now Golden MV Holdings, Inc.) from 2016 to 2019. She was also the Chief Financial Officer of Vistamalls, Inc. (formerly Starmalls, Inc.) from 2012 to 2016 and of AllHome Corp. from 2019 to 2021. She is currently the Treasurer and a Director of AllHome Corp. and Director of Golden MV Holdings, Inc. (formerly Golden Bria Holdings, Inc.).

Manuel Paolo A. Villar. *Director.* Mr. Villar, 47, 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., VistaREIT, Inc., and Powersource Phils Development Corp. Mr. Villar is also the majority shareholder of Prime Asset Ventures, Inc., and director of Fine Properties, Inc, AllHome Corp., and Premiere Island Power REIT Corporation.

Benjamarie Therese N. Serrano. *Director.* Ms. Serrano, 61, graduated from the University of the Philippines with a degree in Economics in 1983 and from the Asian Institute of Management, with a Master's degree in Business Management in 1990. She is also the President of AllHome Corp. and other subsidiaries of AllValue. Ms. Serrano was the President of Vistamalls, Inc. (formerly Starmalls, Inc.), Inc. from 2017 to 2019.

Jessie D. Cabaluna. *Independent Director.* Ms. Cabaluna, 67, graduated with a degree in Bachelor of Science in Commerce, major in Accounting from University of St. La Salle in 1977. She also completed the Management Development Program from the Asian Institute of Management in 1988, and Advance Management Program from the Harvard Business School in 2012. Ms. Cabaluna also completed Finance for Corporate Directors Program in 2017. She was previously a Partner at SGV & Co. from 1997 to 2017. She is presently an independent director of AllHome. Corp.

Raul Juan N. Esteban. *Independent Director.* Mr. Esteban, 62, graduated from the Ateneo de Manila University with a degree of Bachelor of Science in Management Engineering. He became a brand manager of Unilever Philippine 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, 53, graduated from the Polytechnic University of the Philippines with a degree in 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.

Maria Cristina O. Barao. *Treasurer, Chief Financial Officer and Compliance Officer.* Ms. Barao, 43, 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.

Emerito M. Purisima, Jr. *Investor Relations Officer.* Mr. Purisima, 41, 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 & 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.

Arbin Omar P. Cariño. *Corporate Secretary.* Mr. Cariño, 43, 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.

All the incumbent Directors above have one (1) year term of office and all have been nominated for re-election to the Board of Directors.

The By-Laws of the Registrant conforms with SRC Rule 38, as amended, with regard to the nomination of independent directors of the Registrant. Article I, Sections 2, 3 and 4 of the Registrant's By-Laws provide as follows:

"Section 2. Directors - The members of the Board of Directors must have at least one (1) share of the capital stock of the corporation. They shall serve for a period of one (1) year and until their successors are elected and qualified. The Board of Directors shall have at least two (2) independent directors, or such number constituting at least twenty percent (20%) of such Board of Directors. At each organizational meeting of the Board of Directors following the annual meeting of the stockholders of the corporation, the Board of Directors may elect a Chairman, who shall preside at all meetings of the Board of Directors and stockholders, and a Vice Chairman, who shall preside at meetings of the Board of Directors and stockholders in the absence of the Chairman.

Section 3. Election - The directors shall be elected from among the stockholders during the annual meeting of the stockholders at the principal office of the corporation.

Section 4. Disqualification - In addition to the disqualification of directors under Section 26 of the Revised Corporation Code, no stockholder convicted by final judgment of an offense punishable by imprisonment for a period exceeding six (6) years, or a violation of the Revised Corporation Code of the Philippines, committed within five (5) years prior to the date of election, shall qualify as a director. A stockholder shall not be eligible to be elected as a director if he is engaged in any business which competes with or is antagonistic to that of the Corporation. Without limiting the generality of the foregoing, a person shall be deemed to be so engaged:

- (a) If he is an officer, manager, or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any corporation (other than one in which the Corporation owns at least 30% of the capital stock) engaged in a business which the Board of Directors, by at least three-fourths (3/4) vote, determines to be competitive or antagonistic to that of the Corporation; or
- (b) If he is an officer, manager, or controlling person of, or the owner (either of record or beneficially) of 10% or more of any outstanding class of shares of, any other corporation or entity, engaged in any line of business of the corporation, when in the judgment of the Board of Directors, by at least three-fourths (3/4) vote, the laws against combinations in restraint of trade shall be violated by such person's membership in the Board of Directors; or
- (c) If the Board of Directors, in the exercise of its judgment in good faith, determines, by at least three-fourths (3/4) vote, that he is the nominee of any person set forth in (a) or (b);

In determining whether or not a person is a controlling person, beneficial owner, or the nominee of another, the Board of Directors may take into account such factors as business and family relationship.

Notwithstanding the foregoing prohibition, a stockholder may still be qualified or eligible for nomination or election to the Board of Directors if:

- (a) The perceived competing business controls the corporation (i.e., competing

business owns at least majority of the corporation), is under common control with the corporation (i.e., the same ultimate beneficial stockholder has control of both corporations), or is controlled by the corporation (i.e., at least majority of the competing business is owned by the corporation); or

- (b) The perceived competing business is a related party to the corporation where the nominee in question is a person identified as a person with significant influence over the corporation and the perceived competing business or the nominee in question is a member of the key management personnel of the corporation and the perceived competing business.

For the proper implementation of this provision, all nominations for the election of directors by the stockholders shall be submitted in writing to the Corporate Governance Committee on or before such date that the Board of Directors may fix.”

On the other hand, SRC Rule 38, as amended, provide in part as follows:

“8. Nomination and Election of Independent Director/s

The following rules shall be applicable to all covered companies:

- A. The Nomination Committee (the "Committee") shall have at least three (3) members, one of whom is an independent director. It shall promulgate the guidelines or criteria to govern the conduct of the nomination. The same shall be properly disclosed in the Registrant's information or proxy statement or such other reports required to be submitted to the Commission.
- B. Nomination of independent director/s shall be conducted by the Committee prior to a stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity by the would-be nominees.
- C. The Committee shall pre-screen the qualifications and prepare a final list of all candidates and put in place screening policies and parameters to enable it to effectively review the qualifications of the nominees for independent director/s.
- D. After the nomination, the Committee shall prepare a Final List of Candidates which shall contain all the information about all the nominees for independent directors, as required under Part IV (A) and (C) of Annex "C" of SRC Rule 12, which list, shall be made available to the Commission and to all stockholders through the filing and distribution of the Information Statement, in accordance with SRC Rule 20, or in such other reports the Registrant is required to submit to the Commission. The name of the person or group of persons who recommended the nomination of the independent director shall be identified in such report including any relationship with the nominee.
- E. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as Independent Director/s. No other nominations shall be entertained after the Final List of Candidates shall have been prepared. No further nominations shall be entertained or allowed on the floor during the actual annual stockholders'/memberships' meeting.”

The Registrant has complied with the guidelines on the nomination and election of independent directors set forth in Rule 38 of the Amended Implementing Rules and Regulations of the Securities Regulation Code. The independent directors, namely, Ms. Jessie D. Cabaluna and Mr. Raul Juan N. Esteban were nominated and elected on 3 July 2023.

Under recommendation 5.3 of SEC Memorandum Circular No. 19, Series of 2016, the SEC allows

independent directors the maximum tenure of nine (9) years to sit in the Board of a publicly listed company. The tenure of the independent directors is still within the permissible period under the said SEC recommendation as Ms. Jessie D. Cabaluna and Mr. Raul Juan N. Esteban were elected as independent directors in 2021.

Appraisals and Performance Report for the Board

Attendance of each director of the Corporation in Board meetings held during the year 2023 as follows:

<i>Director's Name</i>	Apr 27	May 16	May 16	Jul 3	Aug 14	Nov 14	Attendance Percentage
Manuel B. Villar, Jr.	P	P	P	P	P	P	100%
Camille A. Villar	P	P	P	P	P	P	100%
Frances Rosalie T. Coloma	P	P	P	P	P	P	100%
Manuel Paolo A. Villar	P	P	P	P	P	P	80%
Benjamarie Therese N. Serrano	P	P	P	P	P	P	100%
Jessie D. Cabaluna	P	P	P	P	P	P	100%
Raul Juan N. Esteban	P	P	P	P	P	P	100%

Legend: (A) Absent, (P) Present

The Board has established committees to assist in exercising its authority in monitoring the performance of the Company in accordance with its Corporate Governance Manual and Code of Business Ethics.

Term of Office

Directors elected during the annual meeting of stockholders will hold office for one year until their successors are duly elected and qualified. A director who was elected to fill any vacancy holds office only for the unexpired term of his predecessor.

Resignations/Declined Nominations

To date, no Director has resigned or declined to stand for re-election to the Board of Directors since the date of the last annual stockholders' meeting due to disagreement with the Registrant on any matter relating to the Registrant's operations, policies or practices.

Significant Employees

The Registrant has no other significant employee other than its Executive Officers.

Family Relationships

Manuel B. Villar, Jr., is the father of Manuel Paolo A. Villar and Camille A. Villar. Except for said relationship, none of the aforementioned Directors or Executive Officers is related to the others by consanguinity or affinity within the fourth civil degree.

Certain Relationships and Related Transactions

As of March 31, 2024, the Villar Family Companies held 66.98% of the total issued and outstanding common share capital of the Company.

The Company and its subsidiaries, in their ordinary course of business, engage in transactions with the Villar Family Companies and their respective subsidiaries. The Company's policy with respect to related-party transactions is to ensure that these transactions are entered into on terms at least comparable to those available from unrelated third parties.

The transactions with related parties for the year ended December 31, 2023 are discussed in the Company's 2023 Audited Financial Statements attached in this Information Statement. Please see Note 19, pages 30 to 31 of the Notes to the Financial Statements accompanying the Company's 2023 Audited Financial Statements. 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.

The Company's directors and employees are required to promptly disclose any business and family-related transactions with the Company to ensure that potential conflicts of interest are surfaced and brought to the attention of management. None of the Company's directors has entered into self-dealing and related party transactions with or involving the Company in 2023.

Involvement in Certain Legal Proceedings

None of the aforementioned Directors or Executive Officers is, or has been, involved in any criminal or bankruptcy proceeding, or is, or has been, subject to any judgment of a competent court barring or otherwise limiting his involvement in any type of business, or has been found to have violated any securities laws during the past five (5) years and up to the latest date.

Compensation of Directors and Executive Officers

Executive Compensation

The executive officers of the Registrant are currently receiving and will continue to receive fixed salaries on a monthly basis from the respective subsidiaries or businesses of the Registrant that they manage. The compensation for its executive officers for the year 2022 and 2023 (actual) and 2024 (projected) are as shown below:

Names	Position	Year	Salary and Bonus
Aggregate executive compensation for the following key management officers:			
Frances Rosalie T. Coloma	President and CEO	Actual 2022	₱ 21.6 M
Maria Cristina O. Barao	Treasurer, CFO and Compliance Officer	Actual 2023	₱ 23.8 M
Arbin Omar Cariño	Corporate Secretary	Projected 2024	₱ 25.9 M
Jacqueline B. Cano	COO		

Emerito M. Purisima, Jr.

Investor Relations
Officer

**Aggregate executive compensation
for all other officers and directors,
unnamed**

Actual 2022 ₱ 21.9 M

Actual 2023 ₱ 24.1 M

Projected 2024 ₱ 26.0 M

The total annual compensation paid to the above-named officers and directors was paid in cash. The annual compensation includes the basic salary, the mid-year and 13th month bonus. No other annual compensation was given to above-named officers and directors except for the mentioned annual compensation package.

Standard arrangements

Other than payment of reasonable per diem of ₱50,000.00 per non-executive director for every meeting, there are no standard arrangements pursuant to which the Board of Directors are compensated, or are to be compensated, directly or indirectly, for any services provided as a director during 2023.

Director	Total Remuneration in 2023
Manuel B. Villar Jr.	₱-
Camille A. Villar	-
Frances Rosalie T. Coloma	-
Manuel Paolo A. Villar	-
Benjaminarie Therese N. Serrano	-
Jessie D. Cabaluna	300,000
Raul Juan N. Esteban	300,000
Total	₱600,000

Other arrangements

There are no other arrangements pursuant to which any director of the Company was compensated, or is to be compensated, directly or indirectly by the Company, during 2023 for any service provided as a director.

Employment contract between the company and executive officers

There are no special employment contracts between the Company and the named executive officers.

Warrants and options held by the executive officers and directors

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

Significant employee

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

Independent Public Accountants

The auditing firm of Punongbayan & Araullo ("P&A") is being recommended for election as external auditor for the current year. The Company is compliant with SRC Rule 68, (3), (b), (iv), requiring the rotation of external auditors or engagement partners for a period of five (5) consecutive years as P&A has been the external auditor of the Company since 2020.

Representatives of the said firm are expected to be present at the annual stockholders' meeting and will have the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions. In 2023, the Registrant's auditors did not perform any substantial non-audit services for the Registrant.

Changes in and Disagreement with Accountants on Accounting and Financial Disclosure

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

There are no disagreements with auditors on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which, if not resolved to their satisfaction, would have caused the auditors to make reference thereto in their reports on the financial statements of the Company and its subsidiaries.

Audit Committee's Approval Policies and Procedures

In relation to the audit of the Registrant's annual financial statements, the Registrant's Corporate Governance Manual provides that the audit committee shall, among other activities, (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Registrant; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Registrant with acceptable auditing and accounting standards and regulations.

The Audit Committee of the Registrant is composed of Ms. Jessie D. Cabaluna, Chairman, and Mr. Manuel Paolo A. Villar and Mr. Raul Juan N. Esteban, members.

Audit and Audit-Related Fees

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

	<u>2023</u>	<u>2022</u>
	<u>(In ₱ Thousands with VAT)</u>	
Audit and Audit-Related Fees	₱ 2,698.6	₱ 1,846.2
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements		
All Other Fees	-	-
Total	₱ 2,698.6	₱ 1,846.2

P&A does not have any direct or indirect interest in the Company. No other assurance and related services were rendered other than mentioned above.

Tax Fees

Except as provided above, the Registrant did not pay any tax fees and other fees to its external auditors.

Authorization or Issuance of Securities Other than for Exchange

Not applicable. The Company has not issued any authorization or issuance of securities other than for Exchange in 2023.

Modification or Exchange of Securities

Not applicable. There has not been any modification or exchange of securities.

Mergers, Consolidations, Acquisitions and Similar Matters

Not applicable. The Company is not subject of any merger or consolidation.

Acquisition or Disposition of Property

The Company has not acquired or disposed any other property in 2023.

Restatement of Accounts

Not applicable. The Company has not restated any accounts.

OTHER MATTERS

Action with Respect to Reports

The following reports will be submitted for approval and reference by the stockholders:

1. Minutes of the last Annual Meeting of Stockholders held on July 3, 2023, covering the following matters: (i) approval of the minutes of the Annual Stockholders' Meeting held on July 4, 2022; (ii) presentation of the President's Report, Management Report and Audited Financial Statements for the year ended 31 December 2022; (iii) ratification of all acts and resolutions of the Board of Directors and Management since the annual stockholders' meeting held in July 4, 2022; (iv) election of the members of Board of Directors, including the Independent Directors of the Company for the ensuing fiscal year; (v) appointment of the external auditor of the Company for the fiscal year 2023; and (vi) other matters.
2. The President's Report; and
3. Audited Financial Statements for the year 2023.

