

COVER SHEET

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(Company's Full Name)

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

Maria Cristina O. Barao

Contact Person

8880-1900

Company Telephone Number

1	2
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Month

3	1
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Day

Calendar Year

17-A

FORM TYPE

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Month

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Day

Annual Meeting

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Secondary License Type, If Applicable

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Dept. Requiring this Doc.

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Amended Articles
Number/Section

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Total No. of Stockholders

Total Amount of Borrowings

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Domestic

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Foreign

To be accomplished by SEC Personnel concerned

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File Number

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Document I.D.

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Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-A

ANNUAL REPORT PURSUANT TO SECTION 17
OF THE SECURITIES REGULATION CODE AND SECTION 141
OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended **December 31, 2021**
2. SEC Identification Number **CS-201629673**
3. BIR Tax Identification No. **009-491-731**
4. Exact name of issuer as specified in its charter **ALLDAY MARTS, INC.**
5. **Philippines**
Province, Country or other jurisdiction of incorporation
6. Industry Classification Code (SEC Use Only)
7. **Lower Ground Floor, EVIA Lifestyle Center, Daanghari,** **1750**
Almanza Dos, Las Piñas City
Address of principal office Postal Code
8. **(632) 8880-1900**
Issuer's telephone number, including area code
9. **N/A**
Former name, former address, and former fiscal year, if changed since last report.
10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding
Common stock	22,857,145,000 shares
11. Are any or all of these securities listed on a Stock Exchange?

Yes [x]	No []
Name of Stock Exchange:	<u>Philippine Stock Exchange</u>
Class of securities listed:	<u>Common Stocks</u>
12. Check whether the issuer:
 - (a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [x]	No []
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(b) has been subject to such filing requirements for the past ninety (90) days.

Yes [☒]

No [☐]

13. Aggregate market value of voting stocks held by non-affiliates:

₱ 4.6 Billion as of December 31, 2021

**APPLICABLE ONLY TO ISSUERS INVOLVED IN
INSOLVENCY/SUSPENSION OF PAYMENTS PROCEEDINGS
DURING THE PRECEDING FIVE YEARS:**

14. Check whether the issuer has filed all documents and reports required to be filed by Section 17 of the Code subsequent to the distribution of securities under a plan confirmed by a court or the Commission.

Yes [☐]

No [☒] **NOT APPLICABLE**

DOCUMENTS INCORPORATED BY REFERENCE

15. Briefly describe documents incorporated by reference and identify the part of SEC Form 17-A into which the document is incorporated:

Financial Statements as of and for the year ended December 31, 2021
(incorporated as reference for Items 7 and 12 of SEC Form 17-A)

Table of Contents

PART I – BUSINESS	4
<i>Item 1. Business</i>	4
<i>Item 2. Properties</i>	18
<i>Item 3. Legal Proceedings</i>	18
<i>Item 4. Submission of Matters to a Vote of Security Holders</i>	18
PART II – OPERATIONAL AND FINANCIAL INFORMATION	19
<i>Item 5. Market for Issuer’s Common Equity and Related Stockholders Matters</i>	19
<i>Item 6. Management’s Discussion and Analysis</i>	20
<i>Item 7. Financial Statements</i>	33
<i>Item 8. Information on Independent Accountant and Other Related Matters</i>	33
PART III – CONTROL AND COMPENSATION INFORMATION	35
<i>Item 9. Directors and Executive Officers of the Issuer</i>	35
<i>Item 10. Executive Compensation</i>	37
<i>Item 11. Security Ownership of Certain Beneficial Owners and Management</i>	38
<i>Item 12. Certain Relationships and Related Transactions</i>	40
PART IV – CORPORATE GOVERNANCE	41
<i>Item 13. Corporate Governance</i>	41
PART V – EXHIBITS AND SCHEDULES	42
<i>Item 14. Exhibits and Reports on SEC Form 17 A</i>	42
SIGNATURES	44
INDEX TO FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES	45

PART I – BUSINESS

Item 1. Business

Overview

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 34 physical stores as of December 31, 2021, with an aggregate net selling space of approximately 57,772 sqm across 25 cities and municipalities in the Philippines. Twenty-five 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 opened its first store in the Visayas region, AllDay Iloilo, in 2018 and first store in North Luzon, AllDay Santiago in 2020.

The Company believes that it offers Filipino consumers an elevated, modern grocery shopping experience with its innovative solutions and dual-format business model. The Company operates an in-store and online integrated modern grocery business offering approximately 3,600 local and international product brands that fall under three key categories, namely fresh items, food items and non-food items.

Through a combination of store aesthetics, comfort, accessibility and convenience, the Company believes that it offers an elevated in-store customer experience, thereby attracting a discerning clientele who has a relatively higher buying power and puts a premium on their overall shopping experience. To complement this in-store experience, the Company also operate their own e-commerce platform through www.allday.com.ph which provides a responsive, secure, and fast online shopping experience for their customers. In addition, customers may also do their shopping through the Company’s Personal Shopper Service. These on-demand platforms are available throughout their store network, utilizing their physical locations as last-mile fulfillment centers.

Store Formats

The Company’s brick and mortar stores are its primary sales channel and point of contact with consumers, while its online shopping platforms provide another avenue for expansion. A typical AllDay supermarket has a net selling area of approximately 1,600 sqm to 1,800 sqm.

Products

The Company offers an assortment of imported and locally manufactured products from approximately 3,600 brands consisting of about 30,000 to 40,000 SKUs that fall under three key categories, namely fresh items, food items and non-food items. It sources its products from about 1,000 suppliers (including concessionaires), both from the Philippines and abroad. Additionally, the Company pays special attention to the curation of its international and unique local brands as a point of differentiation from its competition.

Distribution Methods of Products

Inventories are forwarded to stores via direct-to-store delivery and cross-docking (via Distribution Center). Inventories are stored in one distribution center and in-store warehouses located at the back of each store. Suppliers are responsible for packing and delivering the products to the Company’s distribution center located in Muntinlupa or directly to the warehouses located at the back of each store in Mega Manila. Using both methods, the Company believes that it makes inventory immediately available to its locations. This method is also particularly important to product freshness.

The Company’s Greater Manila Area stores use both trucking and co-loading forwarding models. For North Luzon stores, the Company utilize a line-hauling system to forward inventory. For its Visayas stores, the Company utilizes intermodal methods—air freight, sea freight and inter-island ferrying (RoRo).

Competition

In terms of location, product offering and pricing, the Company has identified the industry’s major players such as SM Retail Inc., Robinsons Retail Holdings Inc. and Puregold Price Club Inc. as its direct competition. The Company believes that it is well positioned to compete given its competitive advantages including, among others,

an elevated customer experience, diverse products and services mix, and a synergistic relationship with the Villar Group.

Suppliers

The Company has steadily expanded its network of suppliers and concessionaires since commencing operations. As of December 31, 2021, it maintained a sourcing network comprising an aggregate of about 1,000 suppliers, including concessionaires. Products manufactured outside the Philippines are purchased from distributors located in the Philippines or through other third parties who import these products into the Philippines. The Company selects its suppliers based on a number of criteria including their reputation in the industry, quality and standards, reliability of delivery, exclusivity and price. It does not rely on any single supplier or a limited number of suppliers as it maintains a wide network of suppliers.

The Company generally does not enter into long term agreements with its suppliers. Purchase price of a product is agreed between the supplier and the Company by reference to the supplier's wholesale price and purchase quantity. In general, most of its suppliers grant approximately seven to 30 days' average payment terms after date of delivery pursuant to the purchase orders. Under the Company's trade terms agreements, suppliers can provide volume-based incentives, marketing support and store opening support.

Services

To complement its stores' product offerings, the Company provides the following value-added services in its stores:

Paluto. Paluto service, located near a stores' fresh section, allows customers to have the fresh items and food items they purchase on site to be prepared and cooked to their liking by the on-site team of chefs. Every Paluto section is accompanied by seating provisions to allow customers to enjoy their freshly-cooked meals inside the store.

Gastroville. Gastroville is an in-store food hub, curated to reflect international cuisines and is akin to hawker centres found in developed countries. A typical Gastroville section is composed of three clusters of six to eight different food concepts. These food concepts also make use of the dining area shared with Paluto.

Customer Service Counter. Each store also provides customers with a bills payment facility at the customer service area, adding efficiency and convenience to customer experience by allowing them to do the groceries and pay the bills in one trip.

Personal Shopper Service. The Company rolled out the Personal Shopper Service program across its store network in April 2020 which allowed customers to simply send their orders through the Company's dedicated hotlines for fulfillment by Personal Shoppers in stores and delivery direct to their homes.

Customers

As a retail grocery business, the Company caters to a wide consumer base. The Company's branding, communications and product offering is tailored towards the upper middle income to upper income segment. The Company is not dependent on any single customer or a few customers and the loss of any of its customers would not have a material adverse effect on its operations.

Customer Loyalty Program- AllRewards Card

As a member of the network of AllValue Stores, customers earn points for purchases at AllDay under AllValue's AllRewards membership program. Once the minimum balance of points is reached, the points can be used as payment for purchases at any AllValue Store. As of December 31, 2021, there are over 698,015 AllRewards cardholders. These cardholders typically spend 50% more than the average AllDay customer.

AllDay also regularly enters into partnerships with its top suppliers and credit card companies to rollout incentive promos that include but are not limited to rebate and Gift with purchase (GWP) promotions

Transactions with Related Parties

Please refer to Item 12 of this report (“Certain Relationships and Related Transaction”).

Intellectual Property

The Company’s registered trademark with the Philippine Intellectual Property Office covers the following:



This trademark is important because name recognition and exclusivity of use are contributing factors to the Company’s success. Failure to protect its intellectual property against infringement or misappropriation could have a material adverse effect on the Company’s business, results of operations, financial condition and prospects.

As of December 31, 2021, the Company has no other trademarks registered or pending registration with the Intellectual Property Office.

Government Approval and Regulations

The Company has all the applicable and material permits and licenses necessary to operate business as currently conducted and such permits and licenses are valid, subsisting, or pending renewal.

Effect of Existing or Probable Governmental Regulations

As of December 31, 2021, the Company is not aware of any existing or probable governmental regulations that will have an effect on the Company’s business operations.

Employees

As of December 31, 2021, the Company has 250 employees broken down by function as follows:

Function	No. of Employees
Executive	5
Managerial	22
Supervisory	115
General Staff	108
TOTAL	250

In addition to regular employees, the Company engages third-party manpower service providers (security and manpower agencies) to support the personnel requirements of the business and new store openings. The Company recognizes the need to hire additional personnel to handle its expansion plans and expect to hire approximately 60 to 70 new employees in the next 12 months primarily for the new stores, subject to the changing needs of the business and prevailing market conditions.

The Company has no collective bargaining agreement with any employee and none of the employees belongs to a union. The Company believes that it has a good relationship with the employees and no key employee has left the Company during the past three years. The Company’s employee turnover rate is less than 5%.

The Company provides employees with training and other development programs to enable them to effectively carry out their jobs and prepare them for career advancement in the Company. In particular, the Company has operational procedures and training covering customer service, monitoring inventory, returns, security and cash handling and its supervisors oversee compliance with these procedures. The Company takes measures to control its labor costs with improved worker productivity through cross-training of personnel to enable them to handle multiple areas of operation.

In addition to statutory benefits required under Philippine labor law, the Company provides the following incentives to its employees: Health Maintenance Organization coverage; car plan; mobile phone plan; store purchase discount; allowances; and vacation leaves and sick leaves.

Risks

Risks related to the Company's Business

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

The Company intends to increase its revenues through, among others, expanding its store network, introducing new products and broadening its product offering. Its expansion activities may be financed by a combination of equity and additional borrowings. A significant part of its growth strategy entails the opening of new stores in suitable locations in various areas of the Philippines, including in areas where the Company does not currently have a presence.

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

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

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

Expansion into new geographical areas will expose the Company to additional operational, logistical and other risks and there is no assurance that its new stores will be successful or profitable. Any difficulties the Company experiences with respect to developing its business operations in new geographical areas may materially and adversely affect its business, financial condition and results of operations.

In addition, if the Company is unable to successfully manage the potential difficulties associated with store growth, it may not be able to capture the scale efficiencies that it expects from expansion. If the Company is unable to continue to capture scale efficiencies, it may not be able to achieve its goals with respect to operating margins. An inability to manage future growth efficiently could have a material adverse effect on its business, financial condition, cash flows, results of operations and prospects.

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

Its business and results of operations are highly dependent on demand from its customers for its products and services, and such demand may be adversely impacted by changes in the economy. As with other retail businesses, demand for its products and services depends in part on prevailing economic conditions. Negative developments in the local or national economy, credit conditions and availability, disposable income, employment conditions or other factors may decrease consumer spending generally or demand for its products and services, thus resulting in decreased demand for some or all of its products and services. In particular, its business is subject to changes in the retail and real estate market environment in the Philippines.

Any changes in these markets, including adverse regulatory developments or adverse developments in consumer disposable income could have an adverse effect on its business. The outlook for the Philippine economy remains uncertain and may be affected by future government policies, developments in the global economy or international relations and other factors.

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

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

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

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

In addition, some of its competitors are also aggressively expanding their number of stores or their product offerings. Some of these competitors may have been in business longer or may have greater financial, distribution or marketing resources than the Company and may be able to devote greater resources to sourcing, promoting and selling their products. There can be no assurance that it will be able to compete successfully against current competitors or new entrants. The Company believes that the retail market in areas outside the Mega Manila region is dominated by independent local operations. Expansion into these areas exposes the Company to operational, logistical and other risks of doing business in new territories. It may also find difficulties in obtaining regulatory or local government approvals for new stores in these areas due to differences in local requirements and processes. Moreover, it may experience difficulty in building the "AllDay" brand name in these new areas as some of these competitors may have been in the area for a long time. Operationally, it may experience supply, distribution, transportation and/or inventory management issues due to the limited presence of large retailers and underdevelopment of distribution networks. Any difficulty the Company experiences with respect to developing its business presence in emerging urban areas outside Mega Manila and increasing competition in certain areas wherein competitors open stores within close proximity to its stores, could

negatively impact its results of operations through a loss of sales, reductions in margins from competitive price changes or greater operating costs, and could materially affect its growth strategy and financial condition.

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

The Company relies on third-party distributors and suppliers, including concessionaires for its inventory intake and store displays, and other third-party service providers such as logistics services for the delivery of its products to its stores, distribution center and in-store warehouses. Consequently, it has only limited control over the timing of deliveries and the security of its products while they are being transported. A disruption within its logistics or supply chain network could adversely affect its ability to distribute and maintain inventory, which could impair its ability to meet customer demand for products and result in lost sales, increased supply chain costs, or damage to its reputation. The Company has an automated inventory system that regularly monitors its inventory levels and considers order lead time in the replenishment of its inventories to mitigate the risk of product unavailability. However, any deterioration in the relationships between suppliers, distributors and third-party service providers or other changes relating to these parties, including changes in supply and distribution chains, could have an adverse effect on its business, financial condition and results of operations.

In addition, there can be no assurance that it will be able to effectively coordinate its logistics strategy to the degree necessary for the realization of its growth plans. As the Company continues to expand, the Company will need to ensure that it is able to secure efficient distributors and service providers for its stores to be opened in new locations. An inability to efficiently operate and expand its warehouses and logistics capabilities could have a material adverse effect on its business, financial condition, cash flows, results of operations and prospects.

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

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

Further, there can be no assurance that its suppliers will have sufficient resources to continue to meet its demands. In the event that these suppliers cannot fulfill their obligations to supply sufficient quantities and in such quality as required, the Company may not be able to find suitable alternative suppliers on a timely basis to supply the same or similar types and quantities of merchandise, which may materially and adversely affect its business, financial condition and results of operations.

The Company is subject to inventory risks and face challenges in effectively managing its inventory.

Outright sales accounted for approximately 80% of its sales for the year ended December 31, 2021, while concession sales accounted for the remainder of its sales. Outright sales expose the Company to increased inventory risk, which includes inventory losses due to obsolescence, theft, pilferage, spoilage, and other damage. For products sourced for outright sales, the Company bears all risks and costs of inventory management, including shrinkage losses due to a discrepancy between its inventory based on a physical count and the amounts generated by its inventory system. If it fails to properly manage its inventory in relation to outright sales, the Company may suffer lower inventory turnover, which could have an adverse effect on its business, financial condition and results of operations.

The Company must also manage its merchandise in stock and inventory levels to track customer demand. It faces challenges in managing its inventory levels, including significant ordering lead time for certain types of products and seasonality of demand for some products. As a result of these and other factors, the Company is vulnerable to demand and pricing shifts and to misjudgments in the selection and timing of merchandise purchases, which could have an adverse effect on its business, financial condition and results of operations.

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

The Company derives its revenues from outright sales and sales of concession products, and its success depends on its ability to retain existing suppliers and concessionaires, and attract new suppliers and concessionaires on terms and conditions favorable to the Company. The sourcing of its products is dependent, in part, on its relationships with its suppliers. The Company has longstanding working relationships with a broad range of national and multinational suppliers across all of its product categories. The Company does not enter into long-term supply contracts and its supplier and concessionaire contracts generally have a one year term renewable year-on-year. If the Company is unable to maintain these relationships, or if it loses suppliers for any reason, it may not be able to continue to source products at competitive prices that both meet its standards and appeal to customers. Its five largest suppliers (outright sales and concession sales) accounted for approximately 18% and approximately 20% of its sales in 2020 and 2021, respectively. The loss of any one of these major suppliers could have an adverse effect on its sales.

The Company obtains discounts and rebates from suppliers, tied to meeting sales targets, which allows it to keep its pricing competitive. Should changes occur in market conditions or its competitive position, it may not be able to meet these targets or maintain or negotiate adequate support, which could have an adverse effect on its business, financial condition and results of operations.

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

Dissatisfaction with its customer service could prevent the Company from retaining its customers.

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

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

Any damage to its brand name “AllDay” could harm its business.

The Company’s brand image and reputation is a key factor in the success of its business. The Company believes that maintaining and enhancing its brand is integral to its business and to the implementation of its growth strategy. Maintaining its brand requires the Company to continue to make investments in areas such as marketing and advertising, as well as the day-to-day investments required for store operations, employee training and website operations. Its brand image may be damaged if new stores, products, services or other businesses fail to maintain or enhance its brand image, or if it fails to maintain high standards for merchandise and service quality. Its brand image may also be damaged by activities of related companies carrying the AllDay name such as AllDay Convenience Stores and AllDay RX. The strength of its brand could also be affected due to noncompliance with laws and regulations, misconduct by its employees or sales personnel or merchandisers assigned to its stores by its suppliers, product defects, customer claims, product recalls or liability, employee dissatisfaction with its employment practices or other negative publicity involving the Company or its products and other entities carrying the AllDay name.

Intellectual property claims by third parties or its failure or inability to protect its intellectual property rights could diminish the value of its brand and weaken its competitive position.

The Company believes that its trademarks and other proprietary rights, including its brands, have significant value and

are important to identifying and differentiating its brand from those of its competitors. There can be no assurance that third parties will not assert rights in, or ownership of, its name, trademarks and other intellectual property rights.

Successful infringement claims against the Company could result in significant monetary liability and prevent it from using the “AllDay” brand. In addition, resolution of claims may require the Company to license rights from third parties or cease using those rights altogether. The costs of defending and enforcing its intellectual property rights may cause it to incur significant time and legal expense, and it may not be entirely successful in protecting its assets and enforcing its rights. If it is unable to protect and maintain its intellectual property rights, the value of its brand could be diminished and its competitive position could suffer.

The Company may incur liability for goods sold in its stores that violate the intellectual property rights of third parties.

The Company and its suppliers source merchandise worldwide. The measures it implements to minimize potential infringement of intellectual property rights of third parties may not always be successful. In the event that goods sold in its stores violate the intellectual property rights of third parties, the Company, in its capacity as retailer, may be found liable for intellectual property violation and may be compelled to pay damages. Moreover, it cannot assure that it can successfully obtain indemnity payments from its suppliers or that such indemnity payments will fully cover all of its loss associated with its liability. If any claims alleging infringement of intellectual property rights are brought against the Company or its suppliers, its reputation may also be damaged.

The Company relies on information technology in its operations, and any failure of such systems could harm its ability to effectively operate its business.

Its business operations are heavily dependent on the integrity of the information technology systems supporting them, many of which have only recently been implemented. The Company manages its inventory and logistical operations through the use of various information technologies, including intranet, networked personal computers, servers and automated inventory management systems. Its systems and operations may be vulnerable to damage or interruption from human error, data inconsistency, natural disasters, power loss, computer viruses, intentional acts of vandalism, breach of security and similar events. While there are contingency plans in place to deal with such events, there is no assurance that these will prevent its systems from suffering failures or delays that might cause significant losses to its business. Equipment breakdowns may result in productivity losses and potential inoperability of store trading software for significant periods of time. Significant systems failures, delays in the implementation of upgrades, equipment breakdowns and delays in the integration of information technology systems in new stores may also cause unanticipated disruptions in service, loss of inventory, decreased customer service and customer satisfaction and harm to its reputation, which could have a material adverse effect on its business, financial condition and results of operations.

The Company leases all of its store premises and it may not be able to continue to renew these leases or to enter into new leases in favorable locations on acceptable terms and conditions.

As of December 31, 2021, the company leased all of its net selling space and its distribution center. Almost all of its sites are leased from related parties. Its practice is to enter into contracts with these affiliated companies on commercial terms which are at least as favorable as the terms available to or from non-affiliated parties. While its leases contain a provision that these are renewable upon agreement of the parties, there is no assurance that it will be able to renew its leases on acceptable terms and conditions or at all upon their expiry. Leases of store premises in large shopping centers may not be available for extension because lessors may decide to change tenants for better commercial arrangements. If the Company is unable to renew leases with related parties, it may have to enter into new agreements with third parties. There is no assurance that it will be able to enter into such new agreements with third parties on terms and conditions that are acceptable to it or at all, and its failure to do so may materially and adversely affect its business, financial condition and results of operations.

Moreover, if rent prices increase significantly throughout the Philippines, or in a particular region, it may cease to be economical to lease stores and it may have to discontinue operations at some of its stores. Any inability to renew leases as they expire or acquire new leases in other favorable locations and sites on acceptable terms and conditions, termination of the existing leases, or revision of the terms and conditions of leases to its detriment may have an adverse effect on its business, financial condition and results of operations. Further, a number of its lease contracts grant the lessor the right to terminate the relevant lease for cause prior to their expiration. In the event that any of its leases are terminated for any reason prior to their expiration, it will need to either close its operations at such locations or relocate to alternative

premises. Relocation of any of its operations may cause disruptions to its business and may require significant expenditure, and it cannot assure that it will be able to find suitable premises on acceptable terms and conditions or at all in a timely manner.

The Company may not be able to hire, retain and train sufficient qualified personnel to support its operations and it may be subject to increased labor costs.

The Company employs a large number of employees in its stores. The success of its stores depends on its ability to hire, retain and educate an effective workforce with the requisite skills and knowledge to serve its customers. Additionally, recent trends in employment regulation, such as restrictions on employers' discretion to hire employees on a temporary basis or to offer employment conditions that differ between full-time and part-time employees for the sole reason that the period of employment is stipulated in the employment contract, have led to increased fixed labor costs for employers seeking to hire part-time and temporary workers. Stricter regulation of labor and employment may affect its ability to hire sufficient employees in a cost efficient manner at its stores. If the Company experiences difficulties in maintaining a qualified workforce or experience increased labor costs associated with its workforce, its ability to compete effectively in its target markets, provide high-quality customer service, open new stores and execute its business strategy could be adversely impacted, and its results of operations could in turn be negatively affected.

Its business is subject to seasonal influences.

The Company experiences seasonal fluctuations in its operations. Historically, its sales tend to peak in the fourth quarter of each year, primarily attributable to the Christmas and New Year holidays.

In preparation for its peak selling periods, the Company procures additional inventory, which would require additional cost. If sales during its peak selling periods are significantly lower than it expects for any reason, or if there is any prolonged disruption in its operations during its peak selling periods, it may be unable to make purchases in a timely manner and may be left with a substantial amount of unsold inventory, especially seasonal merchandise that is difficult to liquidate after the applicable season. This may materially and adversely affect its business, financial condition and results of operations.

The Company is exposed to certain risks in connection with the substantial use of cash in its operations.

Due to the nature of its retail business and the demographics of the majority of its customers, the Company processes a large volume of cash transactions in the course of its operations. The Company uses a Point of Sale ("POS") system to track sales and cash flow. Its customers usually pay for their purchases in cash. Therefore, the Company is exposed to the risk of cash shortages, petty theft and robbery, which, if substantial in the aggregate, could have an adverse effect on its business, financial condition and results of operations.

Its operations have significant liquidity and capital requirements. It requires significant cash to purchase sufficient inventory for its stores in advance of anticipated demand, and it has invested significant capital in opening new stores and expects to continue to make similar investments in the future. The Company expects to continue to incur significant capital expenditures going forward, as it continues to expand its store network.

The Company sources its funding from a combination of cash flow from operations, working capital lines and long-term debt. It may not be able to fund capital expenditures and working capital requirements solely from cash from its operating activities or existing cash or proceeds from the IPO, and it may not be able to obtain additional debt or equity financing. It may also require additional financing to fund day-to-day operational needs and debt service payments. Additional financing may not be available as and when required. If the Company incurs additional debt, it will result in increased debt service obligations and could result in additional operating and financing covenants, or liens on its assets, that would restrict its operations. Without required financing, it may not be able to continue its operations, hire, train and retain employees or respond to competitive pressures. Its ability to obtain additional funding will be subject to various factors, including general market conditions, its operating performance, the market's perception of its growth potential, lender sentiment and its ability to incur additional debt in compliance with other contractual restrictions, revenue and cash flow from operations and its ability to manage costs and working capital successfully. Any inability to access favorable debt financing may adversely impact the Company if it experiences cash flow shortfalls in the future or wish to raise funds to take advantage of unanticipated opportunities or respond to changing business conditions or unanticipated competitive pressures. In addition, it cannot assure that its future financing requirements would not involve

equity issuances that would be dilutive to holders of its capital stock. There can be no assurance that necessary financing will be available in amounts or on terms acceptable to the Company, or at all.

If the Company fails to raise sufficient additional funds, it may be required to delay or abandon some of its planned future expenditures or aspects of its current operations, and its financial condition and results of operations may be materially and adversely affected.

Its margins may be affected by increases in its operating and other expenses.

Its operations may be subject to increases in operating and other expenses due to a number of factors including, but not limited to, any of the following:

- increases in rent;
- increases in repair and maintenance costs for the distribution center and existing stores, and construction costs relating to fit-out of new stores;
- a change in laws, regulations or government policies which increases the cost of compliance with such laws, regulations or policies;
- increases in service costs;
- increases in labor costs;
- increases in the rate of inflation;
- adverse changes in the cost of existing and future debt financing;
- increases in insurance premiums;
- increases in the cost of utilities; and
- increases in property taxes and other statutory charges.

Any increase in operating and other expenses will have an impact on its cash flow. Due to the nature of its business, its margins may be affected by increases in operating and other expenses. The resulting buffer available to account for changes to costs is consequently small. If its stores do not generate revenue sufficient to meet its operating expenses and debt service and capital expenditure requirements, its business, results of operations and financial condition could be materially and adversely affected.

Its business is sensitive to changes in purchase and selling prices.

Its margins are sensitive to price increases in the products sold in its stores. Wherever practicable, it seeks to put in place supply contracts which ensure the supply of products for the period that they are anticipated to be offered by the Company and in such quantities as its forecasts require. There can be no assurance that it will be able to successfully contain the growth of its purchase prices. If these prices do rise, it may need to pass all or a portion of these additional costs on to its customers to maintain its gross profit margins. However, it may not be possible for the Company to significantly increase its retail prices to offset price increases by suppliers, particularly if its main competitors choose not to implement such price increases.

As competition in the Philippine retail market intensifies, any unilateral price increases may lead to declines in sales, loss of customer traffic, loss of market share and other adverse consequences. Consequently, the Company may be significantly constrained in its pricing policy. In the event that it is unable to pass increases in prices charged by its suppliers on to its customers, its financial condition and results of operations may be materially and adversely affected.

Any future changes in PFRS may affect the financial reporting of its business.

PFRS continues to evolve as standards and interpretations are promulgated and come into effect. New standards may result to changes in the financial reporting of its business.

The Company is subject to the risk of fluctuations in foreign currency exchange rates.

While its sales are all denominated in Philippine Peso, its operations involve the purchase of products from distributors and suppliers who purchase products that may be denominated in currencies other than Philippine Pesos, such as the U.S. dollar. Fluctuations between the value of the Philippine Peso and other currencies may affect the price of products

when converted into Philippine Pesos and may have an adverse effect on its financial performance.

The Company is subject to the risk of litigation and other legal proceedings in the ordinary course of business.

Although the Company is not party to any material ongoing litigation, it may be adversely affected by complaints and litigation from customers or regulatory authorities resulting from product quality, illness, injury or other safety concerns or other issues stemming from one or more products, their packaging or advertising. The Company requires its product suppliers to satisfy certain standards regarding the quality and specification of their products. It currently does not have any product liability insurance. In the event of a product liability claim or product recall being required in circumstances where the financial consequences are not satisfied by a supplier, it may have a material adverse effect on its financial performance. Any such litigation, claims or complaints and any adverse publicity surrounding such allegations and/or actions could materially adversely affect its business, reputation, financial condition and/or operating results. The Company may also experience reduced demand for its products as a result of negative publicity surrounding the retail sector in general or in relation to products sold by other retailers.

The Company is subject to various risks for which it may not be adequately insured.

The Company maintains comprehensive property and liability insurance that it considers to be insurance coverage customary in the industry. Nonetheless, such insurance does not cover all risks associated with the business. Accidents and other events could potentially lead to interruptions of its operations or cause the Company to incur significant costs, all of which may not be fully covered by its insurance policies. In addition, its insurance coverage is subject to various limitations and exclusions, retention amounts and limits and it does not maintain business interruption insurance or product liability insurance. Furthermore, if any of its insurance providers becomes insolvent, it may not be able to successfully claim payment from them. Moreover, its insurance policies and terms of coverage will be subject to renewals and negotiations on a periodic basis and there is no assurance that adequate insurance coverage will be available on commercially reasonable terms in the future. Any material increase in insurance rates, decrease in available coverage or any failure to maintain adequate insurance in the future could adversely affect its business, financial condition and results of operations.

The Company is subject to various laws and regulations, and any violations of applicable laws or regulations or changes to such laws and regulations could adversely affect its business and its results of operations.

Its business and operations are subject to a wide range of laws and regulations, including those relating to employment, working conditions, consumer protection, the environment, competition, trade and intellectual property.

New laws, rules or regulations, or revisions to existing laws, rules or regulations, could impose additional restrictions and requirements on its business and operations and could result in additional compliance costs, capital expenditures or other costs. As a result, the Company could experience disruptions to its operations and be unable to execute its business strategy, and its results of operations could be adversely affected. In addition, its ability to comply with applicable laws and regulations can be affected by a variety of factors, including the effectiveness of its compliance and risk management policies, the ability of its management to adequately monitor its operations and intentional or unintentional misconduct or errors of its officers, employees, affiliates or other parties with whom the Company does business. If it fails to comply with applicable laws and regulations, the Company may be subject to investigations, fines, penalties, sanctions and private litigation, and it could lose regulatory permissions or licenses necessary for its business or experience harm to its reputation.

The Company may fail to fulfill the terms and conditions of licenses, permits and other authorizations, or fail to renew them on expiration.

The Company is required to maintain licenses, permits and other authorizations, including those relating to certain construction activities for new and existing stores, and is also required to obtain and renew various permits. Its licenses, permits and other authorizations contain various requirements that must be complied with to keep such licenses, permits and other authorizations valid. If it fails to meet the terms and conditions of any of its licenses, permits or other authorizations necessary for its operations, these may be suspended or terminated, leading to temporary or potentially permanent closing of stores, suspension of construction activities or other adverse consequences. In addition, it cannot be certain that any given license, permit or authorization will be deemed sufficient by the relevant governmental

authorities to fully cover activities conducted in reliance on such license, permit or authorization.

The Company regularly monitors its permits and approvals to ensure that all are properly renewed and maintained. However, there can be no assurance that it will continue to be able to renew the necessary licenses, permits and other authorizations for its stores as necessary or that such licenses, permits and other authorizations will not be revoked. If it is unable to obtain or renew them or are only able to do so on unfavorable terms, this could have an adverse effect on its business, financial condition and results of operations.

Continued compliance with, and any changes in, environmental laws and regulations may adversely affect its results of operations and financial condition.

The Company is subject to various laws relating to environmental matters. Such laws provide that it could be liable for the costs of removal of certain hazardous substances and clean-up of certain hazardous locations. The failure to remove or clean-up such substances or locations, if any, could adversely affect its operations on such sites and could potentially also result in claims against the owner by the claimants.

In addition, it cannot predict what environmental legislation or regulations will be enacted or amended in the future, how existing or future laws or regulations will be enforced, administered or interpreted, or the amount of future expenditures that may be required to comply with these environmental laws or regulations or to respond to environmental claims. The introduction or inconsistent application of, or changes in, laws and regulations applicable to its business could have an adverse effect on its business, financial condition and results of operations.

The Company is party to a number of related party transactions.

Certain companies controlled by the Villar Group enter into significant commercial transactions with the Company. It enters into a number of transactions with related parties, which primarily consist of lease agreements. Its practice is to enter into contracts with these affiliated companies on commercial terms which are at least as favorable as the terms available to or from non-affiliated parties. Such interdependence may mean that any material adverse changes in the operations or financial condition of the companies which are controlled by the Villar Family could adversely affect its results of operations.

While the Company believes that it enters into transactions with related parties on an arm's length basis and documented pursuant to the Transfer Pricing Regulations, there can be no assurance that the BIR will confirm these transactions as arm's length on the basis of the Transfer Pricing Regulations and there can be no assurance that any transfer pricing adjustments by the BIR will not have a material adverse effect on its business, financial condition or results of operations.

The Company is controlled by the Villar Group and its interests may differ significantly from the interests of other shareholders.

The Company is controlled by the Villar Group and members of the Villar Family serve as directors and officers of the Villar Group and AllDay. The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with the Villar Group. These transactions may involve potential conflicts of interest which could be detrimental to the Company or its shareholders. There is nothing to prevent other companies that are controlled by the Villar Group from engaging in activities that compete directly with the Company's retail businesses or activities, which could have a negative impact on its business. The interests of the Villar Group as its controlling shareholders may differ significantly from or compete with its interests or the interests of its other shareholders, and there can be no assurance that the Villar Group will exercise influence over the Company in a manner that is in the best interests of its other shareholders.

Villar Family's political involvement.

Members of the Villar Family have been and are currently involved in Philippine politics. Given the Villar family's involvement in politics, allegations of conflicts of interest, improper influence or corruption on the part of members of the Villar Family may have an adverse effect on the Company's business and goodwill.

Its business and operations are dependent upon key executives.

The Company's key executives and members of management have greatly contributed to its success with their knowledge, business relationships and expertise. If it is unable to fill any vacant key executive or management positions with qualified candidates, its business, operating efficiency and financial performance may be adversely affected.

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

Strengths

Modern grocery concept that is adaptive to changing customer behavior

The Company believes it has the most modern grocery concept which combines e-commerce-integrated last-mile fulfillment capabilities with the traditional supermarket, a hybrid model that is adaptive to changing customer behavior. The dualfunction of our physical stores as last-mile fulfillment centers of the www.allday.com.ph online shopping platform allows the Company to seamlessly download at the onset our technological capability to each location, thereby avoiding the tech adoption pitfalls commonly being encountered by legacy supermarkets. Its online shopping platform is also integrated with industry leading technology services for secure online payment processing and for the last mile delivery of ordered products. To distinguish its e-commerce platform from the influx of other online shopping platforms, the Company launched the first on-demand 24-hour Delivery Service.

The integration of digital customer touchpoints also provides a source of valuable customer insights which, coupled with its active analysis of sales data across all its product categories, enables the Company to identify sales trends across its store network and capitalize on market opportunities and optimize its inventory management. With this, the Company can quickly and consistently recognize market behavior, identify shifts in customers' preferences, and introduce new concepts to respond to the needs of its target market and enhance and elevate the customer experience in its stores.

Elevated customer experience rooted in premium aesthetics and innovative in-store concepts

The Company believes it has a distinct supermarket concept that caters to the tastes and preferences of the Filipino consumer through a combination of store aesthetics, comfort, accessibility and convenience which allow it to provide an elevated customer experience. The Company believes that its stores, as a result, attract a discerning clientele who has a relatively higher buying power and puts a premium on their overall shopping experience.

At the core of the AllDay shopping experience is its extensive offering of fresh, food, and non-food products with approximately 3,600 local and international brands, with each store carrying between 30,000 to 40,000 SKUs. In addition, about 23% of its stores' SKUs are curated international brands of sought-after or difficult-to find products as well as locally preferred regional brands that appeal to its target market.

Its modern and functional store design puts emphasis on enhancing the shopping experience of its customers by providing wider aisles, calibrated lighting, and unique store decorations. In addition, the Company has a pool of trained staff and established policies and procedures that enable it to provide consistent and excellent customer service to its shoppers. Finally, its value-added services, such as Paluto, Gastroville, and Personal Shopper Service, and its self-checkout kiosks round out the AllDay shopping experience by providing reliable, fast, and convenient options to its customers.

These pioneering initiatives shift the Company's competitive differentiation towards experience and away from pricing, allowing it to implement a pricing strategy that is relatively more resilient against inflation risk. It believes that this also positions the Company to capture the growth in the particular market segment in which it plays.

Best-in-class, superior e-commerce platform driving growth in user base

The Company believes its online shopping platform www.allday.com.ph is among the leading, user-friendly e-commerce platforms and will be able to drive significant growth because of the accessibility, convenience, and safety that it offers. In anticipation of higher customer engagements via online channels as internet adoption continue to rise in the Philippines, it believes that having a superior e-commerce platform would place the Company at the top-of-mind of

customers who are adopting online shopping. Its e-commerce platform www.allday.com.ph currently serves a number of NCR cities. In addition, the Company is present in online third party platforms and marketplaces such as MetroMart, Pick A Roo, Lazada, Shopee, GrabMart, and PandaMart.

Gearing towards the continuation of the growth of its online user base, the Company migrated its current platform to a PWA format which allows for improved functionality and usability for customers who do their shopping either on desktop computers, mobile phones, or tablets.

Strategic and sustainable physical store network expansion arising from its synergistic relationship with the country's leading homebuilder and its retail ecosystem

The Company strategically locates its stores in established residential communities and commercial projects of the Villar Group. This ensures that the expansion of its store network is sustainable by ensuring that new stores are in areas with an immediate consumer base and a catchment area that can sustain its store presence.

The Company believes that the residential and commercial projects of the Villar Group, typically located in mature and well-established communities, provide a large customer base for its stores. As part of the Villar Group, the Company has access to these communities that are suited to its operations as well as gain insight on a significant share of the Philippine home market, giving it an in-depth understanding of customer preferences and the demographics of its store locations. Its stores are typically located in what it believes are high retail traffic locations, primarily in shopping malls and residential communities of the Villar Group. The Company believes it is well positioned to benefit from the Villar Group's land bank, extensive project pipeline, in-depth knowledge and resources to pursue a strategic, systematic and sustainable store expansion plan.

Further, AllDay also benefits from the AllValue retail ecosystem in the expansion areas as the other AllValue stores also attract the clustering of the same target customers as AllDay which are those within the upper-middle income to upper income segment who value experience-based shopping. The presence of other AllValue retailers also increases the likelihood that the existing customer base in the expansion areas would already be members of the AllRewards program. This benefits the Company at the onset as AllRewards cardholders typically spend 50% more than the average AllDay customer.

Established operational expertise, highly scalable store and micro-fulfillment hub hybrid business model that allows for expansion

The Company believes that as it expanded its store network, its management team has developed and/or gained significant experience and knowledge relevant to the establishment and operation of a chain of supermarkets. It has also established strong relationships with the country's leading supermarket suppliers and other key partners in the supermarket business which it is able to leverage to control the procurement and operating costs of its stores and thereby improve its profit margin, to readily replicate and fine tune its extensive and diverse product offerings and to ensure continuing support for the operational requirements and targets of each of its stores.

In the course of operating its e-commerce platform, www.allday.com.ph, it has also developed operational principles, methods and procedures that enable the Company to scale and replicate its hybrid business model of using its physical stores as micro-fulfillment hubs for its e-commerce operations in a seamless manner. Through the establishment and fine tuning of these e-commerce operations, its stores have become fully capable of fulfilling the dual roles of physical store and microfulfillment hub, which allows its e-commerce capabilities to expand in parallel to its physical store network.

Demonstrated record of significant growth and profitability

The Company believes it has delivered strong sales and net profit growth since inception. It has consistently grown its physical presence since the start of its operations in December 2016, increasing the number of its stores almost five times from 7 to 34 in just five years. It has also increased its SKUs from less than 30,000 to almost 40,000 over the same period.

Experienced and founder-led management team with track record of successful expansion

The vision and entrepreneurial spirit of its management team have played a critical role in establishing the AllDay brand and developing its business. Since the launch of the AllValue brand in 2014, the Company believes its founder-led management team has proficiently guided the expansion of the AllValue retail ecosystem to include AllHome one-stop home centers, Coffee Project cafes, and Bake My Day artisan bakeries, among other retail concepts and have grown the brand equity of AllValue through the years.

Strategies

- ***Further expand the store network across the Philippines***
- ***Increase investment in smart technology, information systems and logistics systems***
- ***Continue to enhance shopping experience to grow and retain customer base through innovative concepts***
- ***Pursue initiatives that improve margin efficiency via improved product sourcing***

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

Item 2. Properties

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

The lease rates and terms for these properties follow standard market rates and practices for similar businesses. The lease rates for its existing store operations are generally based on a percentage ranging from 2.5% to 3.0% of gross sales. In addition, the rates are generally inclusive of common use service area fees, as may be agreed upon between parties.

Item 3. Legal Proceedings

The Company is not currently involved in any material litigation, arbitration or similar proceedings, and it is not aware of any such proceedings pending or threatened against it or any of its properties, which have material effect on the financial statements.

Item 4. Submission of Matters to a Vote of Security Holders

Except for matters taken up during the Annual Stockholders Meeting, there was no other matter submitted to a vote of security holders during the period covered by this report.

PART II – OPERATIONAL AND FINANCIAL INFORMATION

Item 5. Market for Issuer's Common Equity and Related Stockholders Matters

Market Information

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

Quarter	2022			2021		
	High	Low	Close	High	Low	Close
1 st	0.50	0.48	0.48			
2 nd						
3 rd						
4 th				0.63	0.60	0.61

The market capitalization of ALLDY as of December 31, 2021, based on the closing price of ₱0.61 per share, was approximately ₱13.94 billion.

As of March 31, 2022, ALLDY's market capitalization stood at ₱10.97 billion based on the ₱0.48 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>
08 April 2022	0.460	0.450	0.460

Stockholders

There are 15 holders of common equity security of the Company as of December 31, 2021 (based on the number of accounts registered with the Stock Transfer Agent).

The following are the top 15 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 FILIPINO	7,046,204,000	30.83%
3	PCD NON FILIPINO	496,153,000	2.17%
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	Benjamarie Therese Noel Serrano	1,000,000	0.00%
9	Myra P. Villanueva	150,000	0.00%
10	Myrna P. Villanueva	150,000	0.00%
11	Milagros P. Villanueva	150,000	0.00%
12	Marietta V. Cabreza	30,000	0.00%
13	Jennifer T. Ramos	20,000	0.00%

14	Jessie D. Cabaluna	1,000	0.00%
15	Raul Juan N. Esteban	1,000	0.00%
	Total issued and outstanding common shares as of December 31, 2021	22,857,145,000	100.00%

Dividends

On December 4, 2020, the Company's Board of Directors approved the declaration of cash dividends amounting to ₱6.3 million and payable to stockholders of record as of December 22, 2020. The cash dividends were paid on January 15, 2021. There was no dividend declaration in 2021 and 2019.

Recent Sale of Unregistered Securities

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

Stock Options

None.

Item 6. Management's Discussion and Analysis

REVIEW OF YEAR END 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		Horizontal analysis	Vertical analysis	
	December 31,			2021	2020
	2021	2020			
	(in millions of ₱)				
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.

Other Income

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 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 outside services 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 due 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 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

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.

Provision for Income Tax

Provision for income tax 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	
Total Current Assets.....	₱3,823.9	₱2,687.9	42.3%	43.6%	41.6%
Total Noncurrent Assets.....	4,952.5	3,769.5	31.4%	56.4%	58.4%
Total Assets.....	8,776.4	6,457.4	35.9%	100.0%	100.0%

	For the period ended,		Horizontal	Vertical analysis	
	December 31,	December 31,	analysis	December 31,	December 31,
	2021	2020		2021	2020
	(in millions of ₱)		% Change	% of Total Assets	
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 2022 stores.
- Receivables increased by 134.1% from ₱55.7 million as of 31 December 2020 to ₱130.4 million as of 31 December 2021 due primarily to the increase in third party receivables pertaining to online sales for the period.
- Merchandise inventories increased by 31.0% from ₱1,393.4 million as of 31 December 2020 to ₱1,826.1 million as of 31 December 2021 due primarily to inventory purchases mostly for newly added stores.
- Prepayments and other current assets increased by 106.4% from ₱455.3 million as of 31 December 2020 to ₱939.6 million as of 31 December 2021 due primarily to input VAT from merchandise inventories and capital expenditures.
- Property and equipment increased by 17.7% from ₱3,391.2 million as of 31 December 2020 to ₱3,989.8 million as of 31 December 2021 due primarily to acquisitions of equipment and furniture and fixtures as well as increase in leasehold improvements for new stores.
- Right-of-use assets decreased by 8.6% from ₱178.3 million as of 31 December 2020 to ₱162.9 million as of 31 December 2021 due to amortization for the period.
- Intangible assets increased by 286.6% from ₱112.4 million as of 31 December 2020 to ₱434.6 million as of 31 December 2021 due to acquisition of additional license software.
- Other non-current assets increased by 316.9% from ₱87.6 million as of 31 December 2020 to ₱365.2 million as of 31 December 2021 due primarily to advances to contractors and lease security deposits of new stores.

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

- Trade and other payables decreased by 7.5% from ₱589.6 million as of 31 December 2020 to ₱545.6 million as of 31 December 2021 due to payments made for the period.
- Loans payable including non-current portion decreased by 62.0% from ₱3,769.9 million as of 31 December 2020 to ₱1,433.8 million as of 31 December 2021 due to loan settlements made from proceeds of the initial public offering.
- Lease liabilities including non-current portion decreased by 2.1% from ₱228.9 million as of 31 December 2020 to ₱224.2 million as of 31 December 2021 due to payments made for the period.
- Dividends payable decreased by 100.0% from ₱6.3 million as of 31 December 2020 to nil as of 31 December 2021 due to payments made.

- Income tax payable decreased by 100.0% from ₱1.1 million as of 31 December 2020 to nil as of 31 December 2021 due to the new lower corporate income tax rate.
- Retirement benefit obligation increased from nil as of 31 December 2020 to ₱20.9 million as of 31 December 2021 due to recognition of retirement benefit obligation.
- Deferred tax liabilities increased by 27.9% from ₱143.0 million as of December 31, 2020 to ₱182.9 million as of 31 December 2021 attributable to additional temporary tax differences recognized for the period mainly due to change of asset useful life per books compared to shorter useful life per tax depreciation, recognition of retirement benefit obligation, and remeasurement at 25% corporate tax rate compared to 30% from prior year.

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

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

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

Notes:

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 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 was maintained 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 2022 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.

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.

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

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

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

COMMITMENTS AND CONTINGENCIES

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

REVIEW OF YEAR END 2020 VS YEAR END 2019

RESULTS OF OPERATIONS

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

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

Sales

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

Cost of Merchandise Sold

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

Other Income

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

Other Operating Expenses

Selling Expenses

Selling expenses increased by 63.8% from ₱536.1 million for the year ended December 31, 2019 to ₱878.4 million for

the year ended December 31, 2020 primarily due to the following:

- Increase in agency fee from ₱98.4 million for the year ended December 31, 2019 to ₱204.3 million for the year ended December 31, 2020 attributable to additional manpower on existing and new stores and additional pandemic assistance to store personnel for the year.
- Increase in rentals from ₱155.9 million for the year ended December 31, 2019 to ₱237.1 million for the year ended December 31, 2020 due to the higher sales for the year. Rent are charged as a percentage of sales.
- Increase in communication and utilities from ₱165.8 million for the year ended December 31, 2019 to ₱223.2 million for the year ended December 31, 2020 due to the increase in the number of stores for the year.

General and Administrative Expenses

General and administrative expenses increased by 25.9% from ₱262.8 million for the year ended December 31, 2019 to ₱330.9 million for the year ended December 31, 2021 primarily due to the following:

- Increase in taxes and licenses from ₱28.4 million for the year ended December 31, 2019 to ₱56.9 million for the year ended December 31, 2020 attributable to the increase related taxes and licenses for the year.
- Increase in depreciation and amortization from ₱217.1 million for the year ended December 31, 2019 to ₱235.2 million for the year ended December 31, 2020 due to the increase in the number of stores.
- Increase in travel and transportation from ₱3.5 million for the year ended December 31, 2019 to ₱19.8 million for the year ended December 31, 2020 attributable to additional cost on shuttle services during the ECQ, delivery cost due to personal shopper delivery and online delivery.