The 2023 Annual Meeting of the Shareholders was held via remote communication and was attended by the shareholders, the Board of Directors, and various officers of the Corporation. The shareholders were allowed to vote on each agenda item presented to them for approval, with the

number of votes approving each agenda item indicated in their respective sections in the Minutes. The shareholders were also given the opportunity through electronic mail to ask questions, express opinion, and make suggestions on various issues related to the Corporation. In compliance with Section 49 of the Revised Corporation Code, the Minutes of the Annual Meeting of the Shareholders held on July 3, 2023 and the 2023 Definitive Information Statement contain the following: (a) a description of the voting and tabulation procedures used in the meeting, (b) a description of the opportunity given shareholders to ask questions and a description of the nature of the questions, (c) matters discussed and resolutions reached and the record of the voting results for each agenda item and (d) a list of the directors and shareholders who attended the meeting.

Matters Not Required to be Submitted

There are no matters or actions to be taken up in the meeting that will not require the vote of the stockholders as of the record date.

Amendment of Charter, Bylaws or Other Documents

There are no amendments of articles of incorporation and by-laws in 2023.

Other Proposed Actions

1. Ratification of all acts and resolutions of the Board of Directors and Management for the year 2023 until the date of the meeting, as set forth in the minutes of the meetings of the Board of Directors held during the same period and in the disclosures that have been duly filed with the SEC and the PSE. These minutes cover the approval of the quarterly and annual reports of the Registrant filed with the SEC and the PSE; resignation/election of members of the Board of Directors; appointment of authorized signatures for various transactions in the normal course of business of the Company as well as opening and closure of various investment and/or deposit accounts.
2. Election of External Auditors

Voting Procedures

Manner of voting

In all items for approval, except in the election of directors, each share of stock entitles its registered owner to one vote.

For the purpose of electing directors, a stockholder may vote such number of his shares for as many persons as there are directors to be elected or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them in the same principle among as many candidates as he shall see fit. Unless required by law, or demanded by a stockholder present or represented at the meeting and entitled to vote thereat, voting need not be by ballot and will be done by show of hands.

Voting requirements

- (a) With respect to the election of directors, candidates who received the highest number of votes shall be declared elected.
- (b) With respect to the adoption of the Audited Financial Statements for the year ended 31

December 2023, as well as the approval or ratification of the other actions set forth under the heading “Other Proposed Actions” above, the vote of majority of the outstanding capital stock entitled to vote and represented in the meeting is required to approve such matters.

Method of counting votes

The Corporate Secretary will be responsible for counting votes based on the number of shares entitled to vote owned by the stockholders who are present or represented by proxies at the Annual Meeting of the stockholders.

PART II

MANAGEMENT REPORT

I. FINANCIAL STATEMENTS

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

II. INFORMATION ON INDEPENDENT ACCOUNTANT

Punongbayan & Araullo (P&A) independent certified public accountants, audited the Company's consolidated financial statements without qualification as of and for the years ended December 31, 2020, 2021, 2022 and 2023, included in this report. Nelson Dinio is the current audit partner for the Company.

The Company has not had any disagreements on accounting and financial disclosures with its current external auditors for the same periods or any subsequent interim period. P&A has neither shareholding in the Company nor any right, whether legally enforceable or not, to nominate persons or to subscribe for the securities in the Company. P&A will not receive any direct or indirect interest in the Company or in any securities thereof (including options, warrants or rights thereto). The foregoing is in accordance with the Code of Ethics for Professional Accountants in the Philippines set by the Board of Accountancy and approved by the Professional Regulation Commission.

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

	<u>2023</u>	<u>2022</u>
	<i>(In ₱ Thousands with VAT)</i>	
Audit and Audit-Related Fees	₱ 2,698.6	₱ 1,846.2
Fees for services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements		
All Other Fees	-	-
Total	₱ 2,698.6	₱ 1,846.2

P&A does not have any direct or indirect interest in the Company. No other assurance and related services were rendered other than mentioned above.

III. AUDIT COMMITTEE'S APPROVAL AND PROCEDURES FOR THE SERVICES OF THE EXTERNAL AUDITOR

The scope, extent, and nature of the services to be referred to, and/or rendered by the appointed external auditor of the Company has been unanimously approved by the audit committee in a meeting duly called for the purpose, including the fees to be paid for the services thus rendered and/or referred. In relation to the audit of the Company's annual financial statements, the Company's Corporate Governance Manual provides that the audit committee shall, among other activities (i) evaluate significant issues reported by the external auditors in relation to the adequacy, efficiency and effectiveness of policies, controls, processes and activities of the Company; (ii) ensure that other non-audit work provided by the external auditors are not in conflict with their functions as external auditors; and (iii) ensure the compliance of the Company with acceptable auditing and accounting standards and regulations.

I. MANAGEMENT'S DISCUSSION AND ANALYSIS

REVIEW OF FIRST QUARTER END 2024 VS FIRST QUARTER END 2023

RESULTS OF OPERATIONS

Quarter Ended March 31, 2024 compared to quarter ended March 31, 2023

	For the quarter ended		Horizontal	Vertical Analysis	
	March 31		Analysis		
	2024	2023		2024	2023
	(in millions of ₱)		% Change	% of Total Sales	
Sales.....	₱2,467.9	₱2,441.2	1.1%	100.0%	100.0%
Cost of merchandise sold.....	1,953.9	1,932.8	1.1%	79.2%	79.2%
Other income	13.1	14.7	-10.9%	0.5%	0.6%
Other operating expenses	410.1	400.1	2.5%	16.6%	16.4%
Finance income (costs)					
Finance costs.....	(9.5)	(5.1)	86.7%	-0.4%	-0.2%
Finance income	0.1	0.1	-15.2%	0.0%	0.0%
Tax expense	10.5	29.5	-64.4%	1.1%	1.2%
Net profit (loss).....	97.0	88.6	9.5%	3.3%	3.6%

Sales

The company recorded sales of ₱2,467.9 million for the quarter ended 31 March 2024, an increase of 1.1% from ₱2,441.2 million for the quarter ended 31 March 2023. The increase was attributable to sales growth from existing stores and revenue contribution of new stores.

Cost of Merchandise Sold

For the quarter ended 31 March 2024, cost of merchandise sold was at ₱1,953.9 million, an increase of 1.1% compared to ₱1,932.8 million for the same period in 2023, largely driven by the increase in sales in existing stores and incremental sales from the two new stores added during the period.

Support, Fees, Rentals and Other Income

Support, fees, rentals and other income decreased by 10.9% from ₱14.7 million for the quarter ended 31 March 2023 to ₱13.1 million for the quarter ended 31 March 2024 due to decrease in vendor support fees.

Other Operating Expenses

Selling Expenses

Selling expenses increased by 17.0% to ₱312.0 million for the quarter ended 31 March 2024 from ₱266.5 million for the same period in 2023 primarily due to the following:

- Decrease in delivery fees from ₱0.5 million for the quarter ended 31 March 2023 to ₱0.3 million for the quarter ended 31 March 2024 on account of decrease in the volume of deliveries for the period.

- Decrease in advertising and promotions from ₱4.9 million for the quarter ended 31 March 2023 to ₱3.0 million for the quarter ended 31 March 2024 due to lesser out of home billboards and print outs as the company focuses on social media campaigns which is more affordable with wide reach.
- Decrease in operating supplies from ₱7.9 million for the quarter ended 31 March 2023 to ₱5.1 million for the quarter ended 31 March 2024 due to company's initiative to transition to paperless processes.
- Decrease in salaries, wages, and other employee benefits from ₱32.5 million for the quarter ended 31 March 2023 to ₱31.6 million for the quarter ended 31 March 2024 due to the high turnover rate.
- Decrease in agency fee from ₱60.6 million for the quarter ended 31 March 2023 to ₱59.6 million for the quarter ended 31 March 2024 attributable to the reduction of manpower from agencies.
- Increase in communication and utilities from ₱70.8 million for the quarter ended 31 March 2023 to ₱72.6 million for the quarter ended 31 March 2024 primarily as a result of increase in number of stores.
- Decrease in rentals from ₱71.2 million for the quarter ended 31 March 2023 to ₱69.5 million for the quarter ended 31 March 2024 due to the decrease is due to the effect of PFRS 16 of one Libis Branch only.
- Decrease in repairs and maintenance from ₱6.6 million for the quarter ended 31 March 2023 to ₱5.9 million for the quarter ended 31 March 2024 due to cost-cutting measures implemented.
- Increase in merchant fee from ₱9.0 million for the quarter ended 31 March 2023 to ₱9.4 million for the quarter ended 31 March 2024 primarily due to higher debit and credit card sales for the period.

General and administrative expenses

General and administrative expenses decreased by 26.5% from ₱133.5 million for the quarter ended 31 March 2023 to ₱98.1 million for the quarter ended 31 March 2024 primarily due to the following:

- Increase in professional fees from ₱1.1 million for the quarter ended 31 March 2023 to ₱1.4 million for the quarter ended 31 March 2024 due to audit fees and consultancy fees for sustainability reporting.
- Decrease in taxes and licenses from ₱14.8 million for the quarter ended 31 March 2023 to ₱11.9 million for the quarter ended 31 March 2024 due to decrease in revenues.
- Increase in depreciation and amortization from ₱112.7 million for the quarter ended 31 March 2023 to ₱129.0 million for the quarter ended 31 March 2024 due to the increase in the number of stores and amortization of capitalized interest.
- Decrease in miscellaneous expense from ₱0.6 million for the quarter ended 31 March 2023 to ₱0.5 million for the quarter ended 31 March 2024 due to cost-cutting measures implemented.
- Increase in insurance from ₱3.0 million for the quarter ended 31 March 2023 to ₱5.0 million for the quarter ended 31 March 2024 due primarily to the increase in the number of stores and adjustment in insurance coverages.

- Decrease in dues and subscription from ₱3.3 million for the quarter ended 31 March 2023 to ₱2.1 million for the quarter ended 31 March 2024 due to cost-saving measures implemented.
- Increase in travel and transportation from ₱4.4 million for the quarter ended 31 March 2023 to ₱3.4 million for the quarter ended 31 March 2024 due to cost-saving measures implemented.

Finance Cost

Finance cost increased by 86.7% from ₱5.1 million for the quarter ended 31 March 2023 to ₱9.5 million for the quarter ended 31 March 2024 due to none capitalizing of borrowing cost.

Finance Income

Finance income decreased by 15.2% from ₱0.08 million for the quarter ended 31 March 2023 to ₱0.07 million for the quarter ended 31 March 2024. The decrease was primarily attributable to the lower average cash balance during the quarter ended 31 March 2024 compared to the quarter ended 31 March 2023.

Provision for Income Tax

Provision for income tax decreased by 64.4% from ₱29.5 million for the quarter ended 31 March 2023 to ₱10.5 million for the quarter ended 31 March 2024 due to lower taxable income for the period.

Net Profit

As a result of the foregoing, our net income increased by 9.5% to ₱97.0 million for the quarter ended 31 March 2024 from ₱88.6 million net income for the quarter ended 31 March 2023.

FINANCIAL CONDITION

As of 31 March 2024 vs. December 2023

	For the period ended,		Horizontal analysis	Vertical Analysis	
	March 31, 2024	December 31, 2023		March 31, 2024	December 31, 2023
	(in millions of ₱)		% Change	% of Total Assets	
Total Current Assets	₱4,509.9	₱4,288.6	5.2%	46.2%	44.7%
Total Noncurrent Assets	5,248.4	5,316.1	-1.3%	53.8%	55.3%
Total Assets.....	9,758.3	9,604.7	1.6%	100.0%	100.0%
Total Current Liabilities.....	1,841.0	1,763.4	4.4%	18.9%	18.4%
Total Noncurrent Liabilities.....	922.9	927.5	-0.0%	9.46%	9.7%
Total Liabilities	2,763.9	2,690.9	2.7%	28.3%	28.0%
Equity	6,994.4	6,913.8	1.2%	71.7%	28.0%
Total Liabilities and Equity	9,758.3	9,604.7	1.6 %	100.0%	100.0%

Total assets amounting to ₱9,758.3 million as of 31 March 2024 recorded a slight increase of 1.6% from the reported amount of ₱9,604.7 million in 31 December 2023 due to the following:

- Cash increased by 13.5% from ₱1,003.6 million as of 31 December 2023 to ₱1,138.9 million as of 31 March 2024 due primarily to higher sales for the period.
- Receivables decreased by 14.7% from ₱190.7 million as of 31 December 2023 to ₱162.7 million as of 31 March 2024 due to collections made.

- Merchandise inventories increased by 1.3% from ₱2,082 million as of 31 December 2023 to ₱2,109 million as of 31 March 2024 due primarily to inventory optimization.
- Prepayments and other current assets increased by 8.6% from ₱1,012 million as of 31 December 2023 to ₱1,099 million as of 31 March 2024 due primarily to advances to suppliers and input VAT from merchandise inventories and capital expenditures.
- Property and equipment decreased by 0.9% from ₱4,236 million as of 31 December 2023 to ₱4,199 million as of 31 March 2024 due primarily to depreciation for the period
- Intangible assets decreased by 4.8% from ₱557.3 million as of 31 December 2023 to ₱530.3 million as of 31 March 2024 due to amortization for the period.
- Right-of-use assets decreased by 2.9% from ₱132.1 million as of 31 December 2023 to ₱128.3 million as of 31 March 2024 due primarily to amortization for the period.
- Other non-current assets increased by 0.1% from ₱390.6 million as of 31 December 2023 to ₱390.9 million as of 31 March 2024 due primarily to security deposit paid.

Total liabilities amounting to ₱2,764 million as of 31 March 2024 recorded an increase of 2.7% from the reported amount of ₱2,691 million in 31 December 2023. This was due to the following:

- Trade and other payables decreased by 21.4% from ₱362.8 million as of 31 December 2023 to ₱440.5 million as of 31 March 2024 due to payments made for the period.
- Loans payable including non-current portion decreased slightly by 0.01% from ₱1,736.9 million as of 31 December 2023 to ₱1,736.7 million as of 31 March 2024.
- Lease liability including non-current portion decreased slightly by 2.2% from ₱209.0 million as of 31 December 2023 to ₱204.4 million as of 31 March 2024 due to lease payments made.
- Deferred tax liabilities remained fixed at ₱352.2 million for the quarter ended 31 March 2024.
- Retirement benefit obligation remained unchanged at ₱30.1 million.

Total equity increased by 1.3% from ₱6,913.8 as of 31 December 2023 to ₱6,994.4 million as of 31 March 2024 due to net income recorded for the period.