Finance Costs

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

Finance Income

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

Provision for Income Tax

Provision for income tax increased by 125.0% from ₱41.8 million for the year ended December 31, 2019 to ₱94.0 million for the year ended December 31, 2020 primarily due to a higher taxable base for the year.

Net Profit

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

FINANCIAL CONDITION

As of 31 December 2020 vs. 31 December 2019

	For the period ended,		Horizontal analysis	Vertical analysis	
	December 31, 2020	December 31, 2019		December 31, 2020	December 31, 2019
	(in millions of ₱)		% Change	% of Total Assets	
Total Current Assets.....	₱2,687.9	₱1,880.7	42.9%	41.6%	36.3%
Total Noncurrent Assets.....	3,769.5	3,303.8	14.1%	58.4%	63.7%

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

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

- Increase in travel and transportation from ₱3.5 million for the year ended December 31, 2019 to ₱19.8 million for the year ended December 31, 2020 attributable to additional cost on shuttle services during the ECQ, delivery cost due to personal shopper delivery and online delivery.
- Cash increased by 100.6% from ₱390.7 million as of December 31, 2019 to ₱783.5 million as of December 31, 2020 due primarily to higher sales for the period.
- Trade receivables decreased by 11.8% from ₱63.2 million as of December 31, 2019 to ₱55.7 million as of December 31, 2020 due to collections made.
- Merchandise inventories increased by 27.3% from ₱1,094.8 million as of December 31, 2019 to ₱1,393.4 million as of December 31, 2020 due primarily to inventory purchases mostly for newly added stores.
- Prepayments and other current assets increased by 37.1% from ₱332.1 million as of December 31, 2019 to ₱455.3 million as of December 31, 2020 due primarily to carry-over of input VAT from merchandise inventories.
- Property and equipment increased by 14.2% from ₱2,969.0 million as of December 31, 2019 to ₱3,391.2 million as of December 31, 2020 due primarily to acquisitions of equipment and furniture and fixtures as well as increase in leasehold improvements for new stores.
- Right-of-use assets decreased by 7.9% from ₱193.7 million as of December 31, 2019 to ₱178.3 million as of December 31, 2020 due primarily to amortization for the period.
- Intangible assets increased by 110.1% from ₱53.5 million as of December 31, 2019 to ₱112.4 million as of December 31, 2020 due primarily to acquisition of additional software license.

Total Liabilities

Total liabilities as of December 30, 2020 were ₱4,738.7 million compared to ₱4,017.7 million as of December 31, 2019, or a 17.9% increase. This was due to the following:

- Trade and other payables increased by 44.8% from ₱407.2 million as of December 31, 2019 to ₱589.6 million as of December 31, 2020 due primarily to inventory build up for holiday season and initial inventory of four new stores for the last quarter of 2020.
- Loans payable including non-current portion increased by 26.6% from ₱2,977.2 million as of December 31,

2019 to ₱3,769.9 million as of December 31, 2020 due to loan availments for the year to fund store expansion.

- Dividends payable increased from nil as of December 31, 2019 to ₱6.3 million as of December 31, 2020 due to declaration of dividends.
- Income tax payable increased from nil as of December 31, 2019 to ₱1.1 million as of December 31, 2020 due to tax due for the period.
- Deposits for future stock subscription decreased by 100% from ₱338.5 million as of December 31, 2019 to nil as of December 31, 2020 attributable to the issuance of shares of stock.
- Deferred tax liabilities increased by 127.9% from ₱62.8 million as of December 31, 2019 to ₱143.0 million as of December 31, 2020 attributable to additional temporary tax differences recognized for the period mainly due to borrowing costs and tax depreciation and amortization.

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

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

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

Notes:

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

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

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

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

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

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

COMMITMENTS AND CONTINGENCIES

There is no material commitment and contingency as of 31 December 2019 and as of 31 December 2018.

REVIEW OF YEAR END 2019 VS YEAR END 2018

RESULTS OF OPERATIONS

Year Ended December 31, 2019 compared to year ended December 31, 2018

	For the year ended		Horizontal analysis	Vertical analysis	
	December 31,			2019	2018
	2019	2018			
	(in millions of ₱)				
Sales	₱4,710.4	₱3,045.1	54.7%	100.0%	100.0%
Cost of merchandise sold	3,798.6	2,468.5	53.9%	80.6%	81.1%
Other income	67.9	42.2	60.7%	1.4%	1.4%
Other operating expenses	798.9	538.0	48.5%	17.0%	17.7%
Finance income (costs)					
Finance costs	(41.6)	-	-	-0.9%	0.0%
Finance income.....	0.4	0.3	47.2%	0.0%	0.0%
Tax expense.....	41.8	23.3	79.5%	0.9%	0.8%
Net profit	97.8	57.8	69.1%	2.1%	1.9%

Sales

Our sales increased by 54.7% from ₱3,045.1 million for the year ended December 31, 2018 to ₱4,710.4 million for the year ended December 31, 2019. This increase was primarily due to the opening of five new stores, and an increase in sales of existing stores.

Cost of Merchandise Sold

For the year ended December 31, 2019, our cost of merchandise sold was ₱3,798.6 million, an increase of 53.9% compared to ₱2,468.5 million for the year ended December 31, 2018, which is in line with the increase of our sales, primarily driven by the increase in sales in existing stores and incremental sales from the five new stores added during the year.

Other Income

Other income increased by 60.7% from ₱42.2 million for the year ended December 31, 2018 to ₱67.9 million for the year ended December 31, 2019 due to the increase in rentals and delivery fees.

Other Operating Expenses

Selling Expenses

Selling expenses increased by 61.6% from ₱331.7 million for the year ended December 31, 2018 to ₱536.1 million for the year ended December 31, 2019 primarily due to the following:

- Increase in communication and utilities from ₱101.6 million for the year ended December 31, 2018 to ₱165.8 million for the year ended December 31, 2019 due to the increase in the number of stores for the year.
- Increase in rental from ₱93.2 million for the year ended December 31, 2018 to ₱155.9 million for the year ended December 31, 2019 due to the higher sales for the year. Rent are charged as a percentage of sales.
- Increase in agency fee from ₱60.3 million for the year ended December 31, 2018 to ₱98.4 million for the year ended December 31, 2019 attributable to additional manpower to augment store operations due to opening of new stores.

General and Administrative Expenses

- General and administrative expenses increased by 27.4% from ₱206.3 million for the year ended December 31, 2018 to ₱262.8 million for the year ended December 31, 2019 primarily due to the following:

- Increase in depreciation and amortization from ₱189.1 million for the year ended December 31, 2018 to ₱217.1 million for the year ended December 31, 2019 due to the effect of the adoption of PFRS 16 and increase in the number of stores.
- Increase in taxes and licenses from ₱8.4 million for the year ended December 31, 2018 to ₱28.4 million for the year ended December 31, 2019 attributable to the increase in taxes and licenses for the year.

Finance Costs

Finance Cost increased from nil for the year ended December 31, 2018 to ₱41.6 million for the year ended December 31, 2019. The increase was primarily attributable to the availments of interest bearing debt by the Company for the year to finance working capital requirements.

Finance Income

Finance income increased by 47.2% from ₱0.3 million for the year ended December 31, 2018 to ₱0.4 million for the year ended December 31, 2019. The increase was primarily attributable to the higher average cash balance during the year ended December 31, 2019 compared to the year ended December 31, 2018.

Provision for Income Tax

Provision for income tax increased by 79.5% from ₱23.3 million for the year ended December 31, 2018 to ₱41.8 million for the year ended December 31, 2019 primarily due to a higher taxable base for the year.

Net Profit

As a result of the foregoing, our net income increased by 69.1% to ₱97.8 million for the year ended December 31, 2019 from ₱57.8 million for the year ended December 31, 2018.

FINANCIAL CONDITION

As of December 31, 2019 vs. December 31, 2018

	For the period ended,		Horizontal analysis	Vertical analysis	
	December 31, 2019	December 31, 2018		December 31, 2019	December 31, 2018
	(in millions of ₱)		% Change	% of Total Assets	
Total Current Assets.....	₱1,880.7	₱1,351.1	39.2%	36.3%	49.2%
Total Noncurrent Assets.....	3,303.8	1,393.0	137.2%	63.7%	50.8%
Total Assets.....	5,184.5	2,744.1	88.9%	100.0%	100.0%
Total Current Liabilities	1,327.4	1,320.9	0.5%	25.6%	48.1%
Total Noncurrent Liabilities	2,690.4	791.7	239.8%	51.9%	28.9%
Total Liabilities	4,017.7	2,112.6	90.2%	77.5%	77.0%
Equity.....	1,166.8	631.5	84.8%	22.5%	23.0%
Total Liabilities and Equity.....	5,184.5	2,744.1	88.9%	100.0%	100.0%

Total Assets

Total assets as of December 31, 2019 were ₱5,184.5 million compared to ₱2,744.1 million as of December 31, 2018, or an 88.9% increase. This was due to the following:

- Cash increased by 223.5% from ₱120.8 million as of December 31, 2018 to ₱390.7 million as of December 31,

2019 due to higher sales for the period.

- Trade receivables increased by 673.5% from ₱8.2 million as of December 31, 2018 to ₱63.2 million as of December 31, 2019 due to higher rebates from suppliers for the period.
- Merchandise inventories increased by 13.0% from ₱969.2 million as of December 31, 2018 to ₱1,094.8 million as of December 31, 2019 due primarily to inventory purchases mostly for newly added stores.
- Due from related parties decreased by 100.0% from ₱206.8 million as of December 31, 2018 to nil as of December 31, 2019 due to collections made.
- Prepayments and other current assets increased by 619.3% from ₱46.2 million as of December 31, 2018 to ₱332.1 million as of December 31, 2019 due to advances, purchases of merchandise inventories for stores and input VAT from purchases.
- Property and equipment increased by 124.1% from ₱1,324.7 million as of December 31, 2018 to ₱2,969.0 million as of December 31, 2019 due primarily to acquisitions of equipment and furniture and fixtures as well as increase in leasehold improvements for new stores.
- Right-of-use assets increased from nil as of December 31, 2018 to ₱193.7 million as of December 31, 2019 due to the effect of the adoption of PFRS 16.
- Intangible assets increased by 129.4% from ₱23.3 million as of December 31, 2018 to ₱53.5 million as of December 31, 2019 due primarily to acquisition of additional software license.
- Other non-current assets increased by 94.7% from ₱45.0 million as of December 31, 2018 to ₱87.6 million as of December 31, 2019 due primarily to deferred input VAT from capital expenditures.

Total Liabilities

- Total liabilities as of December 31, 2019 were ₱4,017.7 million compared to ₱2,112.6 million as of December 31, 2018, or a 90.2% increase. This was due to the following:
- Trade and other payables increased by 94.4% from ₱209.5 million as of December 31, 2018 to ₱407.2 million as of December 31, 2019 due primarily to inventory build up for holiday season and initial inventory of new store for the last quarter of 2019.
- Loans payable including non-current portion increased by 148.1% from ₱1,200.0 million as of December 31, 2018 to ₱2,977.2 million as of December 31, 2019 due to loan availments for the year to fund store expansion.
- Lease liabilities including non-current portion increased from nil as of December 31, 2018 to ₱232.0 million as of December 31, 2019 due to the effect of the adoption of PFRS 16.
- Due to parent company decreased by 100% from ₱676.0 million as of December 31, 2018 to nil as of December 31, 2019 due to debt-to-equity conversion and reclassification to deposit for future stock subscription.
- Income tax payable decreased by 100% from ₱4.6 million as of December 31, 2018 to nil as of December 31, 2019 due to higher tax credit over tax due for the period.
- Deposits for future stock subscription increased from nil as of December 31, 2018 to ₱338.5 million as of December 31, 2019 due to reclassification from due to parent company.
- Deferred tax liabilities increased by 179.0% from ₱22.5 million as of December 31, 2018 to ₱62.8 million as of December 31, 2019 attributable to additional temporary tax differences recognized for the period mainly due to borrowing costs.
- Total equity as of December 31, 2019 were ₱1,166.8 million compared to ₱631.5 million as of December 31, 2018, or an 84.8% increase due to issuance of additional shares for the period and the net profit recorded for the year ended December 31, 2019.

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

Key Performance Indicators	12/31/2019	12/31/2018
Sales (₱ millions)	₱4,710.4	₱3,045.1
Sales Growth (%)	54.7%	106.1%
Gross Profit Margin (%) ⁽¹⁾	19.4%	18.9%
Net Profit (₱ millions)	97.8	57.8
Net Profit Margin (%) ⁽²⁾	2.1%	1.9%

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 2019 compared to year ended 31 December 2018 due to the same store sales growth of existing stores and the additional revenues generated from the new stores.

Gross Profit and Gross Profit Margin increased for the year ended 31 December 2019 compared to year ended 31 December 2018 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 2020 compared to year ended 31 December 2019 due to improved revenues, gross profit, and other income.

COMMITMENTS AND CONTINGENCIES

There is no material commitment and contingency as of 31 December 2019 and as of 31 December 2018.

Item 7. Financial Statements

The Financial Statements of the Company as of and for the year ended December 31, 2021 are incorporated herein in the accompanying Index to Financial Statements and/Supplementary Schedules.

Item 8. Information on Independent Accountant and Other Related MattersIndependent Public Accountant

Punongbayan & Araullo (Grant Thornton) independent certified public accountants, audited the Company's consolidated financial statements without qualification as of and for the years ended December 31, 2019, 2020 and 2021, included in this report. Nelson Dinio is the current audit partner for the Company.

External Audit Fees and Services

External Audit Fees

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

	<u>2021</u>	<u>2020</u>
	<i>(in ₱ thousands with VAT)</i>	
Audit and Audit-Related Fees.....	1,300.0	1,200.0

Punongbayan & Araullo do not have any direct or indirect interest in the Company.

Tax Fees

Tax accounting, compliance, advice, planning and other form of tax services are not rendered by the appointed external auditor of the Company, but are secured from other entities.

All Other Fees

The appointed External Auditor of the Company does not render and/or provide product or service to the Company other than those provided under the caption “External Audit Fees”.

Audit Committee’s Approval Policies and Procedure for the Services of the External Auditor

The scope, extent and nature of the services to be referred to, and/or to be rendered by, the appointed External Auditor of the Company has to be unanimously approved by the Audit Committee in a meeting duly called for the purpose, including the fees to be paid for the services thus rendered and/or referred.

Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

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

PART III – CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of the Issuer

Board of Directors and Executive Officers

The table below sets forth the members of the Company's Board and Executive Officers as of December 31, 2020.

<u>NAME</u>	<u>AGE</u>	<u>POSITION</u>	<u>CITIZENSHIP</u>
Manuel B. Villar Jr.	72	Chairman	Filipino
Camille A. Villar	37	Vice Chairman	Filipino
Frances Rosalie T. Coloma	59	Director, President & Chief Executive Officer	Filipino
Manuel Paolo A. Villar	45	Director	Filipino
Benjamarie Therese N. Serrano	59	Director	Filipino
Jessie D. Cabaluna	65	Independent Director	Filipino
Raul Juan N. Esteban	60	Independent Director	Filipino
Jacqueline B. Cano	51	Chief Operating Officer	Filipino
Maria Cristina O. Barao	41	Treasurer, Chief Financial Officer and Compliance Officer	Filipino
Jo Marie Lazaro-Lim	43	Corporate Secretary	Filipino
Emerito M. Purisima Jr.	39	Investor Relations Officer	Filipino

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

Manuel B. Villar, Jr. *Chairman of the Board.* Mr. Villar, 72, 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, 37, 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 Eprese (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 134 Golden Bria Holdings, Inc.). She is also the Concurrent President of All Value Holdings Corp., and the Vice Chairman of AllHome Corp. Ms. Villar is currently a Congresswoman, representing Las Pinas City.

Frances Rosalie T. Coloma. *Director, President and Chief Executive Officer.* Ms. Coloma, 59, 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, 45, graduated from the Wharton School of the University of Pennsylvania, Philadelphia, USA with a Bachelor of Science in Economics and Bachelor of Applied Science in 1999. He was an Analyst for McKinsey & Co. in the United States from 1999 to 2001. He joined the Vista Land Group in 2001 as Head of Corporate Planning then became the Chief Financial Officer of the Company in 2008. He was elected President and Chief Executive Officer of the Company in July 2011 and President of Vistamalls, Inc. (formerly Starmalls, Inc.) in June 2019. In addition, he is the CEO and Chairman of St. Augustine Gold and Copper Limited and Chairman of TVI Resources Development Philippines, Inc., Camella Homes, Inc., Communities Philippines, Inc., Crown Asia Properties, Inc., Brittany Corporation, Vista Residences, Inc. and Powersource Phils Development Corp. Mr. Villar is also the majority shareholder of Prime Asset Ventures, Inc., and director of Fine Properties, Inc. and AllHome Corp.

Benjamarie Therese N. Serrano. *Director.* Ms. Serrano, 59, 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, 65, 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, 60, 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, 51, 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, 41, graduated from the Pamantasan ng Lungsod ng Maynila in 2001 with a Bachelor of Science in Accountancy. She was previously the Senior 135 Accountant and Chief Accountant of Camella Homes, Crown Asia Properties Inc., and Brittany Corporation from 2009 to 2018.

Jo Marie Lazaro-Lim. *Corporate Secretary.* Ms. Lazaro-Lim, 43, graduated from the University of Sto. Tomas with the degree of Bachelor of Arts in Legal Management and she earned her law degree from San Beda College of Law. She is the Compliance Officer and Assistant Corporate Secretary of Vistamalls, Inc. (formerly Starmalls, Inc.) and Assistant Corporate Secretary of Golden Bria Holdings, Inc. She is also the Corporate Secretary of AllHome Corp., Manuela Corporation and Masterpiece Asia Properties, Inc. as well as other affiliate companies of the group.

Emerito M. Purisima, Jr. *Investor Relations Officer.* Mr. Purisima, 39, 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.

Resignation of Directors

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

Family relationships

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

Involvement in Certain Legal Proceedings of Directors and Executive Officers

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

- (a) None of them has been involved in any bankruptcy petition.
- (b) None of them has been convicted by final judgment in a criminal proceeding or being subject to any pending criminal proceeding, both domestic and foreign.
- (c) None of them has been subject to any order, judgment or decree of any court of competent jurisdiction (both domestic and foreign) permanently or temporarily enjoining, barring, suspending or likewise limiting their involvement in any type of business, securities, commodities or banking activities.
- (d) None of them has been found by a domestic or foreign court of competent jurisdiction (in a civil action), by the Commission or comparable body, or by a domestic or foreign exchange or organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation.

Item 10. Executive Compensation

Names	Position	Year	Salary and Bonus
Aggregate executive compensation for the following key management officers: Frances Rosalie T. Coloma Maria Cristina O. Barao Jo Marie Lazaro-Lim Jacqueline B. Cano Emerito M. Purisima, Jr.	President and CEO		
	Treasurer, CFO and Compliance Officer		
	Corporate Secretary	Actual 2020	N/A
	COO	Actual 2021	₱ 21.6 M
	Investor Relations Officer	Projected 2022	₱ 21.6 M
Aggregate executive compensation for all other officers and directors, unnamed		Actual 2020	₱ 12.1 M
		Actual 2021	₱ 21.9 M
		Projected 2022	₱ 21.9 M

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

Standard arrangements

Other than payment of reasonable per diem of P50,000.00 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 2020 and 2021.

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 2020 and 2021 for any service provided as a director.

Employment Contracts Between the Company and Senior Management Officers

There are no special employment contracts between the Company and Senior Management.

Warrants and options held by the executive officers and directors

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

Significant employee

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

Security Ownership of Record and Beneficial Owners

Security ownership of certain record and beneficial owners of more than 5.0% of the voting securities as of December 31, 2021:

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, Almazan 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	7,046,204,000	30.83%

¹Based on the total issued and outstanding common shares of 22,857,145,000 as of December 31, 2021

Security Ownership of Management

Security ownership of certain management as of December 31, 2021:

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 HomesQuezon 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 ParkMerville, 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%

Voting Trust Holders of 5.0% or More

As of December 31, 2021, there is no party holding any voting trust for 5% or more of total shares outstanding.

Changes In Control

As of December 31, 2021, there was no arrangement which may result in a change in control of the Company.

Item 12. Certain Relationships and Related Transactions

No transaction, without proper disclosure, was undertaken by the Company in which any Director or Executive Officer, nominee for election as Director, or any member of its immediate family was involved or had a direct or indirect material interest.

No single Director or Executive Officer, nominee for election as Director, or any member of their immediate family owns or holds more than 10% of the Company's voting shares.

Please refer to Notes on Related Party Transactions of the Notes to Financial Statements of the 2021 Audited Financial Statements, which is incorporated herein in the accompanying Index to Exhibits.

PART IV – CORPORATE GOVERNANCE

Item 13. Corporate Governance

To be disclosed separately under Integrated Annual Corporate Governance Report (I-ACGR).

PART V – EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17 A

Exhibits

See accompanying Index to Financial Statements and Supplementary Schedules. The following exhibit is incorporated by reference in this report:

Financial Statements of the Company as of and for the year ended December 31, 2021.

The other exhibits, as indicated in the Index to Financial Statements and Supplementary Schedules are either not applicable to the Company or require no answer.

Reports on SEC Form 17-C

The following current reports have been reported by AllDay Marts, Inc. during the year 2021 through official disclosure letters dated:

November 10, 2021

Notice of Analysts'/Investors' Briefing 11/10/2021

November 11, 2021

Press Release 11/11/2021

November 11, 2021

Initial Statement of Beneficial Ownership of Securities 11/11/2021

November 12, 2021

Material Information/Transactions 11/12/2021

November 15, 2021

Press Release 11/15/2021

November 16, 2021

Quarterly Report 11/16/2021

November 19, 2021

Material Information/Transactions 11/19/2021

November 25, 2021

Other SEC Forms, Reports and Requirements 11/25/2021

November 26, 2021

Material Information/Transactions 11/26/2021

December 03, 2021

Material Information/Transactions 12/03/2021

December 06, 2021

Material Information/Transactions 12/06/2021

December 13, 2021

Statement of Changes in Beneficial Ownership of Securities 12/13/2021

December 16, 2021
Press Release 12/16/2021

SIGNATURES

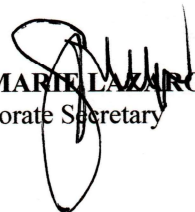
Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the issuer by the undersigned, thereunto duly authorized, in MANDALUYONG CITY on APR 11 2022.

By:


FRANCES ROSALIE T. COLOMA
President / Chief Executive Officer


JACQUELINE B. CANO
Chief Operating Officer


MARIA CRISTINA O. BARAO
Treasurer / Chief Financial Officer /
Compliance Officer

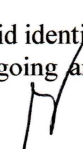

JO MARIE LAZARO-LIM
Corporate Secretary

SUBSCRIBED AND SWORN, to before me, this APR 11 2022 at
MANDALUYONG CITY, affiants exhibiting to me their respective valid identification documents, to wit:

Name	Valid ID	Date and Place of Issue
Frances Rosalie T. Coloma	Dr Lic No. N02-92-201402	
Jacqueline B. Cano	Passport No. P7143678B	07.07.2021 – DFA NCR South
Maria Cristina O. Barao	Passport No. P6941287B	06.07.2021 – DFA NCR East
Jo Marie Lazaro-Lim	Passport No. P7635632B	09.17.2021 – DFA Manila

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

Doc. No. 148 ;
Page No. 31 ;
Book No. XIX ;
Series of 2022.


ATTY. ARBIN OMAR P. CARIÑO
NOTARY PUBLIC
UNTIL DECEMBER 31, 2022
ROLL No. 57148
IBP Lifetime Member No. 018537
PTR No. 4871170 / 05 Jan. 2022 / Mandaluyong City
MCLE Compliance No. VI-0325341 issued dated 11 April 2019
Notarial Commission Appointment No. 0388-21
Vista Corporate Center, Upper Ground Floor,
Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

ALLDAY MARTS, INC.

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

Financial Statements

Statement of Management's Responsibility for Financial Statements
Report of Independent Public Accountant
Statement of Financial Position as of December 31, 2021 and 2020
Statements of Comprehensive Income for the years ended December 31, 2021, 2020 and 2019
Statements of Changes in Equity for the years ended December 31, 2021, 2020 and 2019
Statements of Cash Flows for the years ended December 31, 2021, 2020 and 2019
Notes to Financial Statements

Supplementary Schedules

Report of Independent Auditors on Supplementary Schedules

I. Supplementary Schedules required by Annex 68-E



**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, 2021, and 2020 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Signed this 6th day of April 2022.



MANUEL B. VILLAR, JR.
Chairman of the Board



FRANCES ROSALIE T. COLOMA
President and CEO



MARIA CRISTINA O. BARAO
Chief Finance Officer



APR 06 2022

SUBSCRIBED AND SWORN, to before me this _____
at _____, affiants exhibiting to me their respective Passports, to wit:

Name	Passport No.	Date and Place of Issue
Manuel B Villar, Jr.	P2529752B	12 JUL 2019 / DFA MANILA
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 2022

85
18
XIX

ATTY. ARBIN OMAR P. CARINO

NOTARY PUBLIC

, UNTIL DECEMBER 31, 2022

ROLL No. 57148

IBP Lifetime Member No. 018537

PTR No. 4871170 / 03 Jan. 2022 / Mandaluyong City

MCLE Compliance No. VP-027941 issued dated 11 April 2019

Notarial Commission Acknowledgment No. 0388-21

Vista Corporate Center 1st, 2nd, 3rd, 4th, 5th, 6th, 7th, 8th, 9th, 10th, 11th, 12th, 13th, 14th, 15th, 16th, 17th, 18th, 19th, 20th, 21st, 22nd, 23rd, 24th, 25th, 26th, 27th, 28th, 29th, 30th, 31st, 32nd, 33rd, 34th, 35th, 36th, 37th, 38th, 39th, 40th, 41st, 42nd, 43rd, 44th, 45th, 46th, 47th, 48th, 49th, 50th, 51st, 52nd, 53rd, 54th, 55th, 56th, 57th, 58th, 59th, 60th, 61st, 62nd, 63rd, 64th, 65th, 66th, 67th, 68th, 69th, 70th, 71st, 72nd, 73rd, 74th, 75th, 76th, 77th, 78th, 79th, 80th, 81st, 82nd, 83rd, 84th, 85th, 86th, 87th, 88th, 89th, 90th, 91st, 92nd, 93rd, 94th, 95th, 96th, 97th, 98th, 99th, 100th

Worldwide Corporate Center, Shaw Blvd., Mandaluyong City

Financial Statements and
Independent Auditors' Report

AllDay Marts, Inc.

December 31, 2021, 2020 and 2019

Punongbayan & Araullo

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

T +63 2 8988 2288

Report of Independent Auditors

The Board of Directors

AllDay Marts, Inc.

(A Subsidiary of AllValue Holdings Corp.)

Lower Ground Floor, Building B
EVIA Lifestyle Center, Vista City
Daang Hari, Almanza II
Las Piñas City

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of AllDay Marts, Inc. (the Company), which comprise the statements of financial position as of December 31, 2021 and 2020, 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, 2021, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and its financial performance and its cash flows for each of the three years in the period ended December 31, 2021 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, 2021, total revenues amounted to P9,456.4 million.

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

The Company's disclosures about its revenues and the related trade receivables, nontrade receivables, and revenue recognition policy are included in Notes 2, 3, 6 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 sampling basis, of revenue transactions during the year;
- performing sales cut-off test, including, among others, examining sales transactions near period end, and analysing and reviewing sales returns, credit memos and other receivable adjustments subsequent to period end to determine whether revenues are appropriately recognized in the proper period;
- confirming receivables, on sample basis, using positive confirmations, performing alternative procedures for non-responding customers, reporting unresolved differences to appropriate client personnel and projecting errors to the population, to ascertain the testing precision achieved, which further validates the accuracy of revenue recognized by the Company; 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 and Valuation of Merchandise Inventories*Description of the Matter*

The Company's total merchandise inventories amounting to P1,826.1 million as of December 31, 2021 represent 21% 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. Moreover, the Company's merchandise inventories are considered voluminous and majority of these are kept in the Company's stores and warehouses. Relative to these, we determined that existence and valuation of merchandise inventories are key audit matters.

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

How the Matter was Addressed in the Audit

Our audit procedures to address the risk of material misstatement relating to inventory existence 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 valuation:

- evaluating appropriateness and consistent application of policy on inventory costing and valuation of merchandise inventories at lower of cost and net realizable value;
- involving our IT experts in testing the IT general controls and application controls over the automated system related to updating and changing of prices;
- performing test of design and implementation of key controls on inventory costing;
- performing test on inventory costing of selected inventory items by recomputing unit cost and comparing to unit cost per books, examining supplier invoices and other documents supporting movements affecting the moving average unit cost and reporting unresolved difference, if any, to appropriate personnel; and,

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's Securities and Exchange Commission (SEC) Form 20-IS (Definitive Information Statement), SEC Form 17-A and Annual Report for the year ended December 31, 2021 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, 2021 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, 2021 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 Nelson J. Dinio.

PUNONGBAYAN & ARAULLO


By: Nelson J. Dinio
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8852332, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 6, 2022

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

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>			
CURRENT ASSETS			
Cash	5	P 927,775,974	P 783,520,578
Receivables	6	130,420,231	55,702,714
Merchandise inventories	7	1,826,059,707	1,393,419,308
Prepayments and other current assets	8	<u>939,646,161</u>	<u>455,278,033</u>
Total Current Assets		<u>3,823,902,073</u>	<u>2,687,920,633</u>
NON-CURRENT ASSETS			
Property and equipment - net	9	3,989,782,229	3,391,169,749
Intangible assets - net	11	434,569,288	112,409,082
Right-of-use assets - net	10	162,927,331	178,322,039
Other non-current assets	8	<u>365,204,332</u>	<u>87,607,278</u>
Total Non-current Assets		<u>4,952,483,180</u>	<u>3,769,508,148</u>
TOTAL ASSETS		<u>P 8,776,385,253</u>	<u>P 6,457,428,781</u>
<u>LIABILITIES AND EQUITY</u>			
CURRENT LIABILITIES			
Trade and other payables	12	P 545,578,828	P 589,558,267
Loans payable	13	964,615,385	1,544,724,751
Lease liabilities	10	6,554,121	4,726,076
Dividends payable	19	-	6,253,674
Income tax payable		<u>-</u>	<u>1,141,949</u>
Total Current Liabilities		<u>1,516,748,334</u>	<u>2,146,404,717</u>
NON-CURRENT LIABILITIES			
Loans payable	13	469,230,769	2,225,192,308
Lease liabilities	10	217,596,544	224,150,665
Deferred tax liabilities - net	17	182,884,110	142,996,554
Retirement benefit obligation	16	<u>20,869,333</u>	<u>-</u>
Total Non-current Liabilities		<u>890,580,756</u>	<u>2,592,339,527</u>
Total Liabilities		<u>2,407,329,090</u>	<u>4,738,744,244</u>
EQUITY			
Capital stock	19	2,285,714,500	1,338,500,000
Additional paid-in capital		3,316,671,118	-
Retained earnings		<u>766,670,545</u>	<u>380,184,537</u>
Total Equity		<u>6,369,056,163</u>	<u>1,718,684,537</u>
TOTAL LIABILITIES AND EQUITY		<u>P 8,776,385,253</u>	<u>P 6,457,428,781</u>

See Notes to Financial Statements.

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
SALES	14	P 9,456,401,220	P 7,931,030,211	P 4,710,415,560
COST OF MERCHANDISE SOLD	15	7,600,499,247	6,392,406,003	3,798,595,397
GROSS PROFIT		1,855,901,973	1,538,624,208	911,820,163
SUPPORT, FEES, RENTALS AND OTHER INCOME	14	80,271,347	63,243,585	67,883,951
GROSS PROFIT INCLUDING OTHER INCOME		1,936,173,320	1,601,867,793	979,704,114
OTHER OPERATING EXPENSES	15			
Selling expenses		983,988,864	878,388,661	536,113,616
General and administrative expenses		437,182,034	330,938,978	262,794,753
		1,421,170,898	1,209,327,639	798,908,369
OPERATING PROFIT		515,002,422	392,540,154	180,795,745
FINANCE INCOME (COSTS)				
Finance costs	10, 13, 16	(70,821,067)	(79,164,156)	(41,605,054)
Finance income	5	406,518	313,902	385,136
		(70,414,549)	(78,850,254)	(41,219,918)
PROFIT BEFORE TAX		444,587,873	313,689,900	139,575,827
TAX EXPENSE	17			
Current		18,214,309	13,803,997	1,528,307
Deferred		39,887,556	80,239,878	40,267,028
		58,101,865	94,043,875	41,795,335
NET PROFIT		386,486,008	219,646,025	97,780,492
OTHER COMPREHENSIVE INCOME		-	-	-
TOTAL COMPREHENSIVE INCOME		P 386,486,008	P 219,646,025	P 97,780,492
Basic and Diluted Earnings per Share	20	P 0.02	P 0.02	P 0.01

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, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

		Capital Stock <i>(see Note 19)</i>	Additional Paid-in Capital <i>(see Note 19)</i>	Retained Earnings <i>(see Note 19)</i>	Total Equity
Balance at January 1, 2021	P	1,338,500,000	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		<u>-</u>	<u>-</u>	<u>386,486,008</u>	<u>386,486,008</u>
 Balance at December 31, 2021	 P	 <u>2,285,714,500</u>	 <u>3,316,671,118</u>	 <u>766,670,545</u>	 <u>6,369,056,163</u>
 Balance at January 1, 2020	P	1,000,000,000	P -	P 166,792,186	P 1,166,792,186
Issuance of shares during the year		338,500,000	-	-	338,500,000
Dividend declared		-	-	(6,253,674)	(6,253,674)
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>219,646,025</u>	<u>219,646,025</u>
 Balance at December 31, 2020	P	 <u>1,338,500,000</u>	 <u>-</u>	 <u>380,184,537</u>	 <u>1,718,684,537</u>
 Balance at January 1, 2019	P	562,500,000	P -	P 69,011,694	P 631,511,694
Issuance of shares during the year		437,500,000	-	-	437,500,000
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>97,780,492</u>	<u>97,780,492</u>
 Balance at December 31, 2019	P	 <u>1,000,000,000</u>	 <u>-</u>	 <u>166,792,186</u>	 <u>1,166,792,186</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, 2021, 2020 AND 2019
(Amounts in Philippine Pesos)

	Notes	2021	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		P 444,587,873	P 313,689,900	P 139,575,827
Adjustments for:				
Depreciation and amortization	9, 10, 11	296,866,723	235,206,825	217,051,130
Finance costs	10, 13	70,821,067	79,164,156	41,605,054
Gain on sale of property and equipment and intangible assets	9, 11, 18	(10,000,000)	-	-
Finance income	5	(406,518)	(313,902)	(385,136)
Operating profit before working capital changes		801,869,145	627,746,979	397,846,875
Decrease (increase) in trade receivables		(74,717,517)	7,485,792	(55,019,025)
Increase in merchandise inventories		(432,640,399)	(298,646,797)	(125,580,375)
Increase in prepayments and other current assets		(476,036,742)	(123,173,450)	(282,258,010)
Increase in other non-current assets		(43,550,371)	(18,093)	(42,612,077)
Increase (decrease) in trade and other payables		(29,124,603)	184,907,952	212,105,470
Increase in retirement benefit obligation		20,368,291	-	-
Cash generated from (used in) operations		(233,832,196)	398,302,383	104,482,858
Interest received		406,518	313,902	385,136
Cash paid for income taxes		(27,687,644)	(12,662,048)	(9,815,681)
Net Cash From (Used in) Operating Activities		(261,113,322)	385,954,237	95,052,313
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to property and equipment	9	(705,501,228)	(453,402,603)	(1,676,062,943)
Additions to intangible assets	11	(363,931,373)	(76,625,645)	(35,217,395)
Advances paid to contractors	8	(234,046,683)	-	-
Proceeds from disposal of property and equipment and intangible assets	9, 11, 18	104,726,354	-	-
Net Cash Used in Investing Activities		(1,198,752,930)	(530,028,248)	(1,711,280,338)
CASH FLOWS FROM FINANCING ACTIVITIES				
Repayment of loans	13	(6,586,831,183)	(1,763,205,481)	(1,182,507,812)
Proceeds from issuance of stocks, net of share issue costs	19	4,263,885,618	-	-
Proceeds from availment of loans	13	4,250,760,278	2,555,882,787	2,959,747,565
Interest paid for loans payable	13	(291,326,049)	(230,864,651)	(174,260,661)
Interest paid for lease liabilities	10	(21,387,266)	(21,748,915)	(20,133,885)
Dividends paid	19	(6,253,674)	-	-
Repayment of lease liabilities	10	(4,726,076)	(3,120,935)	(3,551,686)
Collections of advances granted to related parties	18	-	-	206,809,890
Advances obtained from related parties under common ownership	18	-	-	168,000,000
Repayments of advances obtained from related parties	18	-	-	(168,000,000)
Advances obtained from parent company	18	-	-	100,000,000
Net Cash From Financing Activities		1,604,121,648	536,942,805	1,886,103,411
NET INCREASE IN CASH		144,255,396	392,868,794	269,875,386
CASH AT BEGINNING OF YEAR		783,520,578	390,651,784	120,776,398
CASH AT END OF YEAR		P 927,775,974	P 783,520,578	P 390,651,784

Supplemental Information on Non-cash Investing and Financing Activities:

- (1) In 2021, 2020 and 2019, the Company capitalized borrowing costs amounting to P227.5 million, P170.9 million and P164.8 million based on capitalization rate ranging from 6.50% to 8.08% for specific borrowings in those periods (see Notes 9 and 13).
- (2) The Company has accrued interest expense amounting to P5.4 million and P20.3 million as of December 31, 2021 and 2020, respectively (see Note 13).
- (3) In 2020, the Company approved the declaration of cash dividends amounting P6.3 million which remain unpaid as of December 31, 2020 and subsequently fully settled in 2021 (see Note 19).
- (4) In 2020 and 2019, the Company issued additional shares of stock amounting to P338.5 million and P437.5 million, which was subscribed and fully paid through the conversion of certain liabilities to parent company (see Notes 18 and 19).
- (5) In 2019, the Company recognized right-of-use assets and lease liabilities amounting to P209.1 million and 235.5 million, respectively, and reversed certain accrued rent amounting to P26.4 million.

See Notes to Financial Statements.

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021, 2020 AND 2019
(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 19.1).

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

The registered office and principal place of business of the Company is located at Lower Ground Floor, Building B, EVIA Lifestyle Center, Daang Hari, Almanza II, 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, 2021 (including the comparative financial statements as of December 31, 2020 and for the years ended December 31, 2020 and 2019) were authorized for issue by the Company's Board of Directors (BOD) on April 6, 2022. The Company's owners and BOD have the power to amend the financial statements after issuance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

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

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

(c) Functional and Presentation Currency

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

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

2.2 Adoption of Amended PFRS

(a) Effective in 2021 that are Relevant to the Company

The Company adopted for the first time the following amendments to existing standards, which are mandatorily effective for annual periods beginning on or after January 1, 2021:

PFRS 9, PFRS 7, and	
PFRS 16 (Amendments) :	Interest Rate Benchmark Reform Phase 2 Financial Instruments, Financial Instruments: Disclosure, Leases
PFRS 16 (Amendments) :	Leases – COVID-19-Related Rent Concessions beyond June 30, 2021

Discussed below are the relevant information about these amendments.

- (i) PFRS 9 (Amendments), *Financial Instruments*, PFRS 7 (Amendments), *Financial Instruments: Disclosures*, and PFRS 16 (Amendments), *Leases – Interest Rate Benchmark Reform Phase 2*. The amendments address issues that may affect financial reporting during the interest rate benchmark reform, including the effect of changes to contractual cash flows or hedging relationships resulting from the replacement of the London Interbank Offered Rate (LIBOR) with alternative benchmark rates. The Phase 2 amendments have no impact to the Company's financial statements as the Company did not have any financial instruments or leases subject to LIBOR.
- (ii) PFRS 16 (Amendments), *Leases – COVID-19-Related Rent Concessions beyond June 30, 2021* (effective from April 1, 2021). The amendment extends for one year the use of practical expedient of not assessing whether rent concessions reducing payments up until June 30, 2022 occurring as a direct consequence of the COVID-19 pandemic are lease modifications and instead to account for those rent concessions as if they are not lease modifications. The application of these amendments had no significant impact to the Company's financial statements as the Company did not receive any rent concession from its lessors in 2021.

(b) *Effective Subsequent to 2021 but not Adopted Early*

There are amendments to existing standards effective for annual periods subsequent to 2021, which are adopted by the FRSC. Management will adopt the following relevant pronouncements in accordance with their transitional provisions; and, none of these are expected to have significant impact on the Company's financial statements:

- (i) PAS 16 (Amendments), *Property, Plant and Equipment – Proceeds Before Intended Use* (effective from January 1, 2022)
- (ii) PAS 37 (Amendments), *Provisions, Contingent Liabilities and Contingent Assets – Onerous Contracts – Cost of Fulfilling a Contract* (effective from January 1, 2022)
- (iii) Annual Improvements to PFRS 2018-2020 Cycle. Among the improvements, the following amendments, which are effective from January 1, 2022, are relevant to the Company:
 - PFRS 9 (Amendments), *Financial Instruments – Fees in the '10 per cent' Test for Derecognition of Liabilities*
 - Illustrative Examples Accompanying PFRS 16, *Leases – Lease Incentives*
- (iv) PAS 1 (Amendments), *Presentation of Financial Statements – Classification of Liabilities as Current or Non-current* (effective from January 1, 2023)
- (v) PAS 1 (Amendments), *Presentation of Financial Statements – Disclosure of Accounting Policies* (effective from January 1, 2023)

- (vi) PAS 8 (Amendments), *Accounting Estimates – Definition of Accounting Estimates* (effective from January 1, 2023)
- (vii) PAS 12 (Amendments), *Income Taxes – Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction* (effective from January 1, 2023)

2.3 Financial Instruments

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

(a) Financial Assets

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

(i) Classification and Measurement of Financial Assets

The classification and measurement of financial assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Currently, the only classification that applies to the Company is financial assets at amortized cost.

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

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

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

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

Financial assets measured at amortized cost are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as noncurrent assets.

For purposes of cash flows reporting and presentation, cash includes demand deposits which earn interest based on daily bank deposit rates and are subject to insignificant risk of changes in value.

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

(ii) *Impairment of Financial Assets*

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

For cash, the Company applies the low credit risk simplification. The probability of default and loss given defaults are publicly available and are considered to be low credit risk investments. It is the Company's policy to measure ECLs on such instruments on a 12-month basis. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime ECL [see Note 22.2(a)].

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

For security deposits, the Company applies the general approach, which track changes in credit risk at every reporting date [see Note 22.2(c)].

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

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

- *Exposure at default* – It represents the gross carrying amount of the financial instruments in the event of default which pertains to its amortized cost.

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

(iii) *Derecognition of Financial Assets*

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

(b) *Financial Liabilities*

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

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

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

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

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

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

(c) *Offsetting of Financial Instruments*

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

2.4 Merchandise Inventories

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

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

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

2.5 Other Assets

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.12).

2.6 Property and Equipment

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

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

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

Equipment	3 to 15 years
Furniture and fixtures	9 years

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

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

Construction in progress (CIP) represents properties under construction and is stated at cost. This includes cost of construction, applicable borrowing costs and other direct costs (see Note 2.14). The account is not depreciated until such time that the assets are completed and available-for-use.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (see Note 2.12).

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

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

2.7 Intangible Assets

Intangible assets pertain to acquired computer software which is accounted for under the cost model. The cost of the asset is the amount of cash or cash equivalents paid or the fair value of other considerations given up to acquire an asset at the time of its acquisition or production. Capitalized cost is amortized on a straight-line basis over the estimated useful life of five to eight years as the life of this intangible asset is considered finite. In addition, intangible asset is subject to impairment testing as described in Note 2.12.

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

2.8 Segment Reporting

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

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

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

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

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

2.9 Provisions and Contingencies

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

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

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

2.10 Revenue and Expense Recognition

Revenue arises mainly from the sale of merchandise.

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

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

The Company determines whether a contract with customer exists by evaluating whether the following gating criteria are present:

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

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

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

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

The Company enters into transactions involving the sale and delivery of merchandise representing fresh items, food items, and non-food items. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(d). The transaction price allocated to performance obligations satisfied at a point in time is recognized as revenue when control of the goods transfers to the customer. As a matter of accounting policy, when applicable, if the performance obligation is satisfied over time, the transaction price allocated to that performance obligation is recognized as revenue as the performance obligation is satisfied.

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

- a) *Sale of merchandise* – Revenue is recognized when the control transfers at a point in time with the customer, i.e., generally when the customer purchased the merchandise. For individual customers, payment of the transaction price is due immediately at the point the customer purchases the merchandise. On the other hand, invoices for merchandise purchased by corporate customers are due based on agreed terms and are provided upon receipt of merchandise by the customer. For e-commerce sales, revenue is recognized when control of the goods has transferred to the customer, being at the point of the goods are delivered to the customer. Delivery occurs when the goods have been shipped to the customer's specific location.
- b) *Delivery fees* – Delivery fees are charged for the transportation of merchandise from the Company's stores to a certain destination as agreed with the customer. Delivery fees are recognized over time as the services are provided. Payment of delivery fees is due immediately, i.e., upon the customer's purchase of merchandise.
- c) *Miscellaneous* – Miscellaneous income comprise of support received from supplier for store opening and clearance sales. Miscellaneous is recognized at a point in time when support are received from supplier.

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

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

The Company operates a customer loyalty incentive programme where individual customers accumulate points for purchases made which entitle them for award credits on future purchases. The Company allocates a portion of the consideration received to loyalty points. This allocation is based on the relative stand-alone selling prices. The stand-alone selling price is estimated based on the equivalent value given when the points are redeemed by the customer and the likelihood of redemption, as evidenced by the Company's historical experience. A liability is recognized for revenue relating to the loyalty points at the time of the initial sales transactions. Revenue from loyalty points are recognized when the points are redeemed by the customer. Revenue from loyalty points that are not expected to be redeemed by the customer is recognized in proportion of the pattern of rights exercised by customers.

The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(d).

Costs and expenses are recognized in profit or loss upon utilization of the goods or services or at the date they are incurred. All finance costs are reported in profit or loss on an accrual basis, except capitalized borrowing costs, which are included as part of the cost of any related qualifying assets (see Note 2.14).

2.11 Leases

(a) Company as a Lessee

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

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

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability in the statement of financial position.

The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received). Subsequently, the Company depreciates the right-of-use asset on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist (see Note 2.12).

On the other hand, the lease liability is measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company's incremental borrowing rate. Lease payments include fixed payments (including in-substance fixed) less lease incentives receivable, if any, variable lease payments based on an index or rate, amounts expected to be payable under a residual value guarantee, and payments arising from options (either renewal or termination) reasonably certain to be exercised. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

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

On the statement of financial position, right-of-use assets and lease liabilities have been presented separately from property and equipment and other liabilities, respectively.

(b) Company as a Lessor

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

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

2.12 Impairment of Non-financial Assets

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

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

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

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

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

2.13 Employee Benefits

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

(a) Post-employment Defined Benefit Plan

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

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

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

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

(b) Post-employment Defined Contribution Plan

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

(c) *Short-term Employee Benefits*

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

(d) *Bonus Plans*

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

(e) *Compensated Absences*

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

2.14 Borrowing Costs

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

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

2.15 Income Taxes

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

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

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

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

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

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

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

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

2.16 Related Party Transactions and Relationships

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

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

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

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

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

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

2.17 Deposit for Future Stock Subscription

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

- (a) The unissued authorized capital stock of the entity is insufficient to cover the amount of shares indicated in the contract;
- (b) There is BOD's approval on the proposed increase in authorized capital stock (for which a deposit was received by the corporation);
- (c) There is stockholders' approval of said proposed increase; and
- (d) The application for the approval of the proposed increase has been presented for filing or has been filed with the SEC.

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

2.18 Equity

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

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

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

2.19 Basic and Diluted Earnings Per Share

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

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

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

2.20 Events After the End of the Reporting Period

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgment in Applying Accounting Policies

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

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

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

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

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

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

(b) Determination of Timing of Satisfaction of Performance Obligations

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

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

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

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

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

As of December 31, 2021 and 2020, liabilities arising from customer loyalty programme amounted to P4.4 million and P3.5 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 22.2(b).

(f) *Distinction Between Operating and Finance Leases as a Lessor*

The Company has entered into various lease agreements as a lessor. Critical judgment was exercised by management to distinguish each lease agreement as either an operating or a finance lease by looking at the transfer or retention of significant risk and rewards of ownership of the properties covered by the agreements. Failure to make the right judgment will result in either overstatement or understatement of assets and liabilities. Management has assessed that the Company's lease arrangements are operating leases.

(g) *Capitalization of Borrowing Costs*

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

(h) *Recognition of Provisions and Contingencies*

Judgment is exercised by management to distinguish between provisions and contingencies. Policies on recognition of provisions and contingencies are discussed in Note 2.9 and disclosures on relevant provisions and contingencies are presented in Note 21.

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 22.2.