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

Key Performance Indicators	3/31/2024	3/31/2023
Sales (₱ millions)	₱ 2,467.9	₱ 2,441.2
Sales Growth (%)	1.1%	6.5%
Gross Profit Margin (%) ⁽¹⁾	20.8%	20.8%
Net Profit or Loss (₱ millions)	97.0	88.6
Net Profit Margin (%) ⁽²⁾	3.9%	3.6%

Notes:

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

(b) *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 quarter ended 31 March 2024 compared to the quarter ended 31 March 2023 due to the same store sales growth of existing stores and the additional revenues generated from the new stores.

Gross Profit Margin remained unchanged for the quarter ended 31 March 2024.

Net Profit or Loss and Net Profit Margin increased for the quarter ended 31 March 2024 compared to the quarter ended 31 March 2023 attributable to the reduction of cost production without sacrificing quality.

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

Cash increased by 13.5% from ₱1,003.6 million as of 31 December 2023 to ₱1,138.9 million as of 31 March 2024 due primarily to higher sales for the period.

Receivables decreased by 14.7% from ₱190.7 million as of 31 December 2023 to ₱162.7 million as of 31 March 2024 due to collections made.

Prepayments and other current assets increased by 8.6% from ₱1,012 million as of 31 December 2023 to ₱1,099 million as of 31 March 2024 due primarily to advances to suppliers and input VAT from merchandise inventories and capital expenditures.

Intangible assets decreased by 4.8% from ₱557.3 million as of 31 December 2023 to ₱527.1 million as of 31 March 2024 due to amortization for the period.

Trade and other payables increased by 21.4% from ₱362.8 million as of 31 December 2023 to ₱440.5 million as of 31 March 2024 due to increase in inventory for the period and timing difference of payment terms.

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

Support, fees, rentals and other income decreased by 11.1% from ₱14.7 million for the quarter ended 31 March 2023 to ₱13.1 million for the quarter ended 31 March 2024 due to decrease in vendor support fees.

Provision for income tax decreased by 9.0% from ₱29.5 million for the quarter ended 31 March 2023 to ₱26.9 million for the quarter ended 31 March 2024 due to lower taxable income for the period.

As a result of the foregoing, our net income decreased by 9.0% to ₱80.6 million for the quarter ended 31 March 2024 from ₱88.6 million net income for the quarter ended 31 March 2023.

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

COMMITMENTS AND CONTINGENCIES

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

REVIEW OF YEAR END 2023 VS YEAR END 2022

Year Ended December 31, 2023 compared to year ended December 31, 2022

	For the year ended December 31, 2023 2022 (in millions of ₱)		Horizontal analysis % Change	Vertical analysis 2023 2022 % of Total Sales	
Sales.....	₱10,193.9	₱9,759.7	4.4%	100.0%	100.0%
Cost of merchandise sold	8,139.1	7,756.9	4.9%	79.5%	79.5%
Gross Profit.....	2,054.8	2,002.8	2.6%	20.2%	20.5%
Other income	125.5	51.4	144.3%	1.2%	0.5%
Gross Profit with Other income .	2,180.4	2,054.2	6.1%	21.4%	21.0%
Other operating expenses.....	1,652.6	1,553.3	6.4%	16.2%	15.9%
Operating Profit.....	527.8	500.9	5.4%	5.2%	5.1%
Finance income (costs)					
Loss from fire damage - net....	-	(71.8)		-0.7%	-0.7%
Finance costs.....	(36.0)	(27.5)	31.0%	-0.3%	-0.3%
Finance income	0.3	0.3	-18.0%	0.0%	0.0%
Profit Before Tax.....	492.0	401.9	22.4%	4.1%	4.1%
Tax expense	122.8	100.1	22.6%	1.0%	1.0%
Net profit.....	369.2	301.8	-22.4%	3.1%	3.1%

Sales

The company recorded sales of ₱10,193.9 million for the year ended 31 December 2023, an increase of 4.4% from ₱9,759.7 million for the year ended 31 December 2022. 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 2023, cost of merchandise sold was at ₱8,139.1 million, an increase of 4.9% compared to ₱7,756.9 million for the same period in 2022, largely driven by the increase in sales in existing stores and incremental sales from the four new stores added during the period.

Support, Fees, Rentals and Other Income

Support, fees, rentals and other income increased by 144.3% from ₱51.4 million for the year ended 31 December 2022 to ₱125.5 million for the year ended 31 December 2023 due to increase in vendor support fees and opening of new stores.

Other Operating Expenses

Selling Expenses

Selling expenses increased by 3.4% to ₱1,071.9 million for the year ended 31 December 2023 from ₱1,036.6 million for the same period in 2022 primarily due to the following:

- Increase in rentals from ₱281.0 million for the year ended 31 December 2022 to ₱293.5 million for the year ended 31 December 2023 due to higher sales recorded during the period. Rent is

charged as a percentage of sales.

- Increase in communication and utilities from ₱273.3 million for the year ended 31 December 2022 to ₱292.8 million for the year ended 31 December 2023 primarily as a result of higher electricity rate and increasing number of stores.
- Increase in agency fee from ₱235.5 million for the year ended 31 December 2022 to ₱244.8 million for the year ended 31 December 2023 attributable to the additional manpower from agencies.
- Increase in salaries, wages, and other employee benefits from ₱103.3 million for the year ended 31 December 2022 to ₱120.1 million for the year ended 31 December 2023 due to the additional manpower in the central office and for new stores.
- Decrease in merchant fee from ₱43.9 million for the year ended 31 December 2022 to ₱42.1 million for the year ended 31 December 2023 primarily due to lower debit and credit card sales for the period.
- Decrease in repairs and maintenance from ₱41.6 million for the year ended 31 December 2022 to ₱26.7 million for the year ended 31 December 2023 due to efficient store asset management initiatives.
- Decrease in operating supplies from ₱37.1 million for the year ended 31 December 2022 to ₱27.6 million for the year ended 31 December 2023 due to company's initiative to transition to paperless processes.
- Increase in advertising and promotions from ₱18.1 million for the year ended 31 December 2022 to ₱21.6 million for the year ended 31 December 2023 due to social media boosting and printing of promotional materials.
- Despite a rise in revenues for the year ended 31 December 2023, delivery fees remained fixed at ₱2.8 million as more customers prefer shop in-stores than online

General and administrative expenses

General and administrative expenses increased by 12.4% from ₱516.6 million for the year ended 31 December 2022 to ₱581.0 million for the year ended 31 December 2023 primarily due to the following:

- Increase in depreciation and amortization from ₱400.8 million for the year ended 31 December 2022 to ₱467.0 million for the year ended 31 December 2023 due to the increase in the number of stores and amortization of capitalized interest.
- Increase in taxes and licenses from ₱49.5 million for the year ended 31 December 2022 to ₱53.5 million for the year ended 31 December 2023 due to increase in number of stores as well as increase in revenues.
- Increase in professional fees from ₱3.8 million for the year ended 31 December 2022 to ₱4.3 million for the year ended 31 December 2023 due to audit fees, board of directors' fees, and consultancy fees for sustainability reporting.
- Increase in travel and transportation from ₱19.1 million for the year ended 31 December 2022 to ₱19.2 million for the year ended 31 December 2023 due to increasing fuel prices and increased logistics activities.
- Increase in insurance from ₱13.2 million for the year ended 31 December 2022 to ₱17.9 million for the year ended 31 December 2023 due primarily to the increase in the number of stores and adjustment in insurance coverages.
- Decrease in dues and subscription from ₱25.5 million for the year ended 31 December 2022 to

₱15.4 million for the year ended 31 December 2023 due to cost-saving measures implemented.

- Decrease in miscellaneous expense from ₱4.9 million for the year ended 31 December 2022 to ₱3.4 million for the year ended 31 December 2023 due to cost-cutting measures implemented.

Finance Cost

Finance cost increased by 31% from ₱27.5 million for the year ended 31 December 2022 to ₱36.0 million for the year ended 31 December 2023 primarily due to the increase in interest expense from lease liability.

Finance Income

Finance income decreased by 18.0% from ₱0.32 million for the year ended 31 December 2022 to ₱0.27 million for the year ended 31 December 2023. The decrease was primarily attributable to the lower average cash balance during the year ended 31 December 2023 compared to the year ended 31 December 2022.

Provision for Income Tax

Provision for income tax increased by 22.6% from ₱100.1 million for the year ended 31 December 2022 to ₱122.8 million for the year ended 31 December 2023 due to higher taxable income for the period.

Net Profit

As a result of the foregoing, our net income increased by 22.4% to ₱369.2 million for the year ended 31 December 2023 from ₱301.8 million for the year ended 31 December 2022.

For the 12-month of 2023, there was no seasonal aspect that had a material effect on the financial condition or results of operations of the Company. Neither were there any trends, events or uncertainties that have had or that are reasonably expected to have a material impact on the net sales or revenues or income from continuing operations. The Company is not aware of events that will cause a material change in the relationship between the costs and revenues.

FINANCIAL CONDITION

As of 31 December 2023 vs. 31 December 2022

	For the period ended		Horizontal analysis	Vertical Analysis	
	December 31, 2023	December 31, 2022		December 31, 2023	December 31, 2022
	(in millions of ₱)		% Change	% of Total Assets	
ASSETS					
Current Assets					
Cash	₱1,003.6	₱992.2	14.8%	10.9%	10.6%
Receivables	190.7	132.0	23.2%	1.4%	1.5%
Merchandise inventories	2,081.9	1,797.9	17.3%	19.7%	20.8%
Due from related parties.....	-	-		0.0%	0.0%
Prepayments and other current assets	1,012.3	853.2	28.8%	9.3%	10.7%
Total Current Assets.....	4,288	3,775.4	19.5%	41.3%	43.6%
Non-current Assets					
Property and equipment - net	4,236.1	4,243.1	-1.0%	46.5%	45.5%
Intangible assets - net	557.3	554.4	-4.4%	6.1%	5.0%
Right-of-use assets - net	132.1	147.5	-13.0%	1.6%	1.9%
Other non-current assets.....	390.6	411.1	-4.9%	4.5%	4.2%
Total Non-current Assets.....					56.4%
	5,316.1	5,356.1	-2.0%	58.7%	
TOTAL ASSETS.....	9,604.7	9,131.5	6.9%	100.0%	100.0%

LIABILITIES AND EQUITY**Current Liabilities**

Trade and other payables	362.8	592.8	-28.4%	6.5%	6.2%
Loans payable	1,389.7	1,247.8	11.4%	13.7%	11.0%
Lease liabilities	11.0	8.6	27.3%	0.1%	0.1%
Due to parent company	-	-		0.0%	0.0%
Dividends payable	-	-		0.0%	0.0%
Income tax payable	-	-		0.0%	0.0%
Total Current Liabilities.....	1,763.4	1,849.2	-1.3%	20.3%	17.3%

Non-current Liabilities

Loans payable	347.2	184.6	88.1%	2.0%	5.3%
Lease liabilities	198.0	209.0	-7.5%	2.3%	2.5%
Deferred tax liabilities - net.....	352.2	262.7	34.1%	2.9%	2.1%
Retirement benefit obligation .	30.1	22.0	36.8%	0.2%	0.2%
Deposits for future stock subscription.....	-	-		0.0%	0.0%
Total Non-current Liabilities ...					10.1%

	927.5	678.2	36.1%	7.4%	
Total Liabilities.....	2,690.9	2,527.5	8.7%	27.7%	27.4%

Equity

Capital stock	2,285.7	2,285.7	0.0%	25.0%	26.0%
Additional paid-in capital	3,316.7	3,316.7	0.0%	36.3%	37.8%
Revaluation reserves.....	6.4	6.4	-1.0%	0.1%	
Retained earnings	1,305.1	995.3	40.9%	10.9%	8.7%
Total Equity.....	6,913.8	6,604.1	6.2%	72.3%	72.6%

TOTAL LIABILITIES AND

EQUITY		9,131.5	6.9%	100%	100%
--------------	--	---------	------	------	------

Total assets amounting to ₱9,604.7 million as of 31 December 2023 recorded an increase of 5.2% from the reported amount of ₱9,131.5 million in 31 December 2022 due to the following:

- Cash increased by 1.2% from ₱992.2 million as of 31 December 2022 to ₱1,003.6 million as of 31 December 2023 due primarily to higher sales for the period.
- Receivables increased by 44.4% from ₱132.0 million as of 31 December 2022 to ₱190.7 million as of 31 December 2023 due to collections made.
- Merchandise inventories increased slightly by 15.8% from ₱1,797.9 million as of 31 December 2022 to ₱2,081.9 million as of 31 December 2023 due primarily to increase in inventory purchases during the period on account of higher sales and buying of stocks for the incoming holidays.
- Prepayments and other current assets increased by 18.6% from ₱853.2 million as of 31 December 2022 to ₱1,012.3 million as of 31 December 2023 due primarily to advances to suppliers and input VAT from merchandise inventories and capital expenditures.
- Property and equipment decreased by 0.2% from ₱4,243.1 million as of 31 December 2022 to ₱4,236.1 million as of 31 December 2023 due primarily to depreciation for the period.
- Intangible assets increased by 0.5% from ₱554.4 million as of 31 December 2022 to ₱557.2 million as of 31 December 2023 due to amortization for the period.
- Right-of-use assets decreased by 10.4% from ₱147.5 million as of 31 December 2022 to ₱132.1 million as of 31 December 2023 due primarily to amortization for the period.
- Other non-current assets decreased by 0.5% from ₱411.1 million as of 31 December 2022 to ₱390.6 million as of 31 December 2023 due primarily to security deposit paid.

Total liabilities amounting to ₱2,690.9 million as of 31 December 2023 recorded an increase of 6.5% from the reported amount of ₱2,527.5 million in 31 December 2022. This was due to the following:

- Trade and other payables decreased by 38.8% from ₱592.8 million as of 31 December 2022 to ₱362.8 million as of 31 December 2023 due to payments made for the period.
- Loans payable including non-current portion increased by 21.3% from ₱1,432.4 million as of 31 December 2022 to ₱1,736.8 million as of 31 December 2023 primarily due to loan payments for the period.
- Lease liability including non-current portion decreased by 4.0% from ₱217.6 million as of 31 December 2022 to ₱209.0 million as of 31 December 2023 due to lease payments made.
- Deferred tax liabilities increased by 34.1% from ₱262.7 million as of 31 December 2022 to ₱352.2 million as of 31 December 2023 attributable to additional temporary tax differences recognized for the period.
- Retirement benefit obligation increased by 36.8% from ₱22.0 million as of 31 December 2022 to ₱30.1 million as of 31 December 2023.

Total equity increased by 4.7% from ₱6,604.1 million as of 31 December 2022 to ₱6,913.8 million as of 31 December 2023 due to net income recorded for the period.

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

Key Performance Indicators	12/31/2023	12/31/2022
Sales (₱ millions)	₱10,193.9	₱9,759.7
Sales Growth (%)	4.4%	3.2%
Gross Profit Margin (%) ⁽¹⁾	20.2%	20.5%
Net Profit (₱ millions)	369.2	301.8
Net Profit Margin (%) ⁽²⁾	3.6%	3.1%

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 2023 compared to the year ended 31 December 2022 due to the same store sales growth of existing stores and the additional revenues generated from the new stores.