(c) Determination of Net Realizable Value

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

(d) Estimation of Useful Lives of Property and Equipment, Right-of-Use Assets, and Intangible Assets

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

In 2020, the management assessed that an extension of the property and equipment's and intangible assets' remaining useful lives is appropriate to align with the other companies in the same industry. This change in accounting estimate was applied prospectively, beginning January 1, 2020. With the increase in useful lives, the annual depreciation and amortization decreased by P80.1 million in 2020. There was no change in estimated useful lives of these assets in 2021. The carrying amounts of property and equipment, right-of-use assets and intangible assets are analyzed in Notes 9, 10 and 11, respectively.

(e) *Evaluation of Impairment of Non-financial Assets*

In assessing impairment, management estimates the recoverable amount of each asset or a cash-generating unit based on expected future cash flows and uses an interest rate to calculate the present value of those cash flows. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate (see Note 2.12).

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, 2021 and 2020.

(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, 2021 and 2020 will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 17.

(g) *Valuation of Post-employment Defined Benefit Obligation*

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

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

4. **SEGMENT REPORTING**

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, 2021, and 2020:

	<u>2021</u>	<u>2020</u>
Cash on hand	P 9,355,000	P 10,410,000
Cash in banks	<u>918,420,974</u>	<u>773,110,578</u>
	<u>P 927,775,974</u>	<u>P 783,520,578</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 amounting to P0.4 million, P0.3 million and P0.4 million in 2021, 2020 and 2019, respectively, is presented as Finance Income under Finance Income (Costs) in the statements of comprehensive income.

6. RECEIVABLES

This account is composed of the following:

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Trade receivables	18.1	P 114,099,466	P 55,702,714
Non-trade receivables		12,271,528	-
Others	16.2, 18	<u>4,049,237</u>	<u>-</u>
		<u>P 130,420,231</u>	<u>P 55,702,714</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.

The carrying amounts of the receivables are considered a reasonable approximation of fair values due to their short duration.

All of the Company's receivables have been assessed for impairment using the ECL model. Management believes that no allowance for ECL is required since there has no significant change in the credit quality of the accounts as of December 31, 2021 and 2020 [see Note 22.2(b)].

7. MERCHANDISE INVENTORIES

Merchandise inventories pertain to goods owned by the Company, which include food and non-food items, pharmaceutical products and dry goods, among others, that are traded under the normal course of business and amounted to P1,826.1 million and P1,393.4 million as of December 31, 2021 and 2020, 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, 2021 and 2020 (see Note 26).

Cost of merchandise inventories charged to operations are presented as Cost of Merchandise Sold in the statements of comprehensive income (see Note 15.1).

8. PREPAYMENTS AND OTHER ASSETS

The composition of this account is shown on below.

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Current:			
Input VAT		P 623,163,286	P 246,130,489
Advances for purchases		223,762,176	135,527,127
Deferred input VAT		42,403,826	35,720,609
Prepayments		24,147,616	20,660,888
Store supplies		17,703,152	17,238,920
Creditable withholding tax		8,466,105	-
		<u>939,646,161</u>	<u>455,278,033</u>
Non-current:			
Advances to contractors		234,046,683	-
Security deposits	10	68,662,606	12,437,805
Deferred input VAT		62,495,043	75,169,473
		<u>365,204,332</u>	<u>87,607,278</u>
		<u>P1,304,850,493</u>	<u>P 542,885,311</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 capital goods exceeding P1.0 million which is subject to amortization.

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.

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 2021 and 2020 are shown below.

	<u>Leasehold Improvements</u>	<u>Furniture and Fixtures</u>	<u>Equipment</u>	<u>CIP</u>	<u>Total</u>
December 31, 2021					
Cost	P 2,810,724,966	P 305,689,520	P 1,122,403,501	P 621,916,270	P 4,860,734,257
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>P 3,989,782,229</u>
December 31, 2020					
Cost	P 2,141,146,243	P 240,205,654	P 1,061,214,788	P 582,335,386	P 4,024,902,071
Accumulated depreciation and amortization	(235,985,143)	(76,094,402)	(321,652,777)	-	(633,732,322)
Net carrying amount	<u>P 1,905,161,100</u>	<u>P 164,111,252</u>	<u>P 739,562,011</u>	<u>P 582,335,386</u>	<u>P 3,391,169,749</u>
December 31, 2019					
Cost	P 1,682,381,976	P 208,215,288	P 981,135,421	P 528,897,929	P 3,400,630,614
Accumulated depreciation and amortization	(145,022,476)	(51,634,967)	(234,993,914)	-	(431,651,357)
Net carrying amount	<u>P 1,537,359,500</u>	<u>P 156,580,321</u>	<u>P 746,141,507</u>	<u>P 528,897,929</u>	<u>P 2,968,979,257</u>
January 1, 2019					
Cost	P 720,378,256	P 162,107,990	P 677,246,760	P -	P 1,559,733,006
Accumulated depreciation and amortization	(61,380,617)	(25,994,240)	(147,652,173)	-	(235,027,030)
Net carrying amount	<u>P 658,997,639</u>	<u>P 136,113,750</u>	<u>P 529,594,587</u>	<u>P -</u>	<u>P 1,324,705,976</u>

A reconciliation of the carrying amounts of property and equipment at the beginning and end of 2021 and 2020 is shown below.

	<u>Leasehold Improvements</u>	<u>Furniture and Fixtures</u>	<u>Equipment</u>	<u>CIP</u>	<u>Total</u>
Balance at January 1, 2021, net of accumulated depreciation and amortization	P 1,905,161,100	P 164,111,252	P 739,562,011	P 582,335,386	P 3,391,169,749
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>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>P 3,989,782,229</u>
Balance at January 1, 2020, net of accumulated depreciation and amortization	P 1,537,359,500	P 156,580,321	P 746,141,507	P 528,897,929	P 2,968,979,257
Additions	84,270,440	6,184,576	4,669,599	529,146,842	624,271,457
Transfer from CIP	374,493,827	25,805,790	75,409,768	(475,709,385)	-
Depreciation and amortization charges for the year	(90,962,667)	(24,459,435)	(86,658,863)	-	(202,080,965)
Balance at December 31, 2020, net of accumulated depreciation and amortization	<u>P 1,905,161,100</u>	<u>P 164,111,252</u>	<u>P 739,562,011</u>	<u>P 582,335,386</u>	<u>P 3,391,169,749</u>
Balance at January 1, 2019, net of accumulated depreciation and amortization	P 658,997,639	P 136,113,750	P 529,594,587	P -	P 1,324,705,976
Additions	962,003,720	46,107,298	303,888,661	528,897,929	1,840,897,608
Depreciation and amortization charges for the year	(83,641,859)	(25,640,727)	(87,341,741)	-	(196,624,327)
Balance at December 31, 2019, net of accumulated depreciation and amortization	<u>P 1,537,359,500</u>	<u>P 156,580,321</u>	<u>P 746,141,507</u>	<u>P 528,897,929</u>	<u>P 2,968,979,257</u>

The gross carrying amounts and accumulated depreciation of furniture and fixtures subject to operating lease at the beginning and end of 2021 and 2020 are shown below.

	<u>December 31, 2021</u>	<u>December 31, 2020</u>	<u>January 1, 2020</u>
Cost	P 260,022,640	P 208,166,034	P 159,332,387
Accumulated depreciation and amortization	(62,003,635)	(45,548,288)	(33,462,629)
Net carrying amount	<u>P 198,019,005</u>	<u>P 162,617,746</u>	<u>P 125,869,758</u>

A reconciliation of the carrying amounts of furniture and fixtures subject to operating lease at the beginning and end of 2021 and 2020 is shown below.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Beginning, net of accumulated depreciation and amortization	P 162,617,746	P 125,869,758	P 94,232,967
Additions	51,856,606	48,833,646	45,531,023
Depreciation and amortization charges for the year	(16,455,347)	(12,085,658)	(13,894,232)
Ending, net of accumulated depreciation and amortization	<u>P 198,019,005</u>	<u>P 162,617,746</u>	<u>P 125,869,758</u>

The amount of depreciation and amortization is presented as part of General and Administrative Expenses in the statements of comprehensive income (see Note 15.2). In 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 18.3). There was no similar transaction in 2020 and 2019.

In 2021, 2020 and 2019, borrowing costs amounting to P227.5 million, P170.9 million and P164.8 million, respectively, based on capitalization rate ranging from 6.50% to 8.08% for specific borrowings in those periods, were capitalized (see Note 13).

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

Cost of fully depreciated and amortized assets that are still used in operations amounts to P28.1 million as of both December 31, 2021 and 2020, respectively.

The Company also recognized rental income from its operating leases as a lessor amounting to P35.7 million, P35.1 million and P34.3 million in 2021, 2020 and 2019, respectively and is presented as part of Support, Fees, Rentals and Other Income in the statements of comprehensive income (see Note 14).

10. LEASES

The Company is a lessee under non-cancellable operating leases covering its store outlets and warehouse with lease terms ranging from 10 years to 20 years. With the exception of leases with variable consideration, only one lease contract is reflected on the statements of financial position as a right-of-use asset and a lease liability. This lease contract covers a store outlet with a remaining lease term of 10 years and 9 years as of December 31, 2021 and 2020, respectively.

Each lease generally imposes a restriction that, unless there is a contractual right for the Company to sublet the asset to another party, the right-of-use asset can only be used by the Company. The leases contain an option to renew the lease which requires mutual agreement of both parties. The Company is prohibited from selling or pledging the underlying leased assets as security. The Company must keep the leased properties in a good state of repair and return the properties in their original condition at the end of the lease. Further, the Company must insure the leased assets and incur maintenance fees on such items in accordance with the lease contracts. There are no leases with options to purchase or terminate. The Company has no short-term leases and leases of low-value assets.

The security deposits paid in connection with the leases amounting to P68.7 million and P12.4 million as of December 31, 2021 and 2020, respectively, is presented as Security deposits under Other Non-current Assets in the statements of financial position (see Note 8). Management believes that no allowance for ECL is required for security deposits since there has no significant change in the credit quality of the accounts [see Note 22.2(c)].

10.1 Right-of-use Assets

The carrying amount of the Company's right-of-use assets from store outlets and the movements at beginning and end of 2021 and 2020 are shown below.

	<u>2021</u>	<u>2020</u>
Cost	<u>P 209,111,455</u>	<u>P 209,111,455</u>
Accumulated amortization:		
Balance at beginning of year	30,789,416	15,394,708
Amortization for the year	<u>15,394,708</u>	<u>15,394,708</u>
Balance at end of year	<u>46,184,124</u>	<u>30,789,416</u>
Carrying amount	<u>P 162,927,331</u>	<u>P 178,322,039</u>

The amount of depreciation is presented as part of General and Administrative Expenses in the 2021 and 2020 statements of comprehensive income (see Note 15.2).

10.2 Lease Liabilities

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

	<u>2021</u>	<u>2020</u>
Current	P 6,554,121	P 4,726,076
Non-current	<u>217,596,544</u>	<u>224,150,665</u>
	<u>P 224,150,665</u>	<u>P 228,876,741</u>

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

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Balance at beginning of year		P 228,876,741	P 231,997,676
Accretion of interest	10.4	21,387,266	21,748,915
Repayments	10.4	(26,113,342)	(24,869,850)
Balance at end of year		<u>P 224,150,665</u>	<u>P 228,876,741</u>

As of December 31, 2021 and 2020, 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:

	<u>Within one year</u>	<u>1 to 2 years</u>	<u>2 to 3 years</u>	<u>3 to 4 years</u>	<u>4 to 5 years</u>	<u>5 to 6 years</u>	<u>6 to 10 years</u>	<u>More than ten years</u>	<u>Total</u>
December 31, 2021									
Lease payments	P 27,419,009	P 28,789,960	P 30,229,458	P 31,740,930	P 33,327,977	P 34,994,376	P 183,893,170	P -	P 370,394,880
Finance charges	(20,864,888)	(20,159,703)	(19,247,146)	(18,099,906)	(16,687,638)	(14,976,650)	(36,208,284)	-	(146,244,215)
Net present values	<u>P 6,554,121</u>	<u>P 8,630,257</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 147,684,886</u>	<u>P -</u>	<u>P 224,150,665</u>
December 31, 2020									
Lease payments	P 26,113,342	P 27,419,009	P 28,789,960	P 30,229,458	P 31,740,930	P 33,327,977	P 193,366,016	P 25,521,530	P 396,508,222
Finance charges	(21,387,266)	(20,864,888)	(20,159,703)	(19,247,146)	(18,099,906)	(16,687,638)	(50,401,595)	(783,339)	(167,631,481)
Net present values	<u>P 4,726,076</u>	<u>P 6,554,121</u>	<u>P 8,630,257</u>	<u>P 10,982,312</u>	<u>P 13,641,024</u>	<u>P 16,640,339</u>	<u>P 142,964,421</u>	<u>P 24,738,191</u>	<u>P 228,876,741</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 18.2). The expenses relating to these leases amounting to P264.6 million, P237.1 million and P155.9 million for 2021, 2020 and 2019 are presented as Rentals under Selling Expenses in the statements of comprehensive income (see Note 15.2).

If the sales of the Company had changed by an average of +/-1.0%, the variable rent expense would have changed by +/- P2.4 million, +/- P2.0 million and +/- P1.1 million in 2021, 2020 and 2019, respectively.

10.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P26.1 million, P24.9 million and P23.7 million in 2021, 2020 and 2019, respectively. Interest expense in relation to lease liabilities amounted to P21.4 million, P21.8 million and P20.1 million in 2021, 2020 and 2019, respectively, and is presented as part of Finance Costs in the statements of comprehensive income.

11. INTANGIBLE ASSETS

The gross carrying amounts and accumulated amortization of intangible assets at the beginning and end of 2021 and 2020 are shown below.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Cost	P 503,565,463	P 141,322,325	P 64,696,680
Accumulated amortization	(68,996,175)	(28,913,243)	(11,182,091)
	<u>P 434,569,288</u>	<u>P 112,409,082</u>	<u>P 53,514,589</u>

A reconciliation of the carrying amounts of intangible assets at the beginning and end of 2021, 2020 and 2019 is shown below.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Balance at beginning of year, net of accumulated amortization	P 112,409,082	P 53,514,589	P 23,329,289
Additions	363,931,373	76,625,645	35,217,395
Amortization charges for the year	(40,361,946)	(17,731,152)	(5,032,095)
Disposal	(1,409,221)	-	-
Balance at end of year, net of accumulated amortization	<u>P 434,569,288</u>	<u>P 112,409,082</u>	<u>P 53,514,589</u>

In 2021, the Company sold certain intangible assets at a gain (see Note 18.3). There is no similar transaction in 2020 and 2019.

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

There were no contractual commitments entered into in 2021, 2020 and 2019.

12. TRADE AND OTHER PAYABLES

The composition of this account is shown below.

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Trade payables		P 499,063,652	P 534,750,169
Accrued expenses	13	23,544,305	42,619,232
Withholding taxes and other government payables		18,589,344	8,659,303
Customer loyalty rewards liability		<u>4,381,527</u>	<u>3,529,563</u>
		<u>P 545,578,828</u>	<u>P 589,558,267</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:

	<u>Note</u>	<u>2021</u>	<u>2020</u>
Current:			
Short-term loans	13.1	P 780,000,000	P 1,150,878,598
Current portion of long-term loans	13.2	<u>184,615,385</u>	<u>393,846,153</u>
		964,615,385	1,544,724,751
Non-current:			
Long-term loans	13.2	<u>469,230,769</u>	<u>2,225,192,308</u>
		P1,433,846,154	P 3,769,917,059

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

	<u>Short-term Loans</u>	<u>Long-term Loans</u>	<u>Total</u>
Balance as of January 1, 2021	P1,150,878,598	P2,619,038,461	P3,769,917,059
Additional borrowings	981,886,277	292,500,000	1,274,386,277
Reavailment of loans	2,976,374,001	-	2,976,374,001
Repayments of borrowings	(4,329,138,876)	(2,257,692,307)	(6,586,831,183)
Balance at December 31, 2021	<u>P 780,000,000</u>	<u>P 653,846,154</u>	<u>P1,433,846,154</u>
Balance as of January 1, 2020	P 609,308,984	P2,367,930,769	P2,977,239,753
Additional borrowings	750,000,000	735,000,000	1,485,000,000
Reavailment of loans	1,070,882,787	-	1,070,882,787
Repayments of borrowings	(1,279,313,173)	(483,892,308)	(1,763,205,481)
Balance at December 31, 2020	<u>P1,150,878,598</u>	<u>P2,619,038,461</u>	<u>P3,769,917,059</u>
Balance as of January 1, 2019	P 200,000,000	P1,000,000,000	P1,200,000,000
Additional borrowings	411,047,565	1,948,700,000	2,359,747,565
Reavailment of loans	600,000,000	-	600,000,000
Repayments of borrowings	(601,738,581)	(580,769,231)	(1,182,507,812)
Balance at December 31, 2019	<u>P 609,308,984</u>	<u>P2,367,930,769</u>	<u>P2,977,239,753</u>

The total interest expense incurred on these loans amounted to P48.9 million, P57.4 million and P21.5 million in 2021, 2020 and 2019, respectively, and is presented as part of Finance Costs under Finance Income (Costs) in the statements of comprehensive income. In 2021, 2020 and 2019, borrowing costs amounting to P227.5 million, P170.9 million and P164.8 million, respectively, based on capitalization rate ranging from 6.50% to 8.08% for specific borrowing in those years, were capitalized as part of Property and Equipment (see Note 9). The unpaid interest amounted to P5.4 million and P20.3 million as of December 31, 2021 and 2020 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 2021 and 2020, the Company obtained various short-term loans from various local banks for the Company's working capital requirements with fixed interest rates ranging from 5.00% to 8.08% and with terms of 90 to 180 days. These loans are usually being rolled-over upon maturity and are secured by cross suretyship of the Company's ultimate parent company (see Note 18.4). There are no loan covenants on the Company's short-term loans.

13.2 Long-term Loans

In 2021 and 2020, the Company obtained three to seven-year corporate loans, inclusive of two-year grace period, from various local banks for the Company's store construction and expansion with fixed interest rate ranging from 6.50% to 8.08% both in 2021 and 2020. The loans are secured by cross suretyship of the Company's ultimate parent company (see Note 18.4).

Certain loans of the Company with local banks are subject to covenants and all have been complied with as of December 31, 2021 and 2020 (see Note 24).

14. REVENUES

The Company's sales revenues arise from transactions with individual and corporate customers in the Philippines totalling to P9,456.4 million, P7,931.0 million and P4,710.4 million in 2021, 2020 and 2019, respectively.

The disaggregation on revenue recognition whether point in time or over time is shown below.

	<u>Point in time</u>	<u>Over time</u>	<u>Total</u>
<u>2021</u>			
Sales	P 9,456,401,220	P -	P 9,456,401,220
Delivery fees	-	24,253,245	24,253,245
Miscellaneous	<u>20,330,321</u>	<u>-</u>	<u>20,330,321</u>
	<u>P 9,476,731,541</u>	<u>P 24,253,245</u>	<u>P9,500,984,786</u>
<u>2020</u>			
Sales	P 7,931,030,211	P -	P 7,931,030,211
Delivery fees	-	24,100,677	24,100,677
Miscellaneous	<u>4,086,755</u>	<u>-</u>	<u>4,086,755</u>
	<u>P 7,935,116,966</u>	<u>P 24,100,677</u>	<u>P 7,959,217,643</u>
<u>2019</u>			
Sales	P 4,710,415,560	P -	P 4,710,415,560
Delivery fees	-	23,938,992	23,938,992
Miscellaneous	<u>9,643,136</u>	<u>-</u>	<u>9,643,136</u>
	<u>P 4,720,058,696</u>	<u>P 23,938,992</u>	<u>P 4,743,997,688</u>

The Company also recognized rental income from its operating leases as lessor amounting to P35.7 million, P35.1 million and P34.3 million in 2021, 2020 and 2019, 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>2021</u>	<u>2020</u>	<u>2019</u>
Merchandise inventories				
at beginning of year	7	P 1,393,419,308	P1,094,772,511	P 969,192,136
Purchases during the year		<u>8,033,139,646</u>	<u>6,691,052,800</u>	<u>3,924,175,772</u>
Cost of goods available				
for sale		9,426,558,954	7,785,825,311	4,893,367,908
Merchandise inventories				
at end of year	7	(<u>1,826,059,707</u>)	(<u>1,393,419,308</u>)	(<u>1,094,772,511</u>)
		<u>P7,600,499,247</u>	<u>P6,392,406,003</u>	<u>P3,798,595,397</u>

15.2 Other Operating Expenses

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

	<u>Notes</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Depreciation and amortization	9, 10.1, 11	P 296,866,723	P 235,206,825	P 217,051,130
Rentals	10.3, 18.4	264,590,255	237,124,009	155,858,673
Communication and utilities		243,157,862	223,236,780	165,846,928
Agency fee		218,544,070	204,339,630	98,405,242
Salaries, wages and other				
other employee benefits	16.1	118,231,818	65,569,204	23,621,621
Taxes and licenses		54,562,120	56,942,725	28,439,467
Merchant fee		48,900,892	41,700,421	15,942,329
Repairs and maintenance		37,129,493	43,852,948	10,730,982
Professional fees	19.2	33,425,945	3,311,776	39,342
Operating supplies		29,631,387	34,379,893	32,106,221
Travel and transportation		19,289,715	19,815,867	3,466,196
Advertising and promotions		18,373,817	22,878,840	30,027,334
Insurance		10,465,898	9,770,403	8,230,820
Delivery fees		5,429,270	5,306,936	3,574,286
Dues and subscriptions		3,088,807	1,031,323	64,500
Others	19.2	<u>19,482,826</u>	<u>4,860,059</u>	<u>5,503,298</u>
		<u>P1,421,170,898</u>	<u>P1,209,327,639</u>	<u>P 798,908,369</u>

These expenses are classified as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Selling	P 983,988,864	P 878,388,661	P 536,113,616
General and administrative	<u>437,182,034</u>	<u>330,938,978</u>	<u>262,794,753</u>
	<u>P1,421,170,898</u>	<u>P1,209,327,639</u>	<u>P 798,908,369</u>

16. EMPLOYEE BENEFITS

16.1 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>2021</u>	<u>2020</u>	<u>2019</u>
Salaries and wages		P 83,239,149	P 49,927,131	P 19,519,059
Post-employment benefits	16.2	16,319,054	-	-
Other employee benefits		<u>18,673,615</u>	<u>15,642,073</u>	<u>4,102,562</u>
	15.2	<u>P 118,231,818</u>	<u>P 65,569,204</u>	<u>P 23,621,621</u>

16.2 Post-employment Benefits

(a) Characteristics of the Defined Benefit Plan

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

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

(b) Explanation of Amounts Presented in the Financial Statements

The actuarial valuation was made in 2021 by a professionally qualified actuary. The retirement benefit obligation amounted to P20.9 million as of December 31, 2021 and is presented as Retirement Benefit Obligation in the 2021 statement of financial position.

The movements in the present value of the retirement benefit obligation recognized in the 2021 statement of financial position are as follows:

Balance at beginning of year	P -
Current service cost	16,319,054
Interest cost	501,042
Net acquired obligation due to employee transfers	<u>4,049,237</u>
Balance at end of year	<u>P 20,869,333</u>

The current service cost is presented as part of Salaries, wages and other employee benefits under Selling Expenses in the 2021 statement of comprehensive income (see Note 16.1)

In 2021, the Company recognized a receivable for the transferred retirement benefit obligation related to the transfer of employees to the Company from a related party under common ownership amounting to P4.0 million which remained outstanding as of December 31, 2021. The outstanding receivable is presented as Others under Receivables in the 2021 statement of financial position (see Notes 6 and 18).

In determining the amount of the retirement benefit obligation, the following significant actuarial assumptions were used for the year ended December 31, 2021:

Discount rate	5.20%
Expected rate of salary increases	7.75%

Assumptions regarding future mortality experience are based on published statistics and mortality tables. The average remaining working lives of an individual retiring at the age of 60 is 11 years. These assumptions were developed by management with the assistance of an independent actuary. Discount factors are determined close to the end of each reporting period by reference to the interest rates of zero coupon government bonds with terms to maturity approximating to the terms of the post-employment obligation. Other assumptions are based on current actuarial benchmarks and management's historical experience.

(c) *Risks Associated with the Retirement Plan*

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

(i) *Interest Rate Risk*

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

(ii) *Longevity and Salary Risks*

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

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, and the timing and uncertainty of future cash flows related to the retirement plan as of December 31, 2021 are discussed in the succeeding pages.

(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 (asset) as of December 31, 2021:

	<u>Impact on Post-Employment Benefit Obligation</u>		
	<u>Change in Assumption</u>	<u>Increase in Assumption</u>	<u>Decrease in Assumption</u>
Discount rate	+/- 1.0%	(P 17,573,570)	P 24,926,394
Salary growth rate	+/- 1.0%	24,870,525	(17,552,013)

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 2021 statement of financial position.

(ii) *Funding Arrangements and Expected Contributions*

The plan is currently unfunded by P20.9 million based on the latest actuarial valuation. While there are no minimum funding requirement in the country, the size of the underfunding may pose a cash flow risk that the Company may be exposed to if several employees retire within the same year.

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

The maturity profile of the undiscounted expected benefit payments as of December 31, 2021 from the plan follows:

Within five years	P 1,220,335
More than five years to 10 years	12,593,455
More than 10 years to 15 years	9,469,039
More than 15 years to 20 years	70,963,894
More than 20 years	<u>239,406,134</u>
	<u>P 333,652,857</u>

The weighted average duration of the defined benefit obligation at the end of the reporting period is 24 years.

17. TAXES

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

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

As a result of the application of the lower RCIT rate of 25% starting July 1, 2020, the current income tax expense and income tax payable, as presented in the 2020 annual income tax return (ITR) of the Company, were lower by P1.2 million than the amount presented in the 2020 financial statements and such amount was charged to 2021 profit or loss.

In 2021, the recognized net deferred tax assets as of December 31, 2020 was remeasured to 25%. This resulted in a decline in the recognized net deferred tax liabilities in 2020 by P23.8 million and such was recognized in the profit or loss section of the 2021 statement of comprehensive income.

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Current tax expense:			
MCIT at 1%	P 19,370,253	P -	P -
RCIT at 30%	-	13,803,997	1,528,307
Effect of the change in income tax rate	(1,155,944)	-	-
	<u>18,214,309</u>	<u>13,803,997</u>	<u>1,528,307</u>
Deferred tax expense arising from:			
Origination and reversal of temporary differences	63,720,315	80,239,878	40,267,028
Effect of change in income tax rate	(23,832,759)	-	-
	<u>39,887,556</u>	<u>80,239,878</u>	<u>40,267,028</u>
	<u>P 58,101,865</u>	<u>P 94,043,875</u>	<u>P 41,795,335</u>

A reconciliation of tax on pre-tax profit computed at the applicable statutory rates to tax expense reported in profit or loss as presented on the following page.

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax on pretax profit at 25% in 2021 and 30% in 2020 and 2019	P 111,146,968	P 94,106,970	P 41,872,748
Adjustment for income subjected to lower tax rate	(101,630)	(94,171)	(115,541)
Effect of the change in income tax rate	(24,988,703)	-	-
Tax effects of:			
IPO expenses charged against APIC	(27,975,096)	-	-
Non-deductible expenses	<u>20,326</u>	<u>31,076</u>	<u>38,128</u>
Tax expense	<u>P 58,101,865</u>	<u>P 94,043,875</u>	<u>P 41,795,335</u>

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

	<u>Statements of Financial Position</u>			<u>Statements of Comprehensive Income</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Deferred tax assets:						
MCIT	(P 19,370,253)	P -	P -	P 19,370,253	P -	P -
Leases – PFRS 16	(15,305,834)	(15,166,411)	(11,484,279)	139,423	3,682,132	11,484,279
Retirement benefit obligation	(4,205,025)	-	-	4,205,025	-	-
Rewards liability	(1,095,382)	(1,058,869)	(910,470)	36,513	148,399	910,470
Net operating loss carry-over (NOLCO)	(678,984)	-	-	678,984	-	-
Accrued rent – PAS 17	-	-	-	-	-	(7,931,372)
	<u>(40,655,478)</u>	<u>(16,225,280)</u>	<u>(12,394,742)</u>	<u>24,430,198</u>	<u>3,830,531</u>	<u>4,463,377</u>
Deferred tax liabilities:						
Borrowing costs	152,736,692	121,484,336	75,151,425	(31,252,356)	(46,332,911)	(44,730,405)
Tax depreciation and amortization	<u>70,802,896</u>	<u>37,737,498</u>	<u>-</u>	<u>(33,065,398)</u>	<u>(37,737,498)</u>	<u>-</u>
	<u>223,539,588</u>	<u>159,221,834</u>	<u>75,151,425</u>	<u>(64,317,754)</u>	<u>(84,070,409)</u>	<u>(44,730,405)</u>
Deferred tax liabilities – net	<u>P 182,884,110</u>	<u>P 142,996,554</u>	<u>P 62,756,676</u>			
Deferred tax expense				<u>(P 39,887,556)</u>	<u>(P 80,239,878)</u>	<u>(P 40,267,028)</u>

In 2020 and 2019, the Company is not yet subject to the MCIT, which is computed at 2% of gross income, as defined under tax regulations, as the Company was only registered with the Bureau of Internal Revenue (BIR) on January 4, 2017 .

Starting 2021, the Company is subject to the MCIT, which is computed at 1% of gross income as defined under the tax regulations, or RCIT, whichever is higher. The Company reported MCIT in 2021 and RCIT in 2020 and 2019.

In 2021, the Company incurred NOLCO amounting to P678,984 which can be claimed as a deduction from the gross taxable income until 2026. Pursuant to Section 4 (bbbb) of Bayanihan II and as implemented under RR No. 25-2020, the net operating loss of a business or enterprise incurred for the taxable years 2021 can be carried over as a deduction from gross income for the next five consecutive taxable years following the year of such loss which is until 2026.

The MCIT of P19,370,253 in 2021 is valid and deductible from future regular income tax until 2024.

The Company claimed itemized deductions for 2021, 2020 and 2019 in computing for its income tax due.

18. RELATED PARTY TRANSACTIONS

The Company's related parties include its ultimate parent company, parent company, related parties under common ownership, key management personnel and others. The summary of the Company's transactions with its related parties as of and for the years ended December 31, 2021, 2020 and 2019 are discussed below.

	Notes	Amount of Transactions			Outstanding Balances Receivables (Payables)	
		2021	2020	2019	2021	2020
Parent Company:						
Advances paid (obtained)	18.5	P -	P -	P 100,000,000	P -	P -
Deposit for future stock subscription	18.5	-	(338,500,000)	338,500,000	-	-
Related Parties Under Common Ownership:						
Rentals	10.3, 18.2	264,590,255	237,124,009	155,858,673	-	-
Sale of merchandise	18.1	156,977,701	57,790,781	45,486,631	26,872,205	30,296,380
Sale of property and equipment and intangible assets	9, 18.3	104,726,354	-	-	-	-
Transferred retirement benefit obligation	6, 16.2	4,049,237	-	-	4,409,237	-
Advances granted (collected)	18.6	-	-	(206,809,890)	-	-
Advances paid (obtained)	18.5	-	-	168,000,000	-	-
Key Management Personnel-						
Compensation	18.7	11,869,200	11,304,000	-	-	-

In 2021, 2020 and 2019, 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.

Details of the Company's related party transactions and balances are as follows:

18.1 Sale of Merchandise

The Company sells various merchandise items to its related parties with similar transaction price and terms under exact business circumstance with third parties. These transactions are presented as part of Revenues in the statements of comprehensive income (see Note 14). The outstanding receivables from these transactions are presented as part of Trade Receivables in the statements of financial position (see Note 6).

18.2 Lease Agreements

The Company entered into lease agreements with related parties under common ownership that contain variable payments linked to sales generated from certain stores. The expenses relating to these leases amounting are presented as Rentals under Selling Expenses in the statements of comprehensive income (see Note 15.2).

18.3 Sale of Property and Equipment and Intangible Assets

In 2021, the Company sold certain property and equipment and intangible assets to a related party under common ownership amounting to P93.3 million and P1.4 million, respectively, with a total selling price of P104.7 million and the related gain on sale of property and equipment and intangible assets amounting to P10.0 million is presented as part of Support, Fees, Rentals and Other Income in the 2021 statement of comprehensive income (see Notes 9, 11 and 14). There is no outstanding receivable arising from these transactions. There was no similar transaction in 2020 and 2019.

18.4 Guarantees of Loans

The Company obtained short-term loans with interests ranging from 5.25% to 7.75% in 2021 and 6.5% to 8.25% in 2020 for additional working capital requirements and store construction and expansion. The loans are secured by cross suretyship of its ultimate parent company (see Note 13).

18.5 Due to Parent Company

In the prior years, the Company obtains unsecured, noninterest-bearing cash advances from its parent company for its working capital requirements, which are payable in cash on demand. There was no outstanding payable to parent company as of December 31, 2021 and 2020.

An analysis of the movements in the Due to Parent Company at the beginning and end of 2019 is shown below.

Balance at beginning of year	P 676,000,000
Debt-to-equity conversion	(437,500,000)
Reclassification to deposit for future stock subscription	(338,500,000)
Advances obtained during the year	<u>100,000,000</u>
Balance at end of year	<u><u>P -</u></u>

In 2020 and 2019, the Company issued additional shares of stock amounting to P338.5 million and P437.5 million, which was subscribed and fully paid through the conversion of certain due to parent company to equity (see Note 19.1). There was no similar transaction in 2021.

In 2019, the Company obtained unsecured, noninterest-bearing cash advances from its related parties under common ownership amounting to P168.0 million for its working capital requirements, which are payable in cash on demand. There was no outstanding payable from these transactions as of December 31, 2019. There was no similar transaction in 2021 and 2020.

18.6 Due from Related Parties

In the prior years, the Company provides unsecured, noninterest-bearing cash advances to its related parties under common ownership for their working capital requirements, which are collectible in cash on demand. There was no outstanding receivable from related parties as of December 31, 2021 and 2020.

An analysis of the movements in the Due from Related Parties at the beginning and end of 2019 is shown below.

Balance at beginning of year	P 206,809,890
Collections during the year	(<u>206,809,890</u>)
Balance at end of year	<u><u>P -</u></u>

18.7 Key Management Personnel Compensation

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

	<u>2021</u>	<u>2020</u>
Short-term benefits	P 5,731,239	P 11,304,000
Post-employment benefits	<u>6,137,961</u>	<u>-</u>
	<u>P 11,869,200</u>	<u>P 11,304,000</u>

The Company has no expenses recognized for key management compensation in 2019 since its key management functions were handled by the parent company at no cost to the Company.

19. EQUITY

19.1 Capital Stock

Details of this account are shown below and on the following page.

	<u>Shares</u>			<u>Amount</u>		
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Common shares						
Authorized						
Balance at beginning of the period	20,000,000	10,000,000	10,000,000	P 2,000,000,000	P 1,000,000,000	P 1,000,000,000
Increase during the year	10,000,000,000	10,000,000	-	1,000,000,000	1,000,000,000	-
Change in par value	<u>19,980,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at end of period	<u>30,000,000,000</u>	<u>20,000,000</u>	<u>10,000,000</u>	<u>P 3,000,000,000</u>	<u>P 2,000,000,000</u>	<u>P 1,000,000,000</u>
Issued and outstanding:						
Balance at beginning of the period	13,385,000	10,000,000	5,625,000	P 1,338,500,000	P 1,000,000,000	P 562,500,000
Issuance during the year	9,472,145,000	3,385,000	4,375,000	947,214,500	338,500,000	437,500,000
Change in par value	<u>13,371,615,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance at end of period	<u>22,857,145,000</u>	<u>13,385,000</u>	<u>10,000,000</u>	<u>P 2,285,714,500</u>	<u>P 1,338,500,000</u>	<u>P 1,000,000,000</u>

On September 6, 2019, the Company issued additional shares of stock for a total consideration of P437.5 million to existing stockholders. The shares of stock were subscribed and fully paid through the conversion of certain due to parent company to equity (see Note 18.5). The debt-to-equity conversion was approved by the SEC on December 26, 2019.

On September 24, 2020, the Company's BOD and stockholders approved the increase in the authorized capital stock from P1,000.0 million divided into 10.0 million common shares with a par value P100.0 per share to P2,000.0 million divided into 20.0 million common shares with a par value of P100.0 per share. The shares of stock were subscribed through the conversion of certain due to parent company to equity (see Note 18.5) amounting to P338.5 million. On December 21, 2020, the increase in authorized capital stock and the related debt to equity conversion was approved by the SEC.

On February 5, 2021, the Company's BOD and stockholders approved the increase in the authorized capital stock from P2,000.0 million divided into 20.0 million common shares with a par value of P100.0 per share to P3,000.0 million divided into 30,000.0 million common shares with a par value of P0.10 per share. On June 25, 2021, the increase in authorized capital stock was approved by the SEC. Out of the increase in the authorized capital stock of the Company, 2,615.0 million shares with an aggregate subscription price of P261.5 million has been fully paid in cash. The payment of subscriptions thru cash was approved by the Company's BOD and stockholders on the same date as above.

On November 3, 2021, the Company, by way of an Initial Public Offering (IPO), sold 6,857.1 million with an Overallotment Option of up to 685.7 million of its common stock (Offer Share) at an offer price of P0.60 per Offer Share, and generated gross proceeds of P4,114.3 million from such IPO.

As of December 31, 2020 and 2019, the Company has six stockholders owning 100 or more shares each of the Company's capital stock.

As of December 31, 2021, the Company's number of shares registered totalled 22,857,145,000 with par value of P0.10 per share and closed at a price of P0.61. The total number of stockholders is 15 as of December 31, 2021, with the shares held in the name of PCD Nominee Corporation belonging to 123 participants as of December 31, 2021. The public float lodged with PCD Nominee Corporation is counted only as one stockholder.

19.2 Additional Paid-in Capital

Additional paid-in capital consists of 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 19.I).

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).

19.3 Dividends Declaration

On December 4, 2020, the Company's BOD approved the declaration of cash dividends amounting to P6.3 million and payable to stockholders of record on December 22, 2020, which remain unpaid as of December 31, 2020 and subsequently fully settled in 2021. The outstanding liability from this transaction as of December 31, 2020 is presented as Dividends Payable in the 2020 statement of financial position. There was no dividend declaration in 2021 and 2019.

20. EARNINGS PER SHARE

EPS were computed as follows:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Net profit	P 386,486,008	P 219,646,025	P 97,780,492
Divided by weighted average number of outstanding common shares	<u>15,835,357,500</u>	<u>10,000,000,000</u>	<u>7,083,333,333</u>
Basic and diluted EPS	<u>P 0.02</u>	<u>P 0.02</u>	<u>P 0.01</u>

The Company has no potential dilutive common shares as of December 31, 2021, 2020 and 2019.

21. PROVISIONS, COMMITMENTS AND CONTINGENCIES

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, 2021 and 2020, management is of the opinion that losses, if any, from these items will not have any material effect on the Company's financial statements, taken as a whole.

22. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to 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.

22.1 Interest Rate Risk

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. In 2021, 2020, and 2019, the Company is exposed to changes in market interest rates through its cash in banks, which are subject to interest based on daily bank deposits rates. However, due to its short duration, management believes that the interest rate sensitivity and its effect on the net result for the year and equity are not significant (see Note 5).

On the other hand, the Company's short-term and long-term bank loans are subject to fixed rates ranging from 5.00% to 8.08% per annum, 6.50% to 8.08% per annum and 6.50% per annum for 2021, 2020 and 2019 (see Note 13). Accordingly, management assessed that the Company is not significantly exposed to changes in market interest rates for its bank borrowings in 2021, 2020 and 2019.

22.2 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 on the following page.

	<u>Notes</u>	<u>2021</u>	<u>2020</u>
Cash	5	P 927,775,974	P 783,520,578
Receivables	6	130,420,231	55,702,714
Security deposits	8, 10	<u>68,662,606</u>	<u>12,437,805</u>
		<u>P 1,126,858,811</u>	<u>P 851,661,097</u>

None of the financial assets are secured by collateral or other credit enhancements, except for cash and cash equivalents as described below. Additional information on the financial assets follows:

(a) *Cash*

The credit risk for cash 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, 2021 and 2020, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified that the Philippine inflation and gross domestic product in 2021 and 2020, respectively was the most relevant factor, and accordingly adjusts the historical loss rates based on expected changes in this factor.

The Company identifies a default when the receivables become credit-impaired or when the customer is not able to settle the receivables within the normal credit terms of 2 to 90 days, depending on the terms with customers; hence, these receivables were already considered as past due on its contractual payment. In addition, the Company considers qualitative assessment in determining default such as in instances where the customer is unlikely to pay its obligations and is deemed to be in significant financial difficulty.

On that basis, no loss allowance for trade receivables was determined based on past due amounts as of December 31, 2021 and 2020.

(c) *Security Deposits*

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

22.3 Liquidity Risk

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

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

As at December 31, 2021 and 2020, the Company's financial liabilities, excluding lease liabilities (see Note 10.2), have contractual maturities which are summarized below.

			Current		Non-current	
			Upon demand/ Within Six Months	Six to 12 Months	One to Three Years	Later than Three Years
	Notes					
<i>December 31, 2021</i>						
Trade and other payables	12	P	526,511,764	P -	P -	P -
Loans payable	13		<u>830,119,551</u>	<u>218,359,625</u>	<u>499,346,153</u>	<u>-</u>
			<u>P 1,356,631,315</u>	<u>P 218,359,625</u>	<u>P 499,346,153</u>	<u>P -</u>
<i>December 31, 2020</i>						
Trade and other payables	12	P	580,898,964	P -	P -	P -
Loans payable	13		2,139,657,974	708,961,513	1,078,095,819	128,587,244
Dividends payable	19		<u>6,253,674</u>	<u>-</u>	<u>-</u>	<u>-</u>
			<u>P 2,726,810,612</u>	<u>P 708,961,513</u>	<u>P 1,078,095,819</u>	<u>P 128,587,244</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.

23. CATEGORIES, FAIR VALUE AND OFFSETTING OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

23.1 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, 2021 and 2020, management considers that the carrying values of these financial instruments approximate their fair values either because these instruments are short-term in nature or the effect of discounting for those maturities of more than one year is not material, hence, no further comparison between the carrying amounts and fair values is presented.

See Note 2.3 for a description of the accounting policies for each category of financial instrument. A description of the Company's risk management objectives and policies for financial instruments is provided in Note 22.

23.2 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 which is 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, 2021 and 2020.

23.3 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2021 and 2020 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, 2021 and 2020.

24. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Interest-bearing loans	P 1,433,846,153	P 3,769,917,059	P 2,977,239,753
Total equity*	<u>6,369,056,163</u>	<u>1,718,684,537</u>	<u>1,505,292,186</u>
Debt-to-equity ratio	<u>0.23 : 1.00</u>	<u>2.19 : 1.00</u>	<u>1.98 : 1.00</u>

**The lending bank considered the deposits for future stock subscription as part of equity in computing the debt-to-equity ratio.*

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, 2021 and 2020 (see Note 13.2).

25. CONTINUING IMPACT OF COVID-19 PANDEMIC

The COVID-19 pandemic started to become widespread in the Philippines in early March 2020 and its impact has been continuing until the date of the approval of these financial statements. The measures taken by the government to contain the virus have affected economic conditions and the Company's business operations.

In 2021 and 2020, the impact of COVID-19 pandemic 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, implemented cost saving measures and ensured compliance with health and safety guidelines to protect employees, contractors and customers. The Company assessed that COVID-19 impact did not result to material changes in the overall operations of the Company for the years ended December 31, 2021 and 2020.

There were also no loss allowance on accounts receivables that have been recognized in the financial statements as of December 31, 2021 and 2020.

The Company continues to monitor the risks and on-going COVID-19 impact to its business and will continue to take actions to continually improve the operations as the need arises.

26. EVENT AFTER THE END OF THE REPORTING PERIOD

On January 8, 2022, the Company's distribution warehouse, selling area, and head office, located in Alabang, Muntinlupa City, was severely damaged by fire. Based on management's assessment, the estimated damage to merchandise inventories and property and equipment is P58.0 million and P112.5 million, respectively (see Notes 7 and 9). As of date of issuance of the financial statements, insurance claims are in process and is expected to be settled by April 2022. The Company's total coverage for the insurance amounted to P138.0 million.

The Company has determined that these events are non -adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2021 have not been adjusted. Losses incurred will be taken up prospectively in the 2022 financial statements.

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 5,694,869,660	P 693,095,939
Zero-rated sales	3,216,533,835	-
Exempt sales	<u>1,155,462,188</u>	<u>-</u>
	<u>P 10,066,865,683</u>	<u>P 693,095,939</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 Revenues in the 2021 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 2021 statement of comprehensive income.

(b) *Input VAT*

The movements in input VAT in 2021 are shown below.

Balance at beginning of year	P 246,130,489
Domestic purchases of goods	940,668,957
Domestic purchases of services	90,052,480
Amortization of capital goods subject to amortization	39,407,299
Applied against output VAT	(<u>693,095,939</u>)
Balance at end of year	<u>P 623,163,286</u>

The outstanding input VAT as of December 31, 2021 is presented as Input VAT under Prepayments and Other Current Assets – net in the 2021 statement of financial position.

(c) *Taxes on Importation*

The Company did not have any customs duties and tariff fees paid in 2021 since it did not engage in any importation activities during the year.

(d) *Excise Tax*

The Company did not have any transactions in 2021 which are subject to excise tax.

(e) *Documentary Stamp Tax (DST)*

In 2021, the Company paid documentary stamp tax amounting to P21.0 million pertaining to the interest-bearing loans availed, lease contracts entered and shares of stocks issued during the year.

(f) *Taxes and Licenses*

Details of taxes and licenses in 2021 is broken down as follows:

Business permits and licenses	P 40,441,584
DST	<u>20,977,676</u>
	<u>P 61,419,260</u>

The taxes and licenses amounting to P54.6 million and P6.9 million is presented under General and Administrative Expenses in the 2021 statement of comprehensive income and charged against APIC in the 2021 statement of financial position, respectively.

(g) *Withholding Taxes*

Details of total withholding taxes for the year ended December 31, 2021 are shown below.

Expanded	P 102,605,898
Compensation and employee benefits	<u>4,648,030</u>
	<u>P 107,253,928</u>

There were no payment transactions in 2021 which are subject to final withholding taxes.

(h) *Deficiency Tax Assessment and Tax Cases*

As of December 31, 2021, 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

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6766 Ayala Avenue
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The Board of Directors
AllDay Marts, Inc.
(A Wholly Owned Subsidiary of
AllValue Holdings Corp.)
Lower Ground Floor, Building B
EVIA Lifestyle Center, Vista City
Daang Hari, Almanza II
Las Piñas City

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of AllDay Marts, Inc. (the Company) for the year ended December 31, 2021, on which we have rendered our report dated April 6, 2022. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The applicable supplementary information (see List of Supplementary Information) is presented for purposes of additional analysis in compliance with the requirements of the Revised Securities Regulation Code Rule 68 and is not a required part of the basic financial statements prepared in accordance with Philippine Financial Reporting Standards. Such supplementary information is the responsibility of the Company's management. The supplementary information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

PUNONGBAYAN & ARAULLO


By: **Nelson J. Dinio**
Partner

CPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8852332, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 6, 2022

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
List of Supplementary Information
December 31, 2021

Schedule	Content	Page No.
Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68		
A	Financial Assets	N/A
B	Amounts Receivable from Directors, Officers, Employees, Related Parties, and Principal Stockholders (Other than Related Parties)	N/A
C	Amounts Receivable from Related Parties which are Eliminated during the Consolidation of Financial Statements	N/A
D	Long-term Debt	1
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	2
Others Required Information		
	Reconciliation of Retained Earnings Available for Dividend Declaration	3
	Map Showing the Relationship Between the Company and its Related Entities	4

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
Schedule D - Long-Term Debt
December 31, 2021
(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>184,615,385</u>	P <u>469,230,769</u>

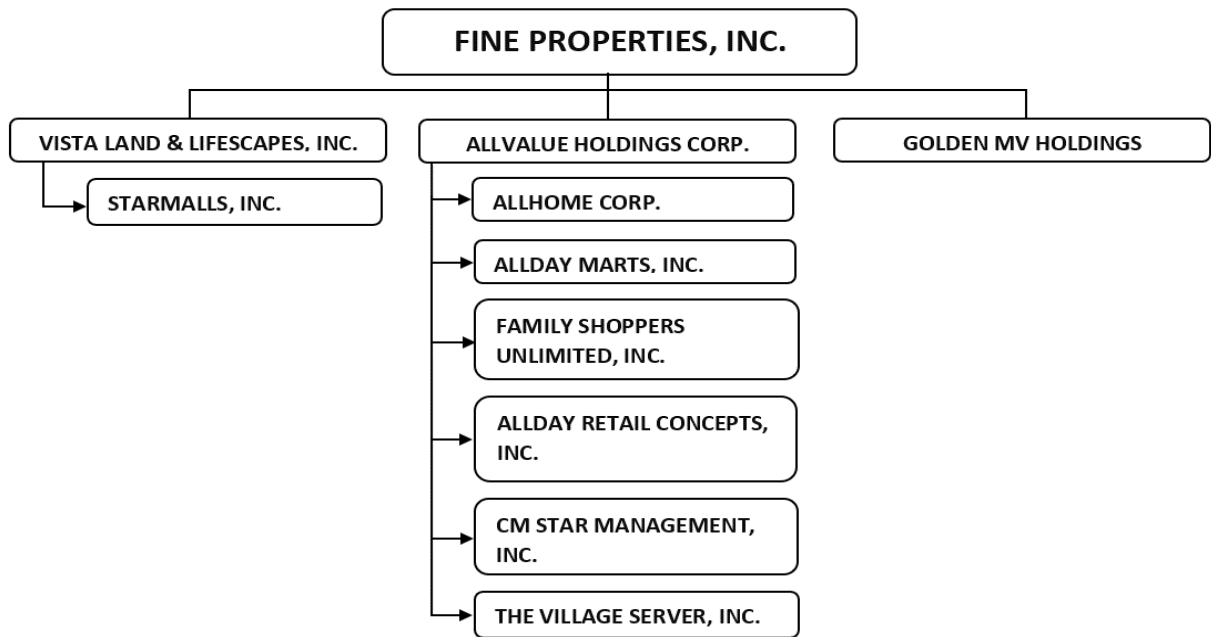
ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
SCHEDULE G - CAPITAL STOCK
DECEMBER 31, 2021

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 P100.00 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.)
Lower Ground Floor, Building B, Evia Lifestyle Centre
Almanza II, Las Piñas City
Reconciliation of Retained Earnings Available for Dividend Declaration
For the Year Ended December 31, 2021

Unappropriated Retained Earnings Available at Beginning of the Year	P	380,184,537
Prior Year's Outstanding Reconciling Items, net of tax		
Deferred tax asset – gross	(	16,225,280)
Net profit per audited financial statements	P	386,486,008
Less: Non-actual/unrealized income		
Deferred tax income related to deferred tax assets recognized in profit or loss during the year	(24,430,198)	<u>362,055,810</u>
Unappropriated Retained Earnings Available for Dividend Declaration at End of the Year	P	<u>726,015,067</u>

ALLDAY MARTS, IINC.
(A Subsidiary of AllValue Holdings Corp.)
SHOWING THE RELATIONSHIPS BETWEEN AND AMONG COMPANIES IN THE GROUP
ULTIMATE PARENT COMPANY AND PARENT COMPANY



Report of Independent Auditors on Components of Financial Soundness Indicators

Punongbayan & Araullo20th Floor, Tower 1
The Enterprise Center
6766 Ayala Avenue
1200 Makati City
Philippines

T +63 2 8988 2288

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

We have audited, in accordance with Philippine Standards on Auditing, the financial statements of AllDay Marts, Inc. (the Company) for the years ended December 31, 2021 and 2020, on which we have rendered our report dated April 6, 2022. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Company's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purposes of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic financial statements prepared in accordance with PFRS. The components of these financial soundness indicators have been traced to the Company's financial statements as of December 31, 2021 and 2020 and for the years then ended and no material exceptions were noted.