Gross Profit Margin slightly decreased for the year ended 31 December 2023 compared to the year ended 31 December 2022 due to the higher cost of merchandise driven by inflation.

Net Profit and Net Profit Margin increased for the year ended 31 December 2023 compared to the year ended 31 December 2022 attributable to the reduction of cost production without sacrificing quality.

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

Receivables increased by 44.4% from ₱132.0 million as of 31 December 2022 to ₱190.7 million as of 31 December 2023 due to collections made.

Prepayments and other current assets increased by 18.6% from ₱853.2 million as of 31 December 2022 to ₱1,012.3 million as of 31 December 2023 due primarily to advances to

suppliers and input VAT from merchandise inventories and capital expenditures.

Right-of-use assets decreased by 10.4% from ₱147.5 million as of 31 December 2022 to ₱132.1 million as of 31 December 2023 due primarily to amortization for the period.

Trade and other payables decreased by 38.8% from ₱592.8 million as of 31 December 2022 to ₱362.8 million as of 31 December 2023 due to payments made for the period.

Deferred tax liabilities increased by 34.1% from ₱262.7 million as of 31 December 2022 to ₱352.2 million as of 31 December 2023 attributable to additional temporary tax differences recognized for the period.

COMMITMENTS AND CONTINGENCIES

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

REVIEW OF YEAR END 2022 VS YEAR END 2021

RESULTS OF OPERATIONS

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

	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 2022 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	Vertical analysis	
	December	December	analysis	December	December
	31, 2022	31, 2021		31, 2022	31, 2021
	(in millions of ₱)		% Change	% of Total Assets	
	₱3,775.4	₱3,823.9	-	41.3%	43.6%
Total Current Assets...			2.1%		
Total Noncurrent	5,356.1	4,952.5	8.8%	58.7%	56.4%
Assets.....					
Total Assets.....	9,131.5	8,776.4	4.0%	100.0%	100.0%
Total Current	1,849.2	1,516.7	21.9%	20.3%	17.3%
Liabilities					
Total Noncurrent	678.2	890.6	-23.8%	7.4%	10.1%
Liabilities					
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	9,131.5	8,776.4	4.0%	100.0%	100.0%
Equity					

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:

Notes:	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%

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 million for 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 2021 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 2021 due 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 2021 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 Assets	
	₱3,823.9	₱2,687.9		43.6%	41.6%
Total Current Assets..			42.3%		
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 December 2020, 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:

Notes:	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%

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.

IV. NATURE AND SCOPE OF BUSINESS

AllDay Marts, Inc. (the “Company”) is the fastest growing supermarket operator in the Philippines and a leading player in the mid-premium supermarket segment. Since its incorporation in December 2016, the Company has grown to 36 physical stores as of December 31, 2023, with an aggregate 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. The Company offers an assortment of imported and locally manufactured products from approximately 4,200 brands consisting of about 40,000 SKUs that fall under three key categories, namely fresh items, food items and non-food items.

The Company’s principal office address is LGF Building B, Evia Lifestyle Center, Daanghari Road, Almanza Dos, Las Piñas City, Philippines, with contact number: (+632) 8830-1900 or (+632) 8830-1901, and its corporate website is www.allday.com.ph.

V. MARKET FOR REGISTRANT’S COMMON EQUITY AND RELATED STOCKHOLDERS MATTERS

Market Information

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

Quarter	2024			2023			2022			2021		
	High	Low	Close	High	Low	Close	High	Low	Close	High	Low	Close
1 st	0.149	0.470	0.148	0.315	0.225	0.240	0.630	0.425	0.480	n/a	n/a	n/a
2 nd	-	-	-	0.201	0.197	0.198	0.480	0.300	0.325	n/a	n/a	n/a
3 rd	-	-	-	0.195	0.188	0.188	0.370	0.260	0.260	n/a	n/a	n/a
4 th	-	-	-	0.157	0.156	0.156	0.275	0.219	0.225	0.900	0.570	0.610

The market capitalization of ALLDY as of December 31, 2023, based on the closing price of ₱0.275 per share, was approximately ₱6.29 billion.

As of March 31, 2024, ALLDY’s market capitalization stood at ₱3.15 billion based on the ₱0.147 per share closing price.

Price Information as of the Latest Practicable Trading Date

<u>Trading Date</u>	<u>High</u>	<u>Low</u>	<u>Close</u>
4 June 2024	0.141	0.136	0.141

Stockholders

There are approximately 24 holders of common equity security of the Company as of March 31, 2024 (based on the number of accounts registered with the Stock Transfer Agent).

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

	Stockholder's Name	Common Shares	Percentage
1	AllValue Holdings Corp.	15,309,286,000	66.98%
2	PCD Nominee Corporation - Filipino	6,223,298,097	27.23%
3	PCD Nominee Corporation - Non Filipino	1,318,099,903	5.77%
4	Manuel Bamba Villar Jr.	1,000,000	0.00%
5	Camille Aguilar Villar	1,000,000	0.00%
6	Manuel Paolo Aguilar Villar	1,000,000	0.00%
7	Frances Rosalie Toribio Coloma	1,000,000	0.00%
8	Benjamin Therese Noel Serrano	1,000,000	0.00%
9	Emmanuel Del Prado	283,000	0.00%
10	Mark Louie Apao	210,000	0.00%
11	Myra P. Villanueva	150,000	0.00%
12	Myrna P. Villanueva	150,000	0.00%
13	Milagros P. Villanueva	150,000	0.00%
14	Rogelio Pescos Montanez	125,000	0.00%
15	Lilibeth S. Apao or Socrates Apao	105,000	0.00%
16	Agnes Victoria D. Casal	90,000	0.00%
17	Juan Trinidad Lim	65,000	0.00%
18	Marietta V. Cabreza	30,000	0.00%
19	Juan Carlos V. Cabreza	30,000	0.00%
20	Jennifer T. Ramos	20,000	0.00%
	TOTAL	22,857,142,000	
	Other Stockholders	53,000	0.00%
	Total issued and outstanding common shares as of March 31, 2024	22,857,145,000	100.00%

Dividends

₱0.0026 per share Regular Cash Dividend

Declaration date: August 14, 2023

Record date: September 12, 2023

Payment date: October 4, 2023

₱0.0032 per share Regular Cash Dividend

Declaration date: August 15, 2022

Record date: September 12, 2022

Payment date: October 04, 2022

₱0.4672 per share Regular Cash Dividend

Declaration date: December 04, 2020

Record date: December 22, 2020

Payment date: January 15, 2021

Dividend Policy

The Registrant's Board is authorized to declare dividends. A cash dividend declaration does not require any further approval from the Registrant's shareholders. A stock dividend declaration requires the further approval of shareholders representing not less than two-thirds of the Registrant's outstanding capital stock. Dividends may be declared only from unrestricted retained earnings.

In relation to foreign shareholders, dividends payable may not be remitted using foreign exchange sourced from the Philippine banking system unless the investment was first registered with the Banko Sentral ng Pilipinas.

The Registrant is allowed under Philippine laws to declare property and stock dividends, subject to certain requirement.

Record Date

Pursuant to existing Philippine SEC rules, cash dividends declared by a company must have a record date not less than 10 nor more than 30 days from the date the cash dividends are declared. With respect to stock dividends, the record date is to be not less than 10 or more than 30 days from the date of shareholder approval, provided however, that the set record date is not to be less than 10 trading days from receipt by the PSE of the notice of declaration of stock dividend. In the event that a stock dividend is declared in connection with an increase in authorized capital stock, the corresponding record date is to be fixed by the Philippine SEC.

Dividends

Pursuant to a board approval on August 05, 2021, the Company intends to maintain an annual dividend payment ratio of 10% to 30% of net income after tax for the preceding fiscal year, payable primarily in cash. However, the Board of Directors, in its discretion, may decide to declare dividends to be payable in property or shares. The declaration of dividends shall also be subject to the requirements of applicable laws and regulations, compliance with the company's loan covenants and other circumstances which restrict the payment of dividends. The Board, may, at any time, modify such dividend payout ratio depending upon the results of operations and future projects and plans and other considerations.

Recent Sale of Unregistered Securities

On June 25, 2021, with the approval by the SEC of the increase in its authorized capital stock from ₱2,000,000,000.00 divided into 20,000,000 common shares with a par value of ₱100.00 per common share to ₱3,000,000,000.00 divided into 30,000,000,000 common shares with a par value of ₱0.10 per share, the Company issued 2,615,000,000 common shares to AllValue Holdings, Corp. at par value equivalent to ₱261,500,000.00. Payment for such shares was made in cash.

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

Stock Options

None.

VI. COMPLIANCE WITH LEADING PRACTICE ON CORPORATE GOVERNANCE

The Company's Board has adopted a Revised Manual on Corporate Governance. The Company's Revised Manual on Corporate Governance describes the terms and conditions by which the Company intends to conduct sound corporate governance practices that are consistent with the relevant laws and regulations of the Republic of the Philippines, and which seek to enhance business transparency and build shareholder value.

Ultimate responsibility and oversight of the Company's adherence to superior corporate governance practices rests with the Board of Directors. As a policy matter, the Board will hold monthly meetings, at which any number of relevant corporate governance issues may be raised for discussion.

Practical oversight of the Company's corporate governance standards is exercised through the Board's Corporate Governance Committee.

The Company is committed to building a solid reputation for sound corporate governance practices, including a clear understanding by its Directors of the Company's strategic objectives, structures to ensure that such objectives are realized, systems to ensure the effective management of risks and the systems to ensure the Company's obligations are identified and discharged in all aspects of its business. Each January, the Company will issue a certification to the Philippines Securities and Exchange Commission and the Philippine Stock Exchange that it has fulfilled its corporate governance obligations.

As of the date of this report, there are no known material deviations from the Company's Manual of Corporate Governance. The Company is taking further steps to enhance adherence to principles and practices of good corporate governance.

UPON THE WRITTEN REQUEST OF A STOCKHOLDER, THE REGISTRANT UNDERTAKES TO FURNISH SAID STOCKHOLDER A COPY OF SEC FORM 17-A FREE OF CHARGE, EXCEPT FOR EXHIBITS ATTACHED THERETO WHICH SHALL BE CHARGED AT COST. ANY WRITTEN REQUEST FOR A COPY OF SEC FORM 17-A SHALL BE ADDRESSED AS FOLLOWS:

AllDay Marts, Inc.
LGF Building B, EVIA Lifestyle Center,
Daanghari Road, Almanza Dos, Las Piñas City

Attention: Maria Cristina Barao

PART III

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this Report is true, complete and correct. This report is signed in the City of Las Piñas on the 17th day of May 2024.

By:



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

Date: May 17, 2024



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, 2023, and 2022 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

A handwritten signature in black ink, appearing to read "M. Villar, Jr.", written over the printed name.

MANUEL B. VILLAR, JR.
Chairman of the Board

A handwritten signature in black ink, appearing to read "F. Coloma", written over the printed name.

FRANCES ROSALIE T. COLOMA
President and CEO

A handwritten signature in black ink, appearing to read "M. Barao", written over the printed name.

MARIA CRISTINA O. BARAO
Chief Finance Officer

SUBSCRIBED AND SWORN, to before me this APR 26 2024
at MANDALUYONG CITY, affiants exhibiting to me their respective Passports and TIN ID, to
wit:

Name	Passport No.	Date and Place of Issue
Manuel B Villar, Jr.	P2529752B	12 JUL 2019 / DFA MANILA
Frances Rosalie T. Coloma	TIN No.225-474-574	
Maria Cristina O. Barao	TIN No.244-148-822	

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

Doc No.
Page No.
Book No.
Series of 2024

202
V2
XXII

ATTY. ARBIN OMAR P. CARINO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ROL No. 57145
IBP Lifetime Member No. 018537
PTR No. 5415602 / 05 Jan. 2024 / Mandaluyong City
MCLE Compliance No. VII-0010373 issued dated 03 June 2022
Notarial Commission Appointment No. 0368-23
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City



FOR SEC FILING

Financial Statements and
Independent Auditors' Report

AllDay Marts, Inc.

December 31, 2023, 2022 and 2021

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, 2023 and 2022, and statements of comprehensive income, statements of changes in equity and statements of cash flows for each of the three years in the period ended December 31, 2023, and notes to the financial statements, including material accounting policy information.

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

Basis for Opinion

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

Key Audit Matters

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

(a) Revenue Recognition*Description of the Matter*

Revenue is one of the key performance measures used to assess the Company's business performance. Revenue is recognized when the control over the goods has been transferred at a point in time to the customer, i.e., generally when the customer has acknowledged delivery of goods. Revenue from sale of merchandise is generated through direct sales to customers. For the year ended December 31, 2023, the total revenues amounted to P10,193.9 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 P2,081.9 million as of December 31, 2023 represent 22% 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 has been adequately assessed. 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, accuracy 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 operating effectiveness of controls on inventory costing process;
- performing test to ascertain appropriateness of inventory costing of selected inventory items by recomputing unit cost and comparing to unit cost per books, examining supplier invoices and other documents supporting the movements affecting the moving average unit cost; and,

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

Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

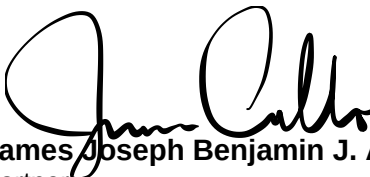
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation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

Report on Other Legal and Regulatory Requirements

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary information for the year ended December 31, 2023 required by the Bureau of Internal Revenue as disclosed in Note 27 to the financial statements is presented for purposes of additional analysis and is not a required part of the basic financial statements prepared in accordance with PFRS. Such supplementary information is the responsibility of management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

PUNONGBAYAN & ARAULLO



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

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

April 25, 2024

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2023 AND 2022
(Amounts in Philippine Pesos)

	Notes	2023	2022
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	5	P 1,003,630,272	P 992,201,140
Receivables	6	190,740,438	132,048,806
Merchandise inventories	7	2,081,923,403	1,797,940,590
Prepayments and other current assets	8	1,012,326,168	853,206,585
Total Current Assets		4,288,620,281	3,775,397,121
NON-CURRENT ASSETS			
Property and equipment - net	9	4,236,113,723	4,243,071,508
Intangible assets - net	11	557,256,473	554,449,898
Right-of-use assets - net	10	132,137,913	147,532,622
Other non-current assets	8	390,588,634	411,092,221
Total Non-current Assets		5,316,096,743	5,356,146,249
TOTAL ASSETS		P 9,604,717,024	P 9,131,543,370
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Trade and other payables	12	P 362,778,184	P 592,820,558
Loans payable	13	1,389,652,496	1,247,792,200
Lease liabilities	10	10,982,311	8,630,256
Total Current Liabilities		1,763,412,991	1,849,243,014
NON-CURRENT LIABILITIES			
Loans payable	13	347,222,222	184,615,385
Lease liabilities	10	197,983,976	208,966,287
Deferred tax liabilities - net	18	352,203,906	262,652,894
Retirement benefit obligation	17	30,105,495	22,008,221
Total Non-current Liabilities		927,515,599	678,242,787
Total Liabilities		2,690,928,590	2,527,485,801
EQUITY			
Capital stock	20	2,285,714,500	2,285,714,500
Additional paid-in capital		3,316,671,118	3,316,671,118
Revaluation reserves		6,316,818	6,380,329
Retained earnings		1,305,085,998	995,291,622
Total Equity		6,913,788,434	6,604,057,569
TOTAL LIABILITIES AND EQUITY		P 9,604,717,024	P 9,131,543,370

See Notes to Financial Statements.