PUNONGBAYAN & ARAULLO

**By: Nelson J. Dinio**
PartnerCPA Reg. No. 0097048
TIN 201-771-632
PTR No. 8852332, January 3, 2022, Makati City
SEC Group A Accreditation
Partner - No. 97048-SEC (until Dec. 31, 2023)
Firm - No. 0002 (until Dec. 31, 2024)
BIR AN 08-002511-032-2019 (until Sept. 4, 2022)
Firm's BOA/PRC Cert. of Reg. No. 0002 (until Aug. 27, 2024)

April 6, 2022

ALLDAY MARTS, INC.
Supplemental Schedule of Financial Soundness Indicators
December 31, 2021 and 2020

Ratio	Formula	2021	Formula	2020
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets P 3,823,902,073 Divide by: Total Current Liabilities 1,516,748,334 Current ratio 2.52	2.52	Total Current Assets divided by Total Current Liabilities Total Current Assets P 2,687,920,633 Divide by: Total Current Liabilities 2,146,404,717 Current ratio 1.25	1.25
Acid test ratio	Quick assets (Total Current Assets less Merchandise Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 3,823,902,073 Less: Merchandise Inventories (1,826,059,707) Other Current Assets (939,646,161) Quick Assets 1,058,196,205 Divide by: Total Current Liabilities 1,516,748,334 Acid test ratio 0.70	0.70	Quick assets (Total Current Assets less Merchandise Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 2,687,920,633 Less: Merchandise Inventories (1,393,419,308) Other Current Assets (455,278,033) Quick Assets 839,223,292 Divide by: Total Current Liabilities 2,146,404,717 Acid test ratio 0.39	0.39
Solvency ratio	Total Assets divided by Total Liabilities Total Assets P 8,776,385,253 Divide by: Total Liabilities 2,407,329,090 Solvency ratio 3.65	3.65	Total Assets divided by Total Liabilities Total Assets P 6,457,428,781 Divide by: Total Liabilities 4,738,744,244 Solvency ratio 1.36	1.36
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities P 2,407,329,090 Divide by: Total Equity 6,369,056,163 Debt-to-equity ratio 0.38	0.38	Total Liabilities divided by Total Equity Total Liabilities P 4,738,744,244 Divide by: Total Equity 1,718,684,537 Debt-to-equity ratio 2.76	2.76
Advances				
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets P 8,776,385,253 Divide by: Total Equity 6,369,056,163 Assets-to-equity ratio 1.38	1.38	Total Assets divided by Total Equity Total Assets P 6,457,428,781 Divide by: Total Equity 1,718,684,537 Assets-to-equity ratio 3.76	3.76
Interest rate coverage	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 515,408,940 Divide by: Interest expense 70,821,067 Interest rate coverage ratio 7.28	7.28	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 392,854,056 Divide by: Interest expense 79,164,156 Interest rate coverage ratio 4.96	4.96
Return on equity	Net Profit divided by Total Equity Net Profit P 386,486,008 Divide by: Total Equity 6,369,056,163 Return on equity 0.06	0.06	Net Profit divided by Total Equity Net Profit P 219,646,025 Divide by: Total Equity 1,718,684,537 Return on equity 0.13	0.13
Return on assets	Net Profit divided by Total Assets Net Profit P 386,486,008 Divide by: Total Assets 8,776,385,253 Return on assets 0.04	0.04	Net Profit divided by Total Assets Net Profit P 219,646,025 Divide by: Total Assets 6,457,428,781 Return on assets 0.03	0.03
Net profit margin	Net Profit divided by Total Revenue Net Profit P 386,486,008 Divide by: Total Revenue 9,456,401,220 Net profit margin 0.04	0.04	Net Profit divided by Total Revenue Net Profit P 219,646,025 Divide by: Total Revenue 7,931,030,211 Net profit margin 0.03	0.03

ALLDAY MARTS, INC.

Annex A: Sustainability Report

CONTEXTUAL INFORMATION

Company Details	
Name of Organization	AllDay Marts, Inc. (AllDay) PSE: ALLDY
Location of Headquarters	LGF Building B Evia Lifestyle Center, Vista City, Daanghari, Almanza II, Las Piñas City
Location of Operations	AllDay is present in Mega Manila, Luzon, and Cebu.
Report Boundary: Legal entities (e.g. subsidiaries) included in this report	This report discloses the economic, environmental, and social performance for all AllDay stores nationwide.
Business Model, including Primary Activities, Brands, Products, and Services	AllDay Marts, Inc. (the “Company”) is the Philippine’s fastest growing supermarket operator and a leading player in the mid-premium supermarket segment. AllDay operates a dual-format business model that offers an elevated, modern, and digitally innovative grocery shopping experience through in-store and e-commerce platforms. Its supermarket stores curate a comprehensive selection of approximately 3,600 local and international product brands of fresh items, food items and non-food items to appeal to the increasingly discerning Filipino consumers.
Reporting Period	January 1, 2021 – December 31, 2021
Highest Ranking Person responsible for this report	Emerito M. Purisima Jr. Investor Relations Officer

MATERIALITY PROCESS

The Villar Group companies, including AllDay, are guided by the GRI and SASB Standards in the conduct of its materiality process with the following steps:

1. Pre-identification of topics – Issues and topics from different references such as the sector-specific publications from GRI and SASB standards for Multiline and Specialty Retailers & Distributors, and industry peers were collated.
2. Identification of Material Topics – An online form is provided that allowed the Company to identify topics that are material by selecting 'Yes' or 'No'.
3. Materiality Assessment – Topics deemed as material are processed into an online survey where the Company further assessed the criticality of impact of each topic using a five-point scale (1 as low to no impact; 5 as highest impact).

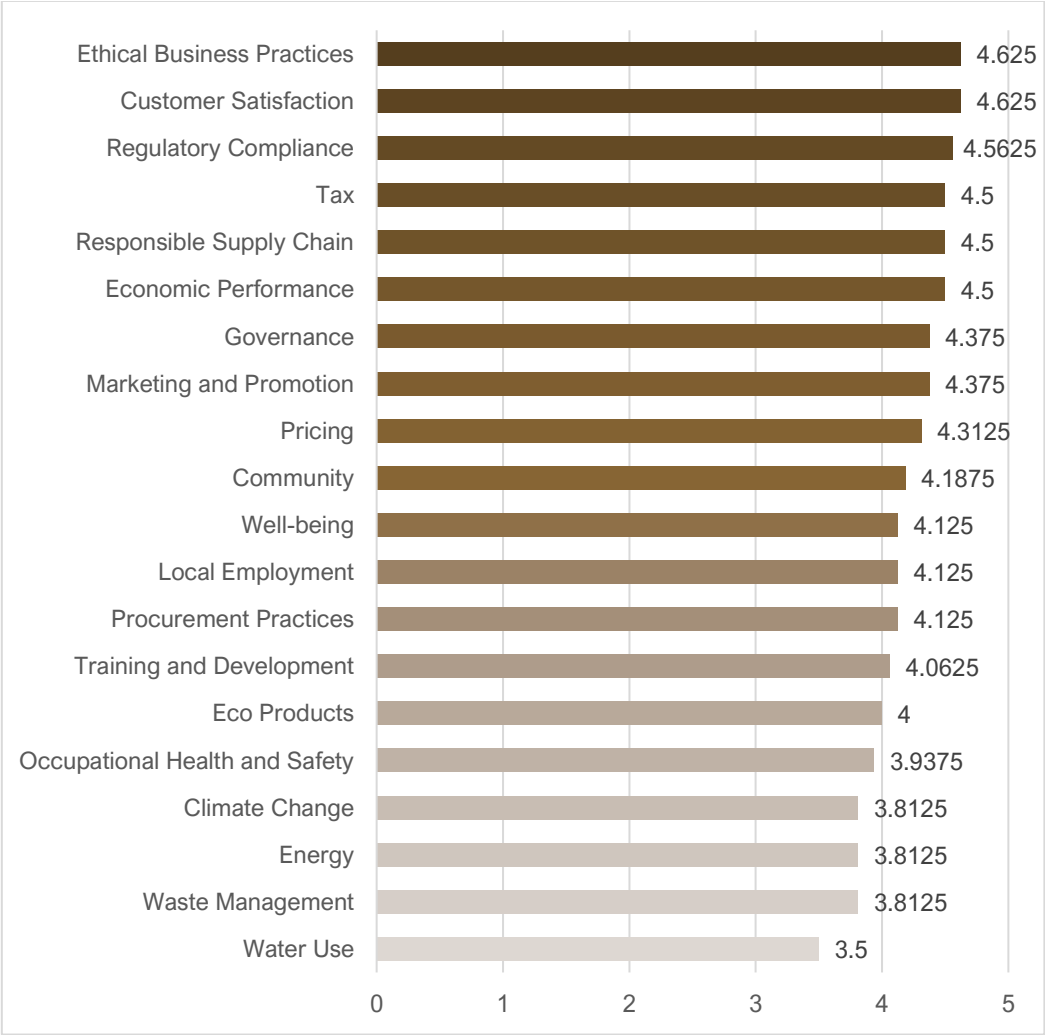
AllDay extended the online survey to other departments to capture more insights on the issues in the Company. Of all the respondents, 87% have an enthusiastic interest in topics related to sustainability. Majority presumes that sustainability is important for AllDay's overall business success. Issues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

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

The respondents also suggest that the Company create sustainability goals such as reducing wastes and use of single-use items and more community engagements. Having access to tangible results and trackable and clear sustainability KPIs, support from the upper management, and facilitating regular meaningful conversations on business improvements will keep them onboard to be part of the Company's sustainability journey.

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

Figure 1. AllDay 2021 Material Topics According to Level of Criticality



ECONOMIC & GOVERNANCE DISCLOSURES

Economic Performance

Direct Economic Value Generated and Distributed

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

AllDay's Impact	Stakeholders Affected
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AllDay Marts, Inc. is the fastest growing supermarket operator in the Philippines that provides customers an elevated in-store experience through a combination of store aesthetics, comfort, accessibility, and convenience.

As of 2021, the Company has 34 physical stores in 25 locations across Metro Manila, Luzon, and Visayas, with a total net selling space of approximately 57,772 square meters. Its world-class supermarkets are powered by a total of 250 employees and are supplied by about 1,000 business partners.

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

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

Employees, Investors, Business Partners, and Customers

Since 2016, AllDay has consistently delivered increasing results and managed to reach milestone after milestone. The net income in 2021 is PhP386 million, up from PhP220 million in 2020 and PhP98 million in 2019. The Company has met a compound annual growth rate of 131.4%, a testament of AllDay's aggressive expansion over the years.

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

Management Approach to Impacts

AllDay offers approximately 3,600 local and international product brands divided into three categories: fresh items, food items, and non-food items. A comprehensive array of approximately 30,000 to 40,000 SKUs of local and international brands are maintained to meet the demands of Filipino consumers.

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

In 2021, 35 sites were leased for existing supermarket operations, head office, and distribution center in the Philippines.

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

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

Risks to AllDay	Stakeholders Affected
The Company is exposed to the risk of increasing operating and other related expenses such as costs for repair and maintenance, service, labor, among others. These may also impact the cash flow and margins of the Company.	Employees, Investors, Business Partners, and Customers

Management Approach to Risks

To mitigate this risk, margin efficiencies are constantly improved through, among other things, improved product sourcing. Cost control measures are also in place to maximize operational efficiency.

Financial risk-mitigation strategies include:

- selection of strategic locations for store network
- capitalizing on synergistic relationships with affiliates (i.e., Vista Land's access to prime locations across the country and consolidated purchases for similar product needs; pool of third-party contractors/builders in the Villar group; primary captive market from Villar group residential communities).
- Effective cash and collection management
- Sound cost and operating expenditure control
- Strategic and periodic merchandise purchases to maximize volume discounts and logistics requirements
- Efficient loan management

Opportunities	Stakeholders Affected
AllDay plans to expand its store network to 100 by 2026. Assuming an average store size of 1,600 square meters, the additional stores could boost total sales to PhP11.4 billion with a net profit of PhP498 million by 2022.	Customers, Employees, Investors

Management Approach to Opportunities

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

In addition to profitability, AllDay considers sustainability in all its decisions, including those pertaining to the Company's growth, to ensure that it benefits the welfare of its employees and the environment.

Climate-related risks and opportunities¹

Governance Disclose the organization's governance around climate related risks and opportunities	
a) Describe the board's oversight of climate-related risks and opportunities	The Board of Directors is responsible in identifying key risk areas and performance indicators and monitor them with due diligence to enable the corporation to anticipate and prepare for possible threats to AllDay's operational and financial viability. Furthermore, the Board oversees that a sound enterprise risk management (ERM) framework is in place to effectively identify, monitor, assess, and manage key business risks.
b) Describe management's role in assessing and managing climate-related risks and opportunities	The Management, through the leadership of the Chief Operating Officer (COO), provides accurate reports for insurance claims and creates proper assessment report to shareholders that cover any climate-related risks and opportunities identified in the operations.
Strategy Disclose the actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material	
a) Describe the climate-related risks and opportunities the organization has identified over the short, medium, and long term	AllDay tackles climate-related risks under "Risks relating to natural catastrophes" in the ERM Policy. Specifically, AllDay identifies typhoons, earthquakes, flooding, and fire as natural calamities that impact its operations. Since AllDay is a tenant of Vistamalls, damage to structures is managed by Vistamalls. Damage to stores, in case of flooding, is managed by AllDay. The short-term climate-related risks that the Management has identified include power outages which would require the increased use of generators. The medium- and long-term climate-related risks that the Company has identified through the framework include

¹ Adopted from the Recommendations of the Task Force on Climate-Related Financial Disclosures. The TCFD Recommendations apply to non-financial companies and financial-sector organizations, including banks, insurance companies, asset managers and asset owners.

	high-intensity typhoons and flooding which can affect the supply chain, thereby disrupting store operations.
b) Describe the impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning	The Company's Enterprise Risk Management (ERM) framework considers climate-related risks under the "Risks related to natural catastrophes". Risks relating to natural catastrophes include high-intensity typhoons and floods, which impact operations by delaying supply deliveries and restocking. These can also lead to the unavailability of supplies, damages to facilities and products as well as customer traffic. Furthermore, these may result in damages of property and loss of opportunity of some stores that have to close early or open late. These risks may materially and adversely affect the business, financial condition, and results of operations.
c) Describe the resilience of the organization's strategy, taking into consideration different climate-related scenarios including a 2°C or lower scenario	The Company provided work instructions and emergency response protocols to mitigate this risk. To enhance the present mechanisms and measures in place, additional comprehensive measures will be included to respond to climate-related risk events like additional options to compensate for losses besides the procurement of insurance plans. Other mitigation measures are discussed under Occupational Health and Safety in the Social Disclosures section.
Risk Management Disclose how the organization identifies, assesses, and manages climate-related risks	
a) Describe the organization's processes for identifying and assessing climate-related risks	In identifying risks and hazards, consultations are held which are participated by employees and stakeholders to contextualize the business and its operations. These are based on governance/management structure, products, physical environment, service dependencies, and competitors. The AllDay Board together with the management personnel and other technical experts holds avenues for identifying the potential climate-related events and the risks they pose for the Company. Through these, the Management is also able to ideate and identify the appropriate risk-mitigation measures to ensure that the

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

risk management process	of the business opportunities and reduce adverse results of risks.
b) Describe the targets used by the organization to manage climate-related risks and opportunities and performance against targets	

Procurement Practices

Proportion of spending on local suppliers

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

AllDay's Impact	Stakeholders Affected
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AllDay's sourcing network has steadily expanded to an AllDay estimated 1,000 suppliers and concessionaires. A large network of suppliers is maintained to avoid reliance on a single or limited number of suppliers. This gives AllDay the ability to provide customers a well-balanced curation of imported products and well-known local delicacies/products, adding to the unique elevated in-store experience in each store.

Products made outside the Philippines are purchased from distributors in the Philippines or from third parties who import these products into the Philippines.

Management Approach to Impacts

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

AllDay mitigates supply chain risks by creating parameters and metrics that depend on the criticality of situation. For instance, supply chain issues such as vendor supply

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

Risks to AllDay	Stakeholders Affected
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The most critical risk to the Company is vendors' Suppliers of fresh items, capacity to supply, such as manufacturing, logistics and food items and non-food a variety of internal issues of the suppliers, and the items challenge of bringing goods to provincial stores. Moreover, the COVID-19 pandemic has shown effects in the business and its procurement process. These include disrupted operations of business partners and third-party suppliers and disrupted supply chain of materials, facilities, and other products due to travel restrictions, quarantines, closure of factories and facilities.	
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Management Approach to Risks

The selection policy for suppliers includes consideration of the suppliers' location, brand reputation, capacity to supply, ability to deliver on time and compliance with the Company's requirements. For more information in managing supply chain risks, refer to the Supply Chain Management under the Social Disclosure.
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Opportunities	Stakeholders Affected
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AllDay will continue to maintain its relationship with its growing network of over 1,000 suppliers and concessionaires.	Suppliers of fresh, food and non-food items
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Management Approach to Opportunities

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

Anti-corruption

Training on Anti-corruption Policies and Procedures

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

Incidents of Corruption

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

AllDay's Impact	Stakeholders Affected
AllDay aims to cultivate a workplace with honesty and transparency amongst the entire group, hence the Company prohibit employees to pay bribes, kickbacks or compensation to Government officials and employees, political parties and or business partners. All employees are required to attend the Corporate Policy and Code of Conduct Training. For new hires, this is part of their onboarding while incumbent employees are required to attend a refresher course annually.	Business Partners, Investors

Directors also undergo seminars on corporate governance which are conducted by a duly recognized private or government institute annually. First-time directors are required to attend an orientation program which covers topics mandated by the Securities and Exchange Commission (SEC) and an introduction of the Company's business, Articles of Incorporation, and Code of Conduct.

Business partners, on the other hand, are conversed with monthly regarding their business performances, during which they are assessed of their compliance with the requirements and policies of the Company. All suppliers have been informed also that corruption in any forms are disallowed in the conduct of business with AllDay.

Management Approach to Impacts

Transparency is central to corporate governance. It acts as a deterrent to mismanagement or misappropriation of corporate assets. Therefore, it is critical that all material information about the corporation be publicly and timely disclosed. Such information should include, among other things, earnings results, asset acquisition or disposition, off-balance-sheet transactions, related party transactions, and direct and indirect remuneration of Board and Management members.

The Board is expected to disclose material information dealings. It shall cause the filing of all required information through the appropriate Exchange mechanisms for listed companies and submissions to the Commission for the interest of its stockholders and other stakeholders.

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

Whistle-blowing Policy

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

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

Conduct of Business and Fair Dealings

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

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

Receipt of gifts from third parties

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

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

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

The Board is responsible for formulating and implementing policies and procedures that would ensure the integrity and transparency of related party transactions between and among the corporation and its parent Company, joint ventures, subsidiaries, associates, affiliates, major stockholders, officers, and directors,

including their spouses, children and dependent siblings and parents, and of interlocking director relationships by members of the Board.

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

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

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

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

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

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

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

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

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

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

ENVIRONMENT DISCLOSURES

Resource Management

Energy consumption within the organization

Disclosure	Quantity	Units
Energy consumption (diesel)	516.00 ²	L
Energy consumption (electricity)	28,478,150.00 ³	kWh

Reduction of energy consumption

All information disclosed in this report will serve as the baseline for the next reporting years. Hence, this topic is not applicable for 2021.

AllDay's Impact	Stakeholders Affected
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Refrigeration Equipment such as freezers, chillers and cold room and direct expansion (DX) type air conditioning systems consumes the most energy in 2021. As tenants of commercial spaces, energy consumption is contingent on lessor's energy provider. On average, AllDay consumes 315 kWh per square meter in 2021.

Management Approach to Impacts

AllDay ensures efficient use of energy resources through proper scheduling and maintenance of its equipment and fixtures used in its everyday operations.

Freezers and chillers and cold room are not overstocked to prevent the motor compressor to operate at full load capacity, thereby reducing energy consumption. Moreover, minimal power interruption in 2021 resulted to lower fuel consumption on generator sets.

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

² This covers the diesel consumption from stores in Cerritos Mart, Ponti Mart, Tierra Mart, Las Piñas MI, and Cauayan.

³ The data covers the consumption from 33 stores. The 34th store in Eastlake was newly opened in December 2021 hence, data from the said store will be included in the next reporting year.

Management Approach to Risks

AllDay conducts regular preventive maintenance of its generator sets to ensure its working condition and to guarantee maximum fuel efficiency.

Opportunities

Stakeholders Affected

AllDay keeps up with the latest best practices in the utilization and maximization of its air-conditioning units to lessen its electricity consumption.

Management Approach to Opportunities

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

Water consumption within the organization

Disclosure	Quantity	Units
Water withdrawal	Not monitored	Cubic meters
Water consumption	73,802 ⁴	Cubic meters
Water recycled and reused	N/A	Cubic meters

Impact, Risks, Opportunities, and Management Approach

Stakeholders Affected

AllDay's ice makers are the most water-intensive appliance in the store. In addition, water is primarily used to maintain sanitation and cleanliness in the preparation area of fresh items. Interruption in water supply may affect the supply of ice and cleanliness of stores.

Water can be conserved by maximizing the use of the ice maker and ensuring faucets are turned off when not in use. Ice makers undergo regular preventive maintenance to ensure enough water supply. The malls where AllDay stores are located have water tanks that ensure continuous water supply. Moreover, AllDay stores are connected to the mall's sewage treatment plants.

⁴ The data covers the consumption from 33 stores. The 34th store in Eastlake was newly opened in December 2021 hence, data from the said store will be included in the next reporting year.

AllDay will continue to ensure efficient use of water resources to maintain the sanitation and cleanliness of all stores.

Materials used by the organization

Disclosure	Quantity
Materials used by weight or volume	Data not available
a. Renewable	
b. non-renewable	
Percentage of recycled input materials used to manufacture the organization's primary products and services	

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

Management Approach to Impacts, Risks, and Opportunities
AllDay enforces practices that lessen the need for new materials (such as plastics) by reusing cartons as packaging for merchandise. Additionally, the stores use paper bags and encourages customers to use eco-bags. Cartons that cannot be reused will be sold. <u>Ecosystems and biodiversity (whether in upland/watershed or coastal/marine)</u> While this topic is deemed not material to the business and the stakeholders, AllDay continues to manage its energy, water, and wastes to prevent any negative impacts to the environment.