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

	Notes	2023	2022	2021
SALES	14	P 10,193,891,934	P 9,759,707,468	P 9,456,401,220
COST OF MERCHANDISE SOLD	15	8,139,056,225	7,756,900,602	7,600,499,247
GROSS PROFIT		2,054,835,709	2,002,806,866	1,855,901,973
SUPPORT, FEES, RENTALS AND OTHER INCOME	9, 14, 19	125,520,287	51,387,483	80,271,347
GROSS PROFIT INCLUDING OTHER INCOME		2,180,355,996	2,054,194,349	1,936,173,320
OTHER OPERATING EXPENSES	15			
Selling expenses		1,071,913,870	1,036,641,834	983,988,864
General and administrative expenses		580,636,955	516,641,586	437,182,034
		1,652,550,825	1,553,283,420	1,421,170,898
OPERATING PROFIT		527,805,171	500,910,929	515,002,422
OTHER INCOME (CHARGES)				
Finance costs	16	(36,029,511)	(27,506,130)	(70,821,067)
Finance income	5, 8	265,067	323,252	406,518
Loss from fire damage - net	16	-	(71,818,442)	-
		(35,764,444)	(99,001,320)	(70,414,549)
PROFIT BEFORE TAX		492,040,727	401,909,609	444,587,873
TAX EXPENSE	18			
Current		33,245,590	22,503,661	18,214,309
Deferred		89,572,184	77,642,007	39,887,556
		122,817,774	100,145,668	58,101,865
NET PROFIT		369,222,953	301,763,941	386,486,008
OTHER COMPREHENSIVE INCOME (LOSS)				
Item that will not be reclassified subsequently to profit or loss				
Remeasurements of retirement benefit plan	17	(84,681)	8,507,106	-
Tax income (expense)	18	21,170	(2,126,777)	-
		(63,511)	6,380,329	-
TOTAL COMPREHENSIVE INCOME		P 369,159,442	P 308,144,270	P 386,486,008
Basic and Diluted Earnings per Share	21	P 0.02	P 0.01	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, 2023, 2022 AND 2021
(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, 2023	P 2,285,714,500	P 3,316,671,118	P 6,380,329	P 995,291,622	P 6,604,057,569
Dividends declared	-	-	-	(59,428,577)	(59,428,577)
Total comprehensive income (loss) for the year	-	-	(63,511)	369,222,953	369,159,442
Balance at December 31, 2023	<u>P 2,285,714,500</u>	<u>P 3,316,671,118</u>	<u>P 6,316,818</u>	<u>P 1,305,085,998</u>	<u>P 6,913,788,434</u>
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	<u>P 2,285,714,500</u>	<u>P 3,316,671,118</u>	<u>P 6,380,329</u>	<u>P 995,291,622</u>	<u>P 6,604,057,569</u>
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	<u>P 2,285,714,500</u>	<u>P 3,316,671,118</u>	<u>P -</u>	<u>P 766,670,545</u>	<u>P 6,369,056,163</u>

See Notes to Financial Statements.

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

	Notes	2023	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 492,040,727	P 401,909,609	P 444,587,873
Adjustments for:				
Depreciation and amortization	15	466,905,637	400,830,615	296,866,723
Finance costs	10, 13, 17	36,029,511	27,506,130	70,821,067
Finance income	5, 8	(265,067)	(323,252)	(406,518)
Loss from fire damage - net	16	-	71,818,442	-
Gain on sale of property and equipment and intangible assets	9, 11, 19	-	-	(10,000,000)
Operating profit before working capital changes		994,710,808	901,741,544	801,869,145
Increase in receivables		(59,784,967)	(2,721,910)	(74,717,517)
Increase in merchandise inventories		(283,982,813)	(29,864,946)	(432,640,399)
Decrease (increase) in prepayments and other current assets		(163,734,939)	74,283,471	(476,036,742)
Decrease (increase) in other non-current assets		(94,704,919)	28,182,435	(43,550,371)
Increase (decrease) in trade and other payables		(230,042,376)	47,241,730	(29,124,603)
Increase in retirement benefit obligation		7,485,910	9,655,026	20,368,291
Cash generated from (used in) operations		169,946,704	1,028,517,350	(233,832,196)
Cash paid for income taxes		(28,630,234)	(10,347,556)	(27,687,644)
Interest received		265,067	323,252	406,518
Net Cash From (Used in) Operating Activities		141,581,537	1,018,493,046	(261,113,322)
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	9	(117,429,752)	(549,148,965)	(705,501,228)
Additions to intangible assets	11	(151,555,360)	(229,251,336)	(363,931,373)
Advances paid to contractors	8	46,613,741	(74,070,324)	(234,046,683)
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
Net Cash Used in Investing Activities		(222,371,371)	(753,841,024)	(1,198,752,930)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from availment of loans	13	2,101,069,927	1,380,176,816	4,250,760,278
Repayment of loans	13	(1,796,602,794)	(1,381,615,385)	(6,586,831,183)
Interest paid for loans payable	13	(124,029,630)	(98,226,413)	(291,326,049)
Dividends paid	20	(59,428,577)	(73,142,864)	(6,253,674)
Repayment of lease liabilities	10	(28,789,960)	(27,419,010)	(26,113,342)
Proceeds from issuance of stocks, net of share issue costs	20	-	-	4,263,885,618
Net Cash From (Used in) Financing Activities		92,218,966	(200,226,856)	1,604,121,648
NET INCREASE IN CASH		11,429,132	64,425,166	144,255,396
CASH AT BEGINNING OF YEAR		992,201,140	927,775,974	783,520,578
CASH AT END OF YEAR		P 1,003,630,272	P 992,201,140	P 927,775,974

Supplemental Information on Non-cash Activities - See Note 26

See Notes to Financial Statements.

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2023, 2022 AND 2021
(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 address 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 Approval of Financial Statements

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

2. MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy information that have been used in the preparation of these financial statements are summarized in the succeeding pages. 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 and Sustainability Reporting Standards Council (FSRSC) from the pronouncements issued by the International Accounting Standards Board and approved by the Philippine Board of Accountancy.

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

(b) Presentation of Financial Statements

The financial statements are presented in accordance with Philippine Accounting Standard (PAS) 1, *Presentation of Financial Statements*. The Company presents all items of income 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 2023 that are Relevant to the Company

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

PAS 1 and PFRS Practice

Statement 2 (Amendments) : Presentation of Financial Statements –
Disclosure of Accounting Policies

PAS 8 (Amendments) : Definition of Accounting Estimates

PAS 12 (Amendments) : Deferred Tax Related to Assets and
Liabilities from a Single Transaction

Discussed below are the relevant information about these pronouncements.

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

The amendments clarify that accounting policy information may be material because of its nature, even if the related amounts are immaterial, that accounting policy information is material if users of an entity's financial statements would need it to understand other material information in the financial statements and if an entity discloses immaterial accounting policy information, such information shall not obscure material accounting policy information. The application of these amendments is reflected in the Company's financial statements under Notes 2 and 3.

- (ii) PAS 8 (Amendments), *Definition of Accounting Estimates*. The amendments introduced a new definition of accounting estimate which is a monetary amount in the financial statements that are subject to measurement uncertainty. It also clarifies that a change in accounting estimate that results from new information or new developments is not a correction of an error. In addition, the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors. The application of these amendments had no significant impact on the Company's financial statements.
- (iii) PAS 12 (Amendments), *Deferred Tax Related to Assets and Liabilities from a Single Transaction*. The amendments narrow the scope of the initial recognition exception under PAS 12, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences. The amendments also clarify that where payments that settle a liability are deductible for tax purposes, it is a matter of judgement (having considered the applicable tax law) whether such deductions are attributable for tax purposes to the liability recognized in the financial statements (and interest expense) or to the related asset component (and interest expense). Management assessed that the application of such amendments had no significant impact on the Company's financial statements.

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

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

(c) *Effective Subsequent to 2023 but not Adopted Early*

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

- (i) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2024)
- (ii) PAS 1 (Amendments), *Presentation of Financial Statements – Non-current Liabilities with Covenants* (effective from January 1, 2024)
- (iii) PAS 7 (Amendments), *Cash Flow Statements* and PFRS 7 (Amendments), *Financial Instruments: Disclosures – Supplier Finance Arrangements* (effective from January 1, 2024)
- (iv) PFRS 16 (Amendments), *Leases – Lease Liability in a Sale and Leaseback* (effective from January 1, 2024)
- (v) PAS 21 (Amendments), *The Effects of Changes in Foreign Exchange Rates – Lack of Exchangeability* (effective from January 1, 2025)

2.3 Financial Instruments

(a) *Financial Assets*

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

(i) *Classification and Measurement of Financial Assets*

Currently, the only classification that applies to the Company is financial assets at amortized cost.

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.

(ii) *Impairment of Financial Assets*

At the end of the reporting period, the Company assesses its expected credit loss (ECL) on a forward-looking basis associated with its financial assets carried at amortized cost. The Company considers a broader range of information in assessing credit risk and measuring ECL, including past events, current conditions, reasonable and supportable forecasts that affect collectability of the future cash flows of the financial assets.

The ECL on trade and other receivables are estimated by applying the simplified approach using a provision matrix developed based on the Company's historical credit loss experience and credit information that are specific to the debtors, adjusted for general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate. These assets are assessed for impairment on a collective basis based on shared credit risk characteristics.

Policies on recognizing ECL on cash, short-term investments and security deposits are presented in Note 23.2(a) and (c).

(b) Financial Liabilities

Financial liabilities include trade and other payables (except provisions and tax-related liability), loans payable and dividends payable. Refund liabilities are measured using the probability-weighted average amount approach similar to the expected value method under PFRS 15, *Revenue from Contracts with Customers*.

2.4 Merchandise Inventories

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

2.5 Property and Equipment

Following initial recognition at cost, items of property and equipment are measured at cost less accumulated depreciation and amortization and any accumulated impairment losses.

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.

2.6 Intangible Assets

Intangible assets include acquired computer software which is accounted for under the cost model. 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.

2.7 Revenue and Expense Recognition

Revenue arises mainly from the sale of merchandise inventories.

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 following specific recognition criteria must 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 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.

The policy on the recognition of income from rentals is presented in Note 2.9(b).

There were no contracts containing significant right of return arrangements which remain outstanding during the reporting periods since the Company's policy with customers for most of its sale of merchandise pertain to outright return which are recognized immediately. Relative to this outright return arrangement, the amount of revenues is also immediately adjusted as of the end of the reporting periods.

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.

2.8 Leases

(a) Company as a Lessee

Subsequent to initial recognition, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

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.

(b) Company as a Lessor

The Company applies judgment in determining whether a lease contract is a finance or operating lease. Lease income from operating leases is recognized in profit or loss on a straight-line basis over the lease term.

2.9 Employee Benefits

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

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

2.10 Borrowing Costs

Borrowing costs are recognized as expenses in the period in which they are incurred, except to the extent that they are capitalized.

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, 2023 and 2022, liability arising from customer loyalty programme amounted to P1.3 million and P0.5 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 all 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.

(h) *Recognition of Provisions and Contingencies*

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

Judgment is exercised by management to distinguish between provisions and contingencies. 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.

There was no change in the estimated useful lives of these assets in 2023, 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*

The Company's property and equipment, right-of-use assets, intangible assets and other non-financial assets are subject to impairment testing.

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Though management believes that the assumptions used in the estimation of 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, 2023 and 2022.

(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, 2023 and 2022 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**

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.

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, 2023, and 2022:

	<u>2023</u>	<u>2022</u>
Cash on hand	P 9,639,000	P 9,542,000
Cash in banks	<u>993,991,272</u>	<u>982,659,140</u>
	<u>P1,003,630,272</u>	<u>P 992,201,140</u>

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 (see Note 16.1).

6. RECEIVABLES

This account is composed of the following:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Trade receivables	19.1	P 167,893,608	P 111,598,998
Non-trade receivables		22,342,262	19,356,473
Others	17.2	<u>504,568</u>	<u>1,093,335</u>
		<u>P 190,740,438</u>	<u>P 132,048,806</u>

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.

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, 2023 and 2022 [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 P2,081.9 million and P1,797.9 million as of December 31, 2023 and 2022, 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, 2023 and 2022.

Cost of merchandise inventories charged to operations are presented as Cost of Merchandise Sold in the statements of comprehensive income (see Note 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 2023 and 2021.

8. PREPAYMENTS AND OTHER ASSETS

The composition of this account is shown below.

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Current:			
Advances for purchases		P 700,302,122	P 229,442,529
Input VAT		192,973,331	517,544,987
Deferred input VAT		67,844,641	57,065,118
Prepayments		23,809,591	24,433,645
Store supplies		21,416,361	19,431,650
Short term investments		3,000,000	3,000,000
Creditable withholding tax		2,980,122	2,288,656
		<u>1,012,326,168</u>	<u>853,206,585</u>
Non-current:			
Advances to contractors		280,345,969	302,326,993
Security deposits	10	74,180,942	72,322,394
Deferred input VAT		36,061,723	36,442,834
		<u>390,588,634</u>	<u>411,092,221</u>
		<u>P1,402,914,802</u>	<u>P 1,264,298,806</u>

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% both in 2023 and 2022. Interest income from time deposits in 2023 and 2022 is presented as part of Finance Income under Other Income (Charges) – Net in the statements of comprehensive income. There were no short-term investments in 2021, hence, no interest income was recognized.

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 2023 and 2022 are shown below.

	<u>Leasehold Improvements</u>	<u>Furniture and Fixtures</u>	<u>Equipment</u>	<u>Construction in Progress (CIP)</u>	<u>Total</u>
December 31, 2023					
Cost	P 3,629,382,592	P 345,224,540	P1,151,527,849	P 538,751,316	P5,664,886,297
Accumulated depreciation and amortization	(657,547,514)	(178,388,188)	(592,836,872)	-	(1,428,772,574)
Net carrying amount	<u>P2,971,835,078</u>	<u>P 166,836,352</u>	<u>P 558,690,977</u>	<u>P 538,751,316</u>	<u>P4,236,113,723</u>
December 31, 2022					
Cost	P 3,381,333,982	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	<u>P 2,892,036,607</u>	<u>P 195,580,001</u>	<u>P 633,813,950</u>	<u>P 521,640,950</u>	<u>P4,243,071,508</u>
January 1, 2022					
Cost	P 2,810,724,966	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	<u>P 2,456,546,561</u>	<u>P 198,532,182</u>	<u>P 712,787,216</u>	<u>P 621,916,270</u>	<u>P3,989,782,229</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2023 and 2022 is shown below and in the succeeding page.

	<u>Leasehold Improvements</u>	<u>Furniture and Fixtures</u>	<u>Equipment</u>	<u>CIP</u>	<u>Total</u>
Balance at January 1, 2023, net of accumulated depreciation and amortization	P 2,892,036,607	P 195,580,001	P 633,813,950	P 521,640,950	P4,243,071,508
Additions	105,915,903	8,672,089	21,973,293	159,243,073	295,804,358
Transfer from CIP	142,132,707	-	-	(142,132,707)	-
Depreciation and amortization charges for the year	(168,250,139)	(37,415,738)	(97,096,266)	-	(302,762,143)
Balance at December 31, 2023, net of accumulated depreciation and amortization	<u>P2,971,835,078</u>	<u>P 166,836,352</u>	<u>P 558,690,977</u>	<u>P 538,751,316</u>	<u>P4,236,113,723</u>

	<u>Leasehold Improvements</u>	<u>Furniture and Fixtures</u>	<u>Equipment</u>	<u>CIP</u>	<u>Total</u>
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	<u>P2,892,036,607</u>	<u>P 195,580,001</u>	<u>P 633,813,950</u>	<u>P 521,640,950</u>	<u>P4,243,071,508</u>
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	<u>P2,456,546,561</u>	<u>P 198,532,182</u>	<u>P 712,787,216</u>	<u>P 621,916,270</u>	<u>P3,989,782,229</u>

The gross carrying amounts and accumulated depreciation of furniture and fixtures subject to operating lease at the beginning and end of 2023 and 2022 are shown below.

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Cost	P 279,231,199	P 274,777,339	P 260,022,640
Accumulated depreciation and amortization	(100,761,007)	(80,493,730)	(62,003,635)
Net carrying amount	<u>P 178,470,192</u>	<u>P 194,283,609</u>	<u>P 198,019,005</u>

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Beginning, net of accumulated depreciation and amortization	P 194,283,609	P 198,019,005	P 162,617,746
Additions	4,453,860	22,742,104	51,856,606
Disposal	-	(7,087,933)	-
Depreciation and amortization charges for the year	(20,267,277)	(19,389,567)	(16,455,347)
Ending, net of accumulated depreciation and amortization	<u>P 178,470,192</u>	<u>P 194,283,609</u>	<u>P 198,019,005</u>

The amount of depreciation and amortization is presented as part of Depreciation and amortization under 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 P112.5 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 2023 and 2021.

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 2023 and 2022.

In 2023, 2022 and 2021, borrowing costs amounting to P109.8 million, P92.7 million, and P227.5 million, respectively, based on capitalization rate ranging from 6.50% to 9.75% 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 short-term and long-term loans.

Cost of fully depreciated and amortized assets that are still used in operations amounted to P32.7 million and P28.4 million as of December 31, 2023 and 2022, respectively.

The Company also recognized rental income from its operating leases as a lessor, which consists of variable lease arrangements, amounting to P100.8 million, P31.4 million and P35.7 million in 2023, 2022 and 2021, 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 2 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 8 years and 9 years as of December 31, 2023 and 2022, 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 amounted to P74.2 million and P72.3 million as of December 31, 2023 and 2022, respectively, and is presented as Security deposits under Other Non-current Assets in the statements of financial position (see Note 8). Management believes that no allowance for ECL is required for security deposits since there has been no significant change in the credit quality of the accounts [see Note 23.2(c)].

10.1 Right-of-use Asset

The carrying amount of the Company's right-of-use asset from store outlet and the movements at beginning and end of 2023 and 2022 are shown below.

	<u>2023</u>	<u>2022</u>
Cost	<u>P 209,111,455</u>	<u>P 209,111,455</u>
Accumulated amortization:		
Balance at beginning of year	61,578,833	46,184,124
Amortization for the year	<u>15,394,709</u>	<u>15,394,709</u>
Balance at end of year	<u>76,973,542</u>	<u>61,578,833</u>
Carrying amount	<u>P 132,137,913</u>	<u>P 147,532,622</u>

The amount of depreciation is presented as part of Depreciation and amortization under General and Administrative Expenses in the statements of comprehensive income (see Note 15.2).

10.2 Lease Liabilities

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

	<u>2023</u>	<u>2022</u>
Current	P 10,982,311	P 8,630,256
Non-current	<u>197,983,976</u>	<u>208,966,287</u>
	<u>P 208,966,287</u>	<u>P 217,596,543</u>

The reconciliation of the carrying amounts of the lease liabilities are as follows:

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Balance at beginning of year		P 217,596,543	P 224,150,665
Accretion of interest	10.4	20,159,704	20,864,887
Repayment	10.4	(28,789,960)	(27,419,009)
Balance at end of year		<u>P 208,966,287</u>	<u>P 217,596,543</u>

As of December 31, 2023 and 2022, 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	Total
December 31, 2023								
Lease payments	P 30,229,457	P 31,740,930	P 33,327,977	P 34,994,376	P 36,744,095	P 38,581,299	P 108,567,777	P 314,185,911
Finance charges	(19,247,146)	(18,099,906)	(16,687,638)	(14,976,650)	(12,929,549)	(10,504,867)	(12,773,868)	(105,219,624)
Net present values	<u>P 10,982,311</u>	<u>P 13,641,024</u>	<u>P 16,640,339</u>	<u>P 20,017,726</u>	<u>P 23,814,546</u>	<u>P 28,076,432</u>	<u>P 95,793,909</u>	<u>P 208,966,287</u>
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 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	<u>P 8,630,256</u>	<u>P 10,982,312</u>	<u>P 13,641,024</u>	<u>P 16,640,339</u>	<u>P 20,017,726</u>	<u>P 23,814,546</u>	<u>P 123,870,340</u>	<u>P 217,596,543</u>

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 P293.5 million, P281.0 million and P264.6 million in 2023, 2022 and 2021 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 +/- P2.7 million, +/- P2.6 million and +/- P2.4 million in 2023, 2022 and 2021, respectively.

10.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P28.8 million, P27.4 million and P26.1 million in 2023, 2022 and 2021, respectively. Interest expense in relation to lease liabilities amounted to P20.2 million, P20.9 million and P21.4 million in 2023, 2022 and 2021, 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 2023 and 2022 are shown below.

	2023	2022	2021
Cost	P 884,372,161	P 732,816,801	P 503,565,463
Accumulated amortization	(327,115,688)	(178,366,903)	(68,996,175)
	<u>P 557,256,473</u>	<u>P 554,449,898</u>	<u>P 434,569,288</u>

A reconciliation of the carrying amounts of intangible assets at the beginning and end of 2023, 2022 and 2021 is shown below.

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Balance at beginning of year, net of accumulated amortization	P 554,449,898	P 434,569,288	P 112,409,082
Additions	151,555,360	229,251,336	363,931,373
Amortization charges for the year	(148,748,785)	(109,370,726)	(40,361,946)
Disposal	<u>-</u>	<u>-</u>	<u>(1,409,221)</u>
Balance at end of year, net of accumulated amortization	<u>P 557,256,473</u>	<u>P 554,449,898</u>	<u>P 434,569,288</u>

In 2021, the Company sold certain intangible assets with net book value of P1.4 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 2023 and 2022.

The amount of amortization is presented as part of Depreciation and amortization under 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 2023, 2022 and 2021 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 2023, 2022 and 2021.

12. TRADE AND OTHER PAYABLES

The composition of this account is shown below.

	<u>Note</u>	<u>2023</u>	<u>2022</u>
Trade payables		P 326,934,225	P 575,689,665
Accrued expenses	13	22,069,554	10,104,032
Withholding taxes and other government payables		12,472,921	6,488,430
Customer loyalty rewards liability		<u>1,301,484</u>	<u>538,431</u>
		<u>P 362,778,184</u>	<u>P 592,820,558</u>

Trade payables arise from the Company's purchases of merchandise inventories and other direct costs. These are noninterest-bearing and have credit terms ranging from 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	2023	2022
Current:			
Short-term loans	13.1	P1,052,259,334	P 1,063,176,816
Current portion of long-term loans	13.2	<u>337,393,162</u>	<u>184,615,384</u>
		1,389,652,496	1,247,792,200
Non-current:			
Long-term loans	13.2	<u>347,222,222</u>	<u>184,615,385</u>
		P1,736,874,718	P 1,432,407,585

Presented below is the reconciliation of the Company's loans payable.

	Short-term Loans	Long-term Loans	Total
Balance as of January 1, 2023	P1,063,176,816	P 369,230,769	P1,432,407,585
Additional borrowings	1,601,069,927	500,000,000	2,101,069,927
Repayments of borrowings	(1,611,987,409)	(184,615,385)	(1,796,602,794)
Balance at December 31, 2023	<u>P1,052,259,334</u>	<u>P 684,615,384</u>	<u>P1,736,874,718</u>
Balance as of January 1, 2022	P 780,000,000	P 653,846,154	P1,433,846,154
Reclassification	100,000,000	(100,000,000)	-
Additional borrowings	1,380,176,816	-	1,380,176,816
Repayments of borrowings	(1,197,000,000)	(184,615,385)	(1,381,615,385)
Balance at December 31, 2022	<u>P1,063,176,816</u>	<u>P 369,230,769</u>	<u>P1,432,407,585</u>
Balance as of January 1, 2021	P1,150,878,598	P2,619,038,461	P3,769,917,059
Additional borrowings	3,958,260,278	292,500,000	4,250,760,278
Repayments of borrowings	(4,329,138,876)	(2,257,692,307)	(6,586,831,183)
Balance at December 31, 2021	<u>P 780,000,000</u>	<u>P 653,846,154</u>	<u>P1,433,846,154</u>

The total interest expense incurred on these loans amounted to P124.0 million, P98.3 million and P276.4 million in 2023, 2022 and 2021, respectively. The related borrowing costs amounting to P109.8 million, P92.7 million and P227.5 million in 2023, 2022 and 2021, respectively, were capitalized as part of Property and Equipment, based on capitalization rate ranging from 6.50% to 9.75% for specific borrowing in those years (see Note 9). The remaining interest amounting to P14.2 million, P5.6 million and P48.9 million in 2023, 2022 and 2021, respectively, are charged to expense and is presented as part of Finance Costs under Other Income (Charges) – Net in the statements of comprehensive income (see Note 16.1).

The unpaid interest amounted to P17.0 million and P8.2 million as of December 31, 2023 and 2022 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 2023, 2022 and 2021, the Company obtained various short-term loans from various local banks for the Company's working capital requirements with fixed interest rates ranging from 5.00% to 9.75% and with terms of 90 to 180 days. These loans 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 2023, the Company obtained a four-year corporate loan, inclusive of one-year grace period, from a local bank for general purpose and to refinance the Company's existing short-term loans with fixed interest rate ranging from 8.50% to 10.99%. The principal amount of the loan is payable in quarterly equal installments starting February 1, 2024.

In 2021 and 2020, the Company also 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%. The principal amount of the loans is payable in 13 quarterly amortizations starting August 29, 2021. There was no similar transaction in 2022.

The loans are secured by cross suretyship of the Company's ultimate parent company (see Note 19.4). Certain loans of the Company with local banks are subject to covenants and all have been complied with as of December 31, 2023 and 2022 (see Note 25).

14. REVENUES

The Company's sales revenues arise from transactions with individual and corporate customers in the Philippines totalling to P10,193.9 million, P9,759.7 million and P9,456.4 million in 2023, 2022 and 2021, respectively.

The disaggregation on revenue recognition whether point in time or over time is shown below and in the succeeding page.

	<u>Point in time</u>	<u>Over time</u>	<u>Total</u>
<u>2023</u>			
Sales	P10,193,891,934	P -	P10,193,891,934
Delivery fees	-	22,291,828	22,291,828
Miscellaneous	<u>2,417,597</u>	<u>-</u>	<u>2,417,597</u>
	<u>P10,196,309,531</u>	<u>P 22,291,828</u>	<u>P10,218,601,359</u>

	<u>Point in time</u>	<u>Over time</u>	<u>Total</u>
<u>2022</u>			
Sales	P9,759,707,468	P -	P9,759,707,468
Delivery fees	-	18,196,443	18,196,443
Miscellaneous	<u>1,840,982</u>	<u>-</u>	<u>1,840,982</u>
	<u>P9,761,548,450</u>	<u>P 18,196,443</u>	<u>P9,779,744,893</u>
<u>2021</u>			
Sales	P9,456,401,220	P -	P9,456,401,220
Delivery fees	-	24,253,245	24,253,245
Miscellaneous	<u>20,330,321</u>	<u>-</u>	<u>20,330,321</u>
	<u>P9,476,731,541</u>	<u>P 24,253,245</u>	<u>P9,500,984,786</u>

The Company also recognized variable rental income from its operating leases as lessor amounting to P100.8 million, P31.4 million and P35.7 million in 2023, 2022 and 2021, 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.

	<u>Note</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Merchandise inventories				
at beginning of year	7	P 1,797,940,590	P1,826,059,707	P1,393,419,308
Purchases during the year		<u>8,423,039,038</u>	<u>7,728,781,485</u>	<u>8,033,139,646</u>
Cost of goods available for sale		10,220,979,628	9,554,841,192	9,426,558,954
Merchandise inventories at end of year	7	<u>(2,081,923,403)</u>	<u>(1,797,940,590)</u>	<u>(1,826,059,707)</u>
		<u>P 8,139,056,225</u>	<u>P7,756,900,602</u>	<u>P7,600,499,247</u>

15.2 Other Operating Expenses

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

	<u>Notes</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Depreciation and amortization	9, 10.1, 11	P 466,905,637	P 400,830,615	P 296,866,723
Rentals	10.3, 19.2	293,464,492	281,009,936	264,590,255
Communication and utilities		292,767,376	273,315,491	243,157,862
Agency fee		244,772,025	235,515,977	218,544,070
Salaries, wages and other other employee benefits	17.1	120,069,686	103,342,971	118,231,818
Taxes and licenses		53,529,115	49,466,086	54,562,120
Merchant fee		42,117,971	43,863,989	48,900,892
Operating supplies		27,633,429	37,093,513	29,631,387
Repairs and maintenance		26,708,111	41,597,351	37,129,493
Advertising and promotions		21,583,918	18,087,797	18,373,817
Travel and transportation		19,198,784	19,055,098	19,289,715
Insurance		17,938,118	13,172,778	10,465,898
Dues and subscriptions		15,381,137	25,452,247	3,088,807
Professional fees	20.2	4,282,873	3,756,216	33,425,945
Delivery fees		2,796,861	2,814,809	5,429,270
Others	20.2	3,401,292	4,908,546	19,482,826
		<u>P1,652,550,825</u>	<u>P1,553,283,420</u>	<u>P1,421,170,898</u>

These expenses are classified as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Selling	P1,071,913,870	P1,036,641,834	P 983,988,864
General and administrative	<u>580,636,955</u>	<u>516,641,586</u>	<u>437,182,034</u>
	<u>P1,652,550,825</u>	<u>P1,553,283,420</u>	<u>P 1,421,170,898</u>

16. OTHER INCOME (CHARGES)

16.1 Finance Income (Costs)

Finance income (costs) include the following:

	<u>Notes</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Finance costs:</i>				
Interest expense from:				
Lease liabilities	10.2	P 20,159,704	P 20,864,887	P 21,387,266
Retirement benefit obligation	17.2	1,620,018	1,084,303	501,042
Loans payable	13	<u>14,249,789</u>	<u>5,556,940</u>	<u>48,932,759</u>
		<u>P 36,029,511</u>	<u>P 27,506,130</u>	<u>P 70,821,067</u>

	<u>Notes</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Finance income:</i>				
Interest income				
from banks	5, 8	<u>P 265,067</u>	<u>P 323,252</u>	<u>P 406,518</u>

16.2 Losses 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 P58.0 million and P112.5 million, respectively (see Notes 7 and 9). The Company received total insurance claims amounting to P98.6 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 2023 and 2021.

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.

	<u>Notes</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Salaries and wages		P 76,449,843	P 68,260,044	P 83,239,149
Post-employment benefits	17.2	5,888,007	7,468,356	16,319,054
Other employee benefits		<u>37,731,836</u>	<u>27,614,571</u>	<u>18,673,615</u>
	15.2	<u>P 120,069,686</u>	<u>P 103,342,971</u>	<u>P 118,231,818</u>

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 2023 and 2022 by a professionally qualified actuary. The retirement benefit obligation amounted to P30.1 million and P22.0 million as of December 31, 2023 and 2022, 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 statements of financial position are as follows:

	<u>2023</u>	<u>2022</u>
Balance at beginning of year	P 22,008,221	P 20,869,333
Current service cost	5,888,007	7,468,356
Interest cost	1,620,018	1,084,303
Actuarial loss (gain) due to:		
Changes in financial assumptions	5,014,079	(9,301,398)
Experience adjustments	(4,929,398)	794,292
Net acquired obligation due to employee transfers	<u>504,568</u>	<u>1,093,335</u>
Balance at end of year	<u>P 30,105,495</u>	<u>P 22,008,221</u>

In 2023 and 2022, 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 P0.5 million and P1.1 million, respectively, which remained outstanding as of December 31, 2023 and 2022. The outstanding receivable is presented as Others under Receivables in the statements of financial position (see Notes 6 and 19).

The component of amounts recognized in profit or loss and in other comprehensive income or loss in respect of the retirement benefit obligation are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in profit or loss:</i>			
Current service cost	P 5,888,007	P 7,468,356	P 16,319,054
Interest cost	<u>1,620,018</u>	<u>1,084,303</u>	<u>501,042</u>
	<u>P 7,508,025</u>	<u>P 8,552,659</u>	<u>P 16,820,096</u>
<i>Reported in other comprehensive loss (income):</i>			
Actuarial loss (gain) arising from:			
Changes in financial assumptions	P 5,014,079	(P 9,301,398)	P -
Experience adjustments	<u>(4,929,398)</u>	<u>794,292</u>	<u>-</u>
	<u>P 84,681</u>	<u>(P 8,507,106)</u>	<u>P -</u>

The current service cost is presented as part of Salaries, wages and other employee benefits under Selling Expenses in the statements of comprehensive income (see Note 15.2). Meanwhile, interest cost is included as part of Finance costs under Other Income (Charges) – Net in the statements of comprehensive income (see Note 16.1).

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

In determining the amount of the retirement benefit obligation, the following significant actuarial assumptions were used:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Discount rate	6.15%	7.37%	5.20%
Expected rate of salary increases	7.75%	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 for the years ended December 31, 2023 and 2022, are discussed in the succeeding page.

(i) *Sensitivity Analysis*

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

	<u>Impact on Post-Employment Benefit Obligation</u>		
	<u>Change in Assumption</u>	<u>Increase in Assumption</u>	<u>Decrease in Assumption</u>
<u>December 31, 2023</u>			
Discount rate	+/- 1.0%	(P 4,185,272)	P 5,082,832
Salary growth rate	+/- 1.0%	5,078,696	(4,260,765)
<u>December 31, 2022</u>			
Discount rate	+/- 1.0%	(P 3,137,211)	P 3,803,637
Salary growth rate	+/- 1.0%	3,844,349	(3,223,016)

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 P30.1 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:

	<u>2023</u>	<u>2022</u>
Within five years	P 9,319,995	P 1,544,248
More than five years to 10 years	15,889,299	16,087,530
More than 10 years to 15 years	42,878,106	19,029,136
More than 15 years to 20 years	103,278,114	95,947,929
More than 20 years	<u>354,196,075</u>	<u>346,619,367</u>
	<u>P 525,561,589</u>	<u>P 479,228,210</u>

The weighted average duration of the defined benefit obligation at the end of the reporting period is 19.2 years.

18. TAXES

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<i>Reported in profit or loss:</i>			
Current tax expense (income):			
Regular corporate income tax (RCIT) at 25%	P 33,245,590	P 33,324,271	P -
Minimum corporate income tax (MCIT) at 1.5% in 2023 and 1% in 2022 and 2021	-	-	19,370,253
Application of excess MCIT	-	(10,820,610)	-
Effect of the change in income tax rate	<u>-</u>	<u>-</u>	<u>(1,155,944)</u>
	<u>33,245,590</u>	<u>22,503,661</u>	<u>18,214,309</u>
Deferred tax expense (income) arising from:			
Origination and reversal of temporary differences	89,572,184	77,642,007	63,720,315
Effect of change in income tax rate	<u>-</u>	<u>-</u>	<u>(23,832,759)</u>
	<u>89,572,184</u>	<u>77,642,007</u>	<u>39,887,556</u>
	<u>P 122,817,774</u>	<u>P 100,145,668</u>	<u>P 58,101,865</u>
<i>Reported in other comprehensive income –</i>			
Deferred tax expense (income) arising from:			
Origination and reversal of temporary differences	(P 21,170)	P 2,126,777	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:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Tax on pretax profit at 25%	P 123,010,182	P 100,477,402	P 111,146,968
Adjustment for income subjected to lower tax rate	(66,266)	(80,813)	(101,630)
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
IPO expenses charged against APIC	-	-	(27,975,096)
Others	(126,142)	-	-
Tax expense	<u>P 122,817,774</u>	<u>P 100,145,668</u>	<u>P 58,101,865</u>

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

	Statements of Financial Position		Statements of Comprehensive Income			Other Comprehensive Income		
			Profit or Loss					
	2023	2022	2023	2022	2021	2023	2022	2021
Deferred tax assets:								
Lease liabilities	P 52,241,572	P 54,399,137	P 2,157,565	P 1,638,531	P 12,625,356	P -	P -	P -
MCIT	8,549,643	8,549,643	-	10,820,610	(19,370,253)	-	-	-
Retirement benefit obligation	7,526,374	5,502,055	(2,003,148)	(3,423,807)	(4,205,025)	21,170	(2,126,777)	-
Rewards liability	325,371	134,608	(190,762)	960,774	(36,513)	-	-	-
Net operating loss carry-over	-	-	-	678,984	(678,984)	-	-	-
	<u>68,642,960</u>	<u>68,585,443</u>	<u>(36,345)</u>	<u>10,675,092</u>	<u>(11,665,419)</u>	<u>21,170</u>	<u>(2,126,777)</u>	<u>-</u>
Deferred tax liabilities:								
Tax depreciation and amortization	(200,424,233)	(125,024,519)	75,399,714	54,221,623	33,065,398	-	-	-
Borrowing costs	(187,388,155)	(169,330,662)	18,057,493	16,593,970	31,252,356	-	-	-
Right-of-use assets	(33,034,478)	(36,883,156)	(3,848,678)	(3,848,678)	(12,764,779)	-	-	-
	<u>(420,846,866)</u>	<u>(331,238,337)</u>	<u>89,608,529</u>	<u>66,966,915</u>	<u>51,552,975</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax liabilities - net	(P 352,203,906)	(P 262,652,894)	P 89,572,184	P 77,642,007	P 39,887,556	P 21,170	(P 2,126,777)	P -
Net deferred tax expense								

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 MCIT rate reverted to 2% starting July 1, 2023. The Company reported RCIT in 2023 and 2022 and MCIT in 2021.

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, *Bayaniban to Recover as One Act (Bayaniban II)* and as implemented under RR No. 25-2020, the net operating loss of a business or enterprise incurred for the taxable year 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 whole amount of 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 2023, 2022 and 2021 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.

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 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 discussion and voting on the same. In case they refuse to abstain, their attendance shall not be counted for purposes of assessing the quorum and their votes shall not be counted for purposes of determining approval.

The summary of the Company's transactions with its related parties are discussed below.

	Notes	Amount of Transactions			Outstanding Balances	
		2023	2022	2021	Receivables (Payables)	
		2023	2022	2021	2023	2022
Parent Company –						
Dividends	20	P 39,804,144	P 48,989,715	P -	P -	P -
Related Parties Under						
Common Ownership:						
Sale of merchandise	19.1	50,368,722	61,461,748	156,977,701	24,328,984	18,819,945
Rentals	19.2	293,464,492	281,009,936	264,590,255	-	-
Transferred retirement benefit obligation	6, 17.2	504,568	1,093,335	4,049,237	504,568	1,093,335
Sale of property and equipment and intangible assets	19.3	-	-	104,726,354	-	-
Key Management Personnel –						
Compensation	19.5	18,130,781	13,755,619	11,869,200	-	-

As of December 31, 2023, 2022 and 2021, 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 as of December 31, 2023 and 2022 are presented as part of Trade under 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 part of 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 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 this transaction. There was no similar transaction in 2023 and 2022.

19.4 Guarantees of Loans

The Company obtained short-term and long-term loans with interests ranging from 6.50% to 11.00% in 2023 and 5.00% to 8.08% in 2022 and 2021, for additional working capital requirements and store construction and expansion. Both the Company's short-term and long-term loans are secured by cross suretyship of its ultimate parent company (see Notes 13.1 and 13.2).

19.5 Key Management Personnel Compensation

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Short-term benefits	P 16,938,863	P 13,755,619	P 5,731,239
Post-employment benefits	<u>1,191,918</u>	<u>-</u>	<u>6,137,961</u>
	<u>P 18,130,781</u>	<u>P 13,755,619</u>	<u>P 11,869,200</u>

20. EQUITY

20.1 Capital Stock

Details of this account are shown below.

	Shares			Amount		
	2023	2022	2021	2023	2022	2021
Common shares						
Authorized						
Balance at beginning of the year	30,000,000,000	30,000,000,000	20,000,000	P 3,000,000,000	P 3,000,000,000	P 2,000,000,000
Increase during the year	-	-	10,000,000,000	-	-	1,000,000,000
Change in par value	-	-	19,980,000,000	-	-	-
Balance at end of year	<u>30,000,000,000</u>	<u>30,000,000,000</u>	<u>30,000,000,000</u>	<u>P 3,000,000,000</u>	<u>P 3,000,000,000</u>	<u>P 3,000,000,000</u>
Issued and outstanding:						
Balance at beginning of the 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
Issuance during the year	-	-	9,472,145,000	-	-	947,214,500
Change in par value	-	-	13,371,615,000	-	-	-
Balance at end of year	<u>22,857,145,000</u>	<u>22,857,145,000</u>	<u>22,857,145,000</u>	<u>P 2,285,714,500</u>	<u>P 2,285,714,500</u>	<u>P 2,285,714,500</u>

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, 2023 and 2022, 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 P0.16 and P0.23 in 2023 and 2022, respectively. The total number of stockholders is 23 and 21 as of December 31, 2023 and 2022, 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.

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.

On August 14, 2023, the Company's BOD approved the declaration of cash dividends amounting to P59.4 million (equivalent to P0.0026 per share) and payable to stockholders of record on September 12, 2023. The dividend was fully paid in 2023.

21. EARNINGS PER SHARE

EPS were computed as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Net profit	P 369,222,953	P 301,763,941	P 386,486,008
Divided by weighted average number of outstanding common shares	<u>22,857,145,000</u>	<u>22,857,145,000</u>	<u>15,835,357,500</u>
Basic and diluted EPS	<u>P 0.02</u>	<u>P 0.01</u>	<u>P 0.02</u>

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

22. PROVISIONS, COMMITMENTS AND CONTINGENCIES

22.1 Unused Line of Credit

The Company has unused line of credit amounting to P400.0 million and P230.8 million as of December 31, 2023 and 2022, 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, 2023 and 2022, management is of the opinion that losses, if any, from these items will not have any material effect on the Company's financial statements, taken as a whole.

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 2023, 2022, and 2021, 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.

On the other hand, the Company's short-term and long-term bank loans are subject to fixed rates ranging from 6.50% to 11.00% per annum, 5.00% to 8.08% per annum and 6.50% to 8.08% per annum for 2023, 2022 and 2021, respectively (see Note 13). Accordingly, management assessed that the Company is not significantly exposed to changes in market interest rates for its bank borrowings in 2023, 2022 and 2021.

The sensitivity of the net result for 2023 and 2022 is analyzed based on reasonably possible change in interest rates of +/- 1.45% and +/- 1.27%, respectively. The calculations are based on a change in the average market interest rate for each period, using standard deviation, in the previous 12 months estimated at 99% confidence level. These changes are considered to be reasonably possible based on observation of current market conditions. The sensitivity analysis is based on the Company's financial instruments held at the end of each reporting period, with effect estimated from the beginning of the period. With other variables held constant, if the interest rate increased, profit before tax would have decreased by P39.9 million and P31.7 million in 2023 and 2022, respectively. Conversely, if the interest rate decreased by the same percentage, profit before tax would have been higher by the same amount.

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.

	<u>Notes</u>	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	5	P1,003,630,272	P 992,201,140
Receivables	6	190,740,438	132,048,806
Short-term investments	8	3,000,000	3,000,000
Security deposits	8, 10	<u>74,180,942</u>	<u>72,322,394</u>
		<u>P1,271,551,652</u>	<u>P1,199,572,340</u>

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, 2023 and 2022, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified that the Philippine inflation was the most relevant factor in 2023 and 2022, 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.

As of December 31, 2023 and 2022, all of the Company trade receivables are considered current and not yet due. On that basis, no expected credit loss allowance was determined.

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

(c) *Security Deposits*

The Company is not exposed to any significant credit risk exposure, since the counterparties are reputable lessors with sound liquid position.

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, 2023 and 2022, the Company's financial liabilities, excluding lease liabilities (see Note 10.2), have contractual maturities which are summarized below.

			Current		Non-current	
	Notes		Upon demand/ Within Six Months	Six to 12 Months	One to Three Years	Later than Three Years
December 31, 2023						
Trade and other payables	12	P	349,003,779	P -	P -	P -
Loans payable	13		<u>1,269,344,508</u>	<u>195,381,795</u>	<u>382,036,318</u>	<u>-</u>
			<u>P 1,618,348,287</u>	<u>P 195,381,795</u>	<u>P 382,036,318</u>	<u>P -</u>
December 31, 2022						
Trade and other payables	12	P	582,793,698	P -	P -	P -
Loans payable	13		<u>1,175,794,462</u>	<u>100,673,077</u>	<u>191,865,385</u>	<u>-</u>
			<u>P 1,758,588,160</u>	<u>P 100,673,077</u>	<u>P 191,865,385</u>	<u>P -</u>

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, 2023 and 2022, management considers that the carrying values of these financial instruments approximate their fair values either because these instruments are short-term in nature or the effect of discounting for those maturities of more than one year is not material, hence, no further comparison between the carrying amounts and fair values is presented.

A description of the Company's risk management objectives and policies for financial instruments is provided in Note 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, 2023 and 2022.

24.3 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2023 and 2022 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, 2023 and 2022.

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

The table below summarizes the fair value hierarchy of the Company's financial assets and financial liabilities which are not measured at fair value in the statements of financial position but for which fair value is disclosed (see Note 24.1).

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>December 31, 2023</u>				
<i>Financial assets:</i>				
Cash and cash equivalents	P1,003,630,272	P -	P -	P1,003,630,272
Trade and other receivables	-	-	190,740,438	190,740,438
Short-term investments	3,000,000	-	-	3,000,000
Security Deposit	-	-	41,657,448	41,657,448
	<u>P1,006,630,272</u>	<u>P -</u>	<u>P 232,397,886</u>	<u>P1,239,028,158</u>
<i>Financial liabilities:</i>				
Trade payables	P -	P -	P 349,003,779	P 349,003,779
Loans payable	-	-	2,187,104,131	2,187,104,131
Lease liabilities	-	-	208,966,287	208,966,287
	<u>P -</u>	<u>P -</u>	<u>P2,745,074,197</u>	<u>P2,745,074,197</u>
<u>December 31, 2022</u>				
<i>Financial assets:</i>				
Cash and cash equivalents	P 992,201,140	P -	P -	P 992,201,140
Trade and other receivables	-	-	132,048,806	132,048,806
Short-term investments	3,000,000	-	-	3,000,000
Security Deposit	-	-	34,409,340	34,409,340
	<u>P 995,201,140</u>	<u>P -</u>	<u>P 166,458,146</u>	<u>P1,161,659,286</u>
<i>Financial liabilities:</i>				
Trade payables	P -	P -	P 582,793,698	P 582,793,698
Loans payable	-	-	1,634,951,815	1,634,951,815
Lease liabilities	-	-	217,596,543	217,596,543
	<u>P -</u>	<u>P -</u>	<u>P2,435,342,056</u>	<u>P2,435,342,056</u>

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:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Interest-bearing loans	P 1,736,874,718	P 1,432,407,585	P 1,433,846,154
Total equity	<u>6,913,788,434</u>	<u>6,604,057,569</u>	<u>6,369,056,163</u>
Debt-to-equity ratio	<u>0.25: 1.00</u>	<u>0.22: 1.00</u>	<u>0.23 : 1.00</u>

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, 2023 and 2022 (see Note 13.2).

26. SUPPLEMENTAL INFORMATION ON NON-CASH ACTIVITIES

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

- In 2023, 2022 and 2021, the Company capitalized borrowing costs amounting to P109.8 million, P92.7 million and P227.5 million as part of property and equipment (see Notes 9 and 13).
- The Company has accrued interest expense amounting to P17.0 million, P8.2 million and P5.4 million as of December 31, 2023, 2022 and 2021, respectively (see Note 13).
- 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).
- In 2023 and 2022, certain advances to contractors under Non-current Assets amounting to P68.5 million and P5.7 million, respectively, were reclassified to Construction-in-progress under Property and Equipment in the statements of financial position (see Note 9). There was no similar transaction in 2021.

27. 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:

	<u>Tax Base</u>	<u>Output VAT</u>
Sale of merchandise:		
VATable sales	P 8,270,723,338	P 992,486,801
Zero-rated sales	1,346,383,955	-
Exempt sales	<u>682,027,591</u>	<u>-</u>
	<u>P 10,299,134,884</u>	<u>P 992,486,801</u>

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 Income in the 2023 statement of comprehensive income. The tax bases for Other Income are based on the Company's gross receipts for the year, hence, may not be the same as the amounts of revenues reported in the 2023 statement of comprehensive income.

(b) Input VAT

The movements in input VAT in 2023 are shown below.

Balance at beginning of year	P 517,544,987
Domestic purchases of goods	528,889,389
Domestic purchases of services	98,727,078
Purchases of capital goods	95,074
Amortization of capital goods subject to amortization	40,203,604
Applied against output VAT	(<u>992,486,801</u>)
Balance at end of year	<u>P 192,973,331</u>

The outstanding input VAT as of December 31, 2023 is presented as Input VAT under Prepayments and Other Current Assets in the 2023 statement of financial position.

(c) *Taxes on Importation*

The Company did not have any customs duties and tariff fees paid in 2023 since it did not engage in any importation activities during the year.

(d) *Excise Tax*

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

(e) *Documentary Stamp Tax*

In 2023, the Company paid documentary stamp tax amounting to P10.7 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 2023 is broken down as follows:

Business permits and licenses	P 42,767,370
Documentary stamp tax	10,727,727
Registration fees	24,500
Other fees	<u>9,518</u>
	<u>P 53,529,115</u>

The taxes and licenses is presented under General and Administrative Expenses in the 2023 statement of comprehensive income.

(g) *Withholding Taxes*

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

Expanded	P 68,676,450
Compensation and employee benefits	7,186,709
Final	<u>1,693,279</u>
	<u>P 77,556,438</u>

The outstanding balance of expanded withholding tax, withholding tax on compensation and final withholding tax amounting to P10.6 million is recorded as part of Withholding taxes and other government payables under Trade and Other Payables in the 2023 statement of financial position.

(b) *Deficiency Tax Assessment and Tax Cases*

As of December 31, 2023, 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.

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

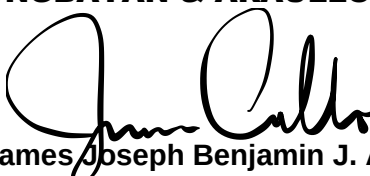
Punongbayan & Araullo
20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

The Board of Directors 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, 2023 on which we have rendered our report dated April 29, 2024. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Company's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO



By: James Joseph Benjamin J. Araullo
Partner

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

April 29, 2024

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
List of Supplementary Information
December 31, 2023

<u>Schedule</u>	<u>Content</u>	<u>Page No.</u>
Schedule Required under Annex 68-I of the Revised Securities Regulation Code Rule 68		
	Schedule for Listed Companies with a Recent Offering of Securities to the Public	1
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)	2
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	N/A
D	Long-term Debt	3
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	4
Others Required Information		
	Reconciliation of Retained Earnings Available for Dividend Declaration	5
	Map Showing the Relationship Between the Company and its Related Entities	6
	Schedule for Listed Companies with Recent Offering of Securities to the Public	7

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, 2023
(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	940,108	P	552,462	P	940,108	P	-	P	-	P	552,462
Vista Land & Lifescapes, Inc.		427,276		601,074		381,638		-		-		646,712
AllValue Holdings Corp.		88,206		3,310,000		875,106		-		-		2,523,100
Golden MV Holdings		160,832				160,832		-		-		-
AllHome Corp.	-		-		-			-		-		-
Family Shoppers Unlimited Inc.		63,736		4,573,101		208,205		-		-		4,428,632
AllDay Retail Concepts, Inc.		3,015,142		5,661,663		4,620,883		-		-		4,055,922
CM Star Management, Inc.		11,143,641		25,572,317		32,617,692		-		-		4,098,266
The Village Server, Inc.		197,156		-		197,156		-		-		-
Masterpiece Asia Properties Inc.		678,184		-		678,184		-		-		-
Vista Residences Inc.		36,342		125,496		36,342		-		-		125,496
Brittany Corporation		9,424		146,494		26,084		-		-		129,834
Metroexpress Connect, Inc.		76,532		-		76,532		-		-		-
VISTAREIT, INC.	-			276,020		75,101		-		-		200,919
ALLGREEN RETAIL, INC.	-			7,912,351		1,575,916		-		-		6,336,435
Household Development	-			1,623,240		399,736		-		-		1,223,504
Crown Asia Properties Inc.	-			14,504		6,804		-		-		7,700
GetAll Corp.		1,983,366		-		1,983,366		-		-		-
TOTAL	P	18,819,945	P	50,368,722	P	44,859,685	P	-	P	-	P	24,328,982

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
Schedule D - Long-Term Debt
December 31, 2023
(Amounts in Philippine Pesos)

<i>Title of issue and type of obligation</i>	<i>Amount shown under caption "Current portion of long-term debt" in related balance sheet</i>	<i>Amount shown under caption "Long-Term Debt" in related balance sheet</i>
Term Loans	P <u>347,222,222</u>	P <u>347,222,222</u>

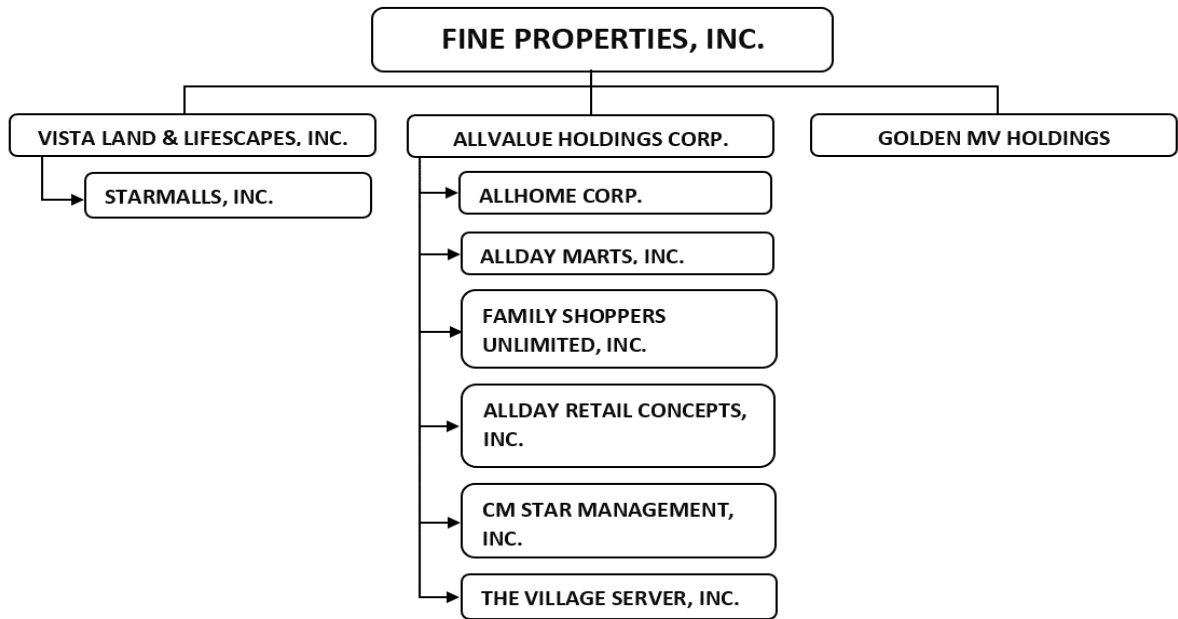
ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2023

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding	Number of Shares Reserved for Options, Warrants, Conversion and Other Rights	Number of Shares Held by		
				Related Parties	Directors, Officers and Employees	Others
Common Shares at P0.10 par value	<u>30,000,000,000</u>	<u>22,857,145,000</u>	<u>-</u>	<u>15,309,286,000</u>	<u>5,002,000</u>	<u>7,542,857,000</u>

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, 2023

Unappropriated Retained Earnings at Beginning of Year	P 960,270,098
Less: Items that are directly debited to Unappropriated Retained Earnings	
Dividend declaration during the reporting period	(<u>59,428,577</u>)
Unappropriated Retained Earnings at Beginning of Year, as adjusted	900,841,521
Add: Net Income for the Current Year	369,222,953
Less: Other items that should be excluded from the determination of the amount of available for dividends distribution	
Net movement in deferred tax asset not related to the same transaction	(2,193,910)
Net movement in deferred tax asset related to Leases - PFRS 16	(<u>1,691,113</u>)
	(<u>3,885,023</u>)
Unappropriated Retained Earnings Available for Dividend Declaration at End of the Year	<u><u>P 1,266,179,451</u></u>

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



**SCHEDULE FOR LISTED COMPANIES WITH RECENT OFFERING
OF SECURITIES TO THE PUBLIC**

ALLDAY MARTS, INC.

For the Period Ended December 31, 2023

1. Gross and net proceeds as discussed in the final prospectus

Estimated gross proceeds	P	4,114,300,000
Estimated net proceeds		3,956,600,000

2. Actual gross and net proceeds

Actual gross proceeds	P	4,114,285,800
Actual net proceeds		3,956,593,762

3. Each expenditure item where the proceeds were used

Debt repayments	P	3,149,203,324
Initial working capital		232,722,066
Capital expenditures for store network expansion		279,613,271

4. Balance of the proceeds as of end of reporting period

As of December 31, 2023	P	295,055,101
-------------------------	---	-------------

Report of Independent Auditors on Components of Financial Soundness Indicators

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

T +63 2 8988 2288

The Board of Directors 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, 2023 and 2022, on which we have rendered our report dated April 29, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculations, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as of December 31, 2023 and 2022 and for the years then ended and no material exceptions were noted.

PUNONGBAYAN & ARAULLO



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

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

April 29, 2024

ALLDAY MARTS, INC.
Supplemental Schedule of Financial Soundness Indicators
December 31, 2023 and 2022

Ratio	Formula	2023	Formula	2022
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets P 4,288,620,281 Divide by: Total Current Liabilities 1,763,412,991 Current ratio 2.43	2.43	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
Acid test ratio	Quick assets (Total Current Assets less Merchandise Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 4,288,620,281 Less: Merchandise Inventories (2,081,923,403) Other Current Assets (1,012,326,168) Quick Assets 1,194,370,710 Divide by: Total Current Liabilities 1,763,412,991 Acid test ratio 0.68	0.68	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
Solvency ratio	Total Assets divided by Total Liabilities Total Assets P 9,604,717,024 Divide by: Total Liabilities 2,690,928,590 Solvency ratio 3.57	3.57	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
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities P 2,690,928,590 Divide by: Total Equity 6,913,788,434 Debt-to-equity ratio 0.39	0.39	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
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets P 9,604,717,024 Divide by: Total Equity 6,913,788,434 Assets-to-equity ratio 1.39	1.39	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
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 528,070,238 Divide by: Interest expense* 145,809,353 Interest rate coverage ratio 3.62	3.62	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
Return on equity	Net Profit divided by Total Equity Net Profit P 369,222,953 Divide by: Total Equity 6,913,788,434 Return on equity 0.05	0.05	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
Return on assets	Net Profit divided by Total Assets Net Profit P 369,222,953 Divide by: Total Assets 9,604,717,024 Return on assets 0.04	0.04	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 margin	Net Profit divided by Total Revenue Net Profit P 369,222,953 Divide by: Total Revenue 10,193,891,934 Net profit margin 0.04	0.04	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

* Interest expense includes capitalized borrowing costs