Environmental Impact Management

Air Emissions

GHG⁵

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	1.39	Tonnes CO ₂ e
Energy indirect (Scope 2) GHG Emissions	20,282.14	Tonnes CO ₂ e
Emission of ozone-depleting substances (ODS)	Not tracked	Tonnes CO ₂ e

Air Pollutants

As of 2021, monitoring of air pollutants such as nitrous oxides (NO_x), sulfur oxides (SO_x), and particulate matter (PM) is not available. Even so, AllDay continues to track its energy use and manage accordingly.

AllDay's Impact, Risks, and Opportunities	Stakeholders Affected
With AllDay continuous expansion, the vehicles used to transport merchandise between stores or to customers are the main source of air pollutants from the Company's operations. Through proper inventory planning, AllDay aims to optimize the use of delivery vehicles in order to reduce the intensity of emissions	Employees, Customers

Management Approach to Impacts, Risks, and Opportunities
Company-owned vehicles go through emission testing in compliance with the DENR requirements. For stores that are leased, the administrative team of Vistamalls conducts in-house physical checking monthly to monitor emissions for the entire mall.
AllDay shares the responsibility to limit emissions by practicing energy-saving initiatives like using energy-efficient lighting and equipment and turning off devices and equipment when not in use.

⁵ The emission factors used are based on the National Grid Emission Factor (NGEF) released by the Philippine Department of Energy. Other unit conversion factors were from the GHG Protocol Emission Factor Cross-sector Calculation Tool (March 2017).

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity ⁶	Units
Total solid waste generated	330,199	kg
Reusable	N/A	kg
Recyclable	Data not available	kg
Composted	N/A	kg
Incinerated	N/A	kg
Residuals/Landfilled	330,199	kg

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	596	pcs.
Total weight of hazardous waste transported	N/A	kg

AllDay's Impact, Risks, and Opportunities	Stakeholders Affected
AllDay is engaged in buying, selling, and distributing fresh, good and non-food items. Stocks and merchandise delivered and boxed in cartons are the main source of waste from AllDay's operations. Other waste such as busted fluorescent bulbs were disposed of and collected and treated by third-party haulers. In addition, AllDay is conscious that the use of plastics and/or non-biodegradable materials for packaging purposes has adverse effects on the environment. As such, AllDay aims to reduce the plastic waste generated by its operations.	Employees, Customers, Third-party Hauler

Management Approach to Impacts, Risks, and Opportunities
Effective solid waste management result in a more organized and clean operations which will then translate to a premium shopping experience for customers. This was proven in 2021 when pests such as cockroaches were treated accordingly. AllDay promotes the use of recyclable containers and boxes instead of cartons to support the transition to a circular economy. The Company is also encouraging the use of recyclable bags to reduce the use paper bags and cartons As required by law and local ordinances, wastes are classified as hazardous, biodegradable, and nonbiodegradable. Employees and customers are informed of the policy through

⁶ The data covers the wastes generated from 33 stores. The 34th store in Eastlake was newly opened in December 2021 hence, data from the said store will be included in the next reporting year.

constant reminders and visual signage. Compliance is monitored daily with the assistance of store and security personnel, and a contracted hauler. Store personnel keep track of waste data using log books to record the quantity of waste to be transported by the waste hauler.

In addition to this, AllDay supports the policies and efforts of local government units to ban single-use plastics by encouraging its customers to use reusable bags upon bagging their purchases.

Stores are converting to LED lights thereby reducing the amount of busted fluorescent bulbs. LED lights are more environment friendly as they have longer lifespan and are more energy efficient.

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

Effluents

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

Environmental Compliance

Non-compliance with Environmental Laws and Regulations

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

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

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

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

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

Management Approach to Risks

AllDay believes it has materially complied with all applicable laws, rules, and regulations at all relevant times and has established a strong compliance culture to ensure that all required requirements, permits, and approvals are obtained in a timely manner. Permits and approvals are monitored on a regular basis to ensure they are renewed and maintained properly. Regular communication with relevant regulators also enables the Company to monitor regulatory changes and ensure it can comply with new regulatory requirements on a timely basis.

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

Management Approach to Opportunities

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

SOCIAL DISCLOSURES

Employee Management

Employee Hiring and Benefits

Employee Data

Disclosure	Quantity	Units
Total number of employees ⁷	250	
Number of female employees	165	#
Number of male employees	85	#
Attrition rate ⁸	14%	rate
Ratio of lowest paid employee against minimum wage	Confidential	ratio

Employee Benefits

List of Benefits	Y/N	% of female employees who availed in 2021	% of male employees who availed in 2021
SSS	Y	15	14
PhilHealth	Y	10	1
Pag-IBIG	Y	8	6
Parental leaves	Y	9	2
Vacation leaves	Y	72	71
Sick leaves	Y	58	49
Medical Benefits (aside from PhilHealth)	Y	12	7
Housing assistance (aside from Pag-IBIG)	Y	0	0
Retirement fund (aside from SSS)	N	N/A	N/A
Further education support	N	N/A	N/A
Company stock options	N	N/A	N/A
Telecommuting	N	N/A	N/A
Flexible working hours	N	N/A	N/A

⁷ Employees include those who are listed under AllDay Marts payroll.

⁸ Attrition rate = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year);

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of females in the workforce	66	%
% of males in the workforce	34	%
Number of employees from indigenous communities and/or vulnerable sector	2 ⁹	#

AllDay's Impact

The hiring process has been complicated by COVID-19. Identifying and implementing opportunities to digitize processes are some of the initial challenges. Candidates are increasingly preferring a work-from-home arrangement. The challenge is to find the right candidate who can remotely as necessary without compromising job efficiency, productivity, or quality.

The abrupt shift in work patterns during the pandemic altered the way certain processes and transactions are carried out. Several offices and stores were required to close during the implementation of the community quarantine, effectively requiring the Company to temporarily reduce its workforce and arrange alternative work arrangements. Communication is also critical in defining expected work outputs, return to work guidelines, and COVID-19 protocols that protect employees' and clients' health, safety, and well-being while ensuring the business's continuity.

Management Approach to Impacts

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

The Company employs strategic measures to improve the gender ratio in the workplace, striving to foster an inclusive culture and recognize gender inclusivity as a critical component of organizational success. Additionally, it remains open to the diverse capabilities that women bring to the workplace and to leadership roles.

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

A competitive compensation package motivates employees to perform at their best and increases employee engagement and retention. Apart from providing additional leaves to regular employees, the Company also offers medical benefits. Bonuses in addition to the

⁹ The data includes employees who are solo parents.

mandated 13th month pay, a communication allowance, and the opportunity to travel abroad as part of an incentive program are available.

Risks to AllDay

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

Management Approach to Risks

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

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

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

Opportunities

AllDay's expansion has resulted in continued revenue growth. As a result, the Company continues to offer ways for its employees to take advantage of perks, rewards, and incentives. Moreover, it considers regular performance evaluation to continually improve the employees' performance.

Management Approach to Opportunities

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

Continuous training will be provided to employees in preparation for future roles and responsibilities. Additionally, replacement planning will be conducted to identify critical

personnel in operation functions in a proactive manner. Succession planning will assist AllDay in developing a strategy for preparing multiple individuals to perform specific functions.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours	3,530	hours
a. Female employees	2,247	hours
b. Male employees	1,283	hours
Average training hours	14.18	hours/employee
a. Female employees	13.62	hours/employee
b. Male employees	15.27	hours/employee

AllDay's Impact

In 2021, AllDay provided 24 internal and 13 external training sessions that includes the following:

Customer Service Program

Given to all frontliners (direct and third-party team members) assigned in store operations. A 3-module program design for Store Operations people that covers behavioral and proven techniques of building customer relationship

Personal Effectiveness Program (Module 1: Executive Presence, Module 2: Strategic Thinking)

Given to Supervisors and Managers for both Central office and store operations. A 2-module program that aims to help officers unleash their potential through holistic and practical lessons while learning skills required to make decisions to real-world challenges.

Effective Negotiation Skills (Basic and Advanced)

Given to all Merchandising, Marketing, and Purchasing teams. This is a 2-module program on effective negotiation (basic and advanced) designed to help buyers, category managers, purchasers to negotiate effectively and ensure win-win transaction for the Company and its suppliers.

Digital Marketing

Given to key officers in the Marketing and Research department heavily tasked on handling digital solutions. An external 15-session online program conducted every

Saturday provides participants the tools to become a smart and capable player on the digital stage and be able to create a powerful digital marketing strategy. This training is conducted by a third-party provider, Digital Marketers HQ (DMHQ) and Learning Curve.

Management Approach to Impacts

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

The Training Academy determines the required training hours and modules/programs for each employee. The Academy aimed for each employee to undergo at least 8 hours of training and participate to at least 1 program. In 2021, it was recorded that each employee had 6 hours of training (74% achievement) and 0.22 program participated (23% achievement). These results are due to the limited learning programs provided and the shortened hours per session to prevent fatigue and better absorption of learning.

AllDay recognizes both individual and group accomplishments. These include annual performance evaluations, sales results, among others. AllDay hosts regular employee engagement events called "Jumpstart" during which the Company announces awards and recognitions. Individual and team performance are included in this category.

Risks and Management Approach

Connectivity in remote learning continues to be a significant challenge in training employees, as face-to-face instruction is still prohibited.

While AllDay continues to improve and adjust learning programs, it opted to lower the ideal number of participants per session to ensure engagement and participation, secondly, spread out the hours which means shorten hours per meeting but increasing the number of sessions (e.g., an 8-hour program is spread out to 4 sessions with 2 hours each). Number of participants were also reduced in which a maximum of 20 participants are allowed to join. This is to ensure that enough time is provided for all participants to raise their questions and clarifications.

Opportunities and Management Approach

Each employee is evaluated based on skill development, job performance, and adherence to corporate values. In 2021, 100% of employees received career development reviews.

Labor-Management Relations

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

Impact and Management Approach

AllDay does not have a collective bargaining agreement with any of its employees as of 2021. None of its employees are represented by a union.

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

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

Risks and Management Approach

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

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

AllDay ensures that employees are treated fairly and humanely, that they have equal employment opportunities, and that they are protected from harm and discrimination. Apart from ensuring that sound and clear Company policies, rules, and regulations are

implemented, practices are aligned to ensure compliance with due process requirements. The Company prohibits retaliation based on employment against anyone who brings a complaint or raises any work-related concerns.

Opportunities and Management Approach

AllDay continues to develop new and innovative strategies for engaging a diverse and dynamic pool of talent and increasing participation at all levels. The importance of encouraging employee participation helps improve AllDay's products and services that, therefore achieves organizational goals and objectives.

Management's decision-making process will continue to include a summary of employee concerns, thoughts, and recommendations. Annual Values Session are conducted wherein all employees' voices are heard. Additional references like employment-related data that includes employee turnover and attrition rates are reported monthly and annually. More pertinent information is gathered during the exit interview and on a regular basis during the store audit.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	2,416	Man-hours
No. of work-related injuries	5 ¹⁰	#
No. of work-related fatalities	0	#
No. of work-related ill-health	0	#
No. of safety drills	30 ¹¹	#

Impact and Management Approach

In 2021, there were reported bruises, dislocations, and muscle strains which are caused by lifting merchandise on rackings. As such, the Company sees it significant to maintain its Occupational Health and Safety Management.

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

¹⁰ Recorded injuries were bruises (3), dislocations (1), and muscle strains (1) that were incurred by the workers.

¹¹ This is the total number of drills participated by employees across all stores.

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

Through a variety of channels, including email, adequate signage throughout the workplace, and routine safety checks, AllDay encourages employees to take an active role in health and safety training and program development. Annually, selected employees in each work area are also offered a variety of free health and safety training programs, such as Basic Occupational Safety and Health (BOSH) and First Aid. In 2021, the trainings were delivered through Zoom. The level of safety training is proportional to the level of risk inherent in the job. These trainings ensure that each department has a member who possesses the knowledge and skills required to ensure safety and respond appropriately in emergency situations.

For trainings held off-site, attendees are provided with meals, transportation, and a copy of their training certificate.

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

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

Risks and Management Approach

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

During the first weeks of the pandemic, AllDay faced difficulties in mitigating the effects of COVID-19. Hence, the Company's health and safety policy ensures that both employees and customers are safe, all employees are properly oriented, and first responders and safety officers are properly trained.

Safety Officers ensure that prevention and control procedures are strictly followed. Employees are asked to fill out a Daily Health Symptoms form, monitor their temperature, wash their hands frequently, maintain physical distance, and limit face-to-face interaction. In addition to regular disinfection and cleaning of work areas and common spaces, posters and print resources about COVID-19 are placed in entrance points of offices and stores.

Everyone is constantly reminded to follow health and safety protocols, wear masks properly, follow cough/sneeze etiquette, and to always maintain proper personal hygiene. Offices have alcohol, a sanitizing footbath, a thermometer, and medicine kits, while employees are provided surgical masks, face shields, alcohol and sanitizer, and personal protective equipment.

Employees were advised to work from home during the implementation of the community quarantine, and shuttle services were provided to alleviate transportation concerns and reduce the risk of exposure. The Company also created a protocol for properly managing cases of those who may have contracted the disease and their close contacts. Employees who are ill or develop symptoms should stay at home, self-isolate, and contact a medical professional for testing and referral.

Employees are further safeguarded by on-site annual physical examinations and health care plans for eligible declared dependents. Through educational campaigns and fitness activities, employees are encouraged to live an active and healthy lifestyle.

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

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

AllDay participates in earthquake and disaster response drills on a regular basis in collaboration with the mall and building administration. Employees and building personnel receive knowledge and skills to improve disaster preparedness and response as a result of this training.

Opportunities

AllDay continues to adapt to the new normal where employees are safe while maintaining productivity and customers are taken care of during their shopping. experience

Management Approach to Opportunities

AllDay encourages its employees to actively participate in the trainings and development of health and safety programs. To foster collaboration, ideas and suggestions are gathered

through employee feedback and surveys through Zoom, Viber, and emails. Moreover, safety training will be continued to be required by the Company.

Labor Laws and Human Rights

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

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

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

Impact and Management Approach

AllDay strives to protect the human rights of employees.

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

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

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

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

Risks and Management Approach

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

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

Suppliers may report complaints or issues through email or phone communication channels.

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

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

Opportunities and Management Approach

Directors, managers, and employees shall have a working knowledge of the statutory and regulatory requirements that affect the Company, including its articles of incorporation and by-laws, the rules and regulations of the Securities and Exchange Commission (SEC) and, where applicable, the requirements of relevant regulatory agencies. They are expected to

comply with Philippine laws, which include laws on employment, health and safety, discrimination, environment, trade practices, intellectual property, data privacy, financial reporting, bribery, corruption, and sanctions. They are required to disclose to the Company if they are formally charged with violating a law or are found guilty thereof.

They share the responsibility to prevent the use of the facilities of the Company that may inflict criminal and other improper illegal activities, such as financial misreporting, money laundering, fraud, bribery, or corruption.

Supply Chain Management

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

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

AllDay's Impact and Management Approach

With the help of AllDay's supply chain group, the Company aims to provide a sustainable supply of inventory at the most efficient way in procuring, handling, and storing to keep costs at minimum but maximizes support to the business.

The Company manages its supply chain by maintaining transparency with vendors and category buyers/managers through monthly business performance reviews. Annual business reviews with suppliers are more strategic and in-depth, during which performance, critical issues, and relevant plans moving forward are discussed.

Risks and Management Approach

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

AllDay maintains longstanding working relationships with a broad range of national and multinational suppliers across all product categories. If supplier relationships are not maintained, or lose suppliers or any reason, the Company may not be able to continue to source products at competitive prices that both meet AllDay's standards and appeal to customers. Moreover, this risk will make AllDay unable to carry merchandise and products that are in demand which, in effect, may negatively affect profitability. The five largest suppliers (outright sales and concession sales) make up for 20% of sales in the year 2021. The loss of any one of these major suppliers could have an adverse effect on the Company's sales.

Vendors and Category Buyers/Managers discuss business performance monthly. Meanwhile, a more strategic and lengthy business reviews with suppliers are done annually. Through these, AllDay discusses performances, critical issues, and relevant plans. It also records, documents, and resolves issues with suppliers through incident reports (IR). Vendor contracts are not automatically terminated. Incidents are investigated and actions are taken depending on the gravity of the issue.

Opportunities

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

Global Sourcing is one of the top initiatives since curated imported products is one of AllDay's strengths. Hence, the Company will maintain strong supplier relationships to increase transparency between both parties and to make sure that AllDay is the top of mind and the priority of suppliers. Procurement Automation is being rolled out that aims to reduce human error in ordering.

AllDay constantly search for ways to improve its net income by managing the inventory which drives it to automate the procurement process.

Management Approach to Opportunities

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

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

Relationship with Community

Significant Impacts on Local Communities

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

- **National Hakot Day** – Last September 2021, AllDay chose 10 participants whose livelihood had been most adversely affected by the pandemic. They were given the chance to “hakot” (Tagalog word for shop) all their essential needs for free within 2 minutes.
- **AllRewards +5 points** – AllDay encourages its customers to use eco-friendly bags instead of plastics. Members who use their AllDay eco-bag will get additional 5 points and 2 points for other eco bags.
- **Stepping Stone Coin Bank Partnership** – AllDay supports the Stepping Stone Foundation that helps underprivileged children with special needs to get an educational scholarship and therapy services. Customers can give donations through coin banks provided in stores. As of 2021, AllDay has collected more than PhP15,000 from coin banks.
- **Christmas Baster Reseller Program** – To provide livelihood to Filipinos during the Christmas season, AllDay invited its customers to be resellers of pre-packed and customized Christmas baskets. There were 10 resellers who joined the program. They sold 50-100 baskets with a total worth of PhP16,000.
- **Vaccination Promo** – Around 30,000 fully vaccinated customers availed the PhP200 discount for their purchases with a minimum amount of PhP3,000. This initiative has encouraged more customers to get vaccinated.
- **PH Food Bank Foundation Partnership** – AllDay donates its near expiry products to malnourished and undernourished people in orphanages, schools, churches, and communities through the PH Food Bank Foundation. The Company has donated items amounting to PhP364,000 in 2021.

Customer Management

Customer Satisfaction

Disclosure	Score	Did a third party conduct the customer satisfaction study? (Y/N)
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Customer Satisfaction ¹²	8.02/10	No
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AllDay's Impact

AllDay maximizes its in-store and online services to cater a wide consumer base. This has resulted to an average score of 8.02 in 2021. This is within the average of previous surveys. Pre-pandemic ratings averaged to 8.5 for 18 stores. The slight decline in 2021 attributed to the heightened consumer expectations during the pandemic period and the addition of new stores.

The Company also received customer concerns in 2021 which are largely concerning products e.g., out-of-stock items still appearing in the online order page, no order status updates, and incorrect or incomplete items received by customers. These concerns were dealt with in a timely and satisfying manner.

Management Approach to Impacts

AllDay targets its product offerings towards customers in the upper middle income and upper income segment. To main its customer base, it emphasizes and elevates in-store and online experience. Owing to the burgeoning trend of premiumization, AllDay offers better shopping experience through aesthetics, vast product selection, convenient store locations, and intuitive services via its e-commerce website, Personal Shopper, and Self-Check Out Counters. Stores are also better lit and better designed and decorated.

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

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

Risks

¹² Surveys are conducted bi-annually. They are rated through a 10-point scale with 10 being excellent and 1 as very poor. In 2021, the survey can be accessed through a Google Form link. There were 10,903 respondents from 33 stores. Survey results from AllDay Eastlake will be included in the next reporting year.

The evolving nature of the pandemic continues to challenge how businesses operate. With customers showing more preference for contactless transactions, AllDay makes efforts to seamlessly process the transfer of an in-store experience to online shopping. However, the Company recognizes the difficulty for customers who are unable to physical check the products and the misalignment of the actual inventory compared to what is shown in the website, hence may cause negative customer reviews.

Management Approach to Risks

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

The main thrust of the Company is to an innovation-first customer experience. As the transition to online is still ongoing, AllDay is enhancing its inventory management system and works on effective and efficient resolution of customer concerns through the customer experience channels. Regular training will be continuously provided to in-store personnel as part of AllDay's effective store management and operation.

Opportunities and Management Approach

Data analytics Company GlobalData anticipates that the internet user penetration will reach to 75% of the total Philippine population by 2025. This posts an almost 10% increase from 2020. AllDay, therefore, uses this opportunity to continue innovating to outpace the local supermarket landscape. Digital transformation is very high on its business priorities in 2021. The Company designs itself after leading supermarkets that implemented self-checkout services, a push towards safety, customer independence and efficiency.

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

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

In September 2021, the Company launched a progressive website application (PWA) website interface. PWA is a web development nomenclature for websites that adopted a user interface that functions like a mobile application without having to install the application on the device. It helps ensure a uniform experience across all AllDay digital platforms. This also allows to feature the same streamlined and intuitive experience on both mobile and desktop. Because of this, experience is improved due to ease of use and loading speed.

This platform is accessible to any mobile operating systems for Android and Apple users. Customers may also choose to download AllDay Supermarket in Apple's App Store and Google Play.

AllDay believes customer insights from any platforms trigger business process improvements. The Company plans to extend its customer experience channel through an in-store customer satisfaction feedback mechanism. This will be launched on May 2022.

Health and Safety

Disclosure	Quantity	Units
No. of substantiated complaints ¹³ on product or service health and safety	0	#
No. of complaints addressed	N/A	#

AllDay's Impact and Risks

AllDay's digital services has contributed in ensuring the health and safety of customers. All products are also subject to regulations relating to health, food, and cosmetics, and the sale of such products which the Company maintains complaint with. Hence, there are no substantiated complaints recorded in 2021.

COVID-19 challenges usually present themselves as a customer flow issue which sometimes leads to social distancing concerns.

Management Approach to Impacts and Risks

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

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

AllDay strictly follows the minimum health requirements set by the IATF and respective local government units (LGUs). Some stores have been granted with the Safety Seal.

Upon entrance in stores, StaySafe and QR code apparatuses are used for contact tracing. Temperature checks are also done for customers coming in the stores. Floor markings are affixed to enforce social distancing within the stores and ensure that the customer flow is

¹³ Substantiated complaints include complaints from customers that went through the organization's formal communication channels and grievance mechanisms as well as complaints that were lodged to and acted upon by government agencies. This definition also applies to the disclosures under Marketing and Labeling and Customer Privacy.

limited as aligned with the IATF guidelines. Total store disinfection is conducted once a month and deep sanitation is performed in all 34 locations.

Potential risk associated with chemicals is not considered as a major hazard in AllDay's day-to-day operations. Any issue regarding product expiry is met with quick action. Store heads are responsible by automatically seeking out dialogue with the customer concerned and replace item as needed.

Opportunities and Management Approach

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

Marketing and Labelling

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

AllDay's Impacts and Risks

As AllDay is a supermarket therefore, product information and labelling on sourcing of components, content that may produce an environmental or social impact, safe use, and disposal is understood to be the responsibility of the vendors and suppliers, all of which are subject to Philippine regulations. Any issues in the vendor- or supplier-level will affect the supply chain and the business. For more information on supply chain risks, refer to the Supply Chain Management section.

Management Approach to Impacts and Risks

AllDay employs a two-pronged approach: (1) thematic campaigns that speak to the broad AllDay customer experience and build the AllDay brand; and (2) tactical campaigns that capitalize on Supermarket seasons specifically summer, school year and Christmas. Invariably, the supermarket chain also promotes campaigns to support categories, such as health and beauty, and fresh foods¹⁴ and its international selections.

¹⁴ This category includes fresh seafood, meats, fruits, and vegetables.

Each approach uses campaigns on the digital channels, saturation (mailers and flyers), Out of Home (OOH) materials including billboards, outdoor materials such as lamp post banners along major thoroughfares to create awareness for AllDay product offers in-store.

In 2021, AllDay implemented a thematic campaign to support its Initial Public Offering under the message "Always Innovating" which was implemented via digital channels (ads in Facebook, Google, and Youtube) and print media. Online content creators were tapped to talk about AllDay's innovations. In the same year, AllDay also utilized Facebook and Google ads to market its monthly calendar of activities that are invariably a menu of price offers for regular customers.

AllDay's website traffic in 2021 as opposed to 2020 showed remarkable improvement, a direct testament to the campaigns implemented to raise AllDay's profile and drive people to the e-commerce website. The Facebook page also expanded its reach – from barely registering at below 1,000 impressions per month in 2020 to over 4,000 impressions per month in 2021, with record highs in August 2021 at over 15,000 impressions.

Opportunities

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

The Company has launched its “dark store” concept as it continues to banner a global standard in the local supermarket industry.

“Dark stores” are standalone facilities optimized for e-commerce that acts as last-mile fulfillment centers for the firm’s online shopping platform www.allday.com.ph.

“Dark stores” function as dedicated distribution outlets that cater exclusively to online shoppers served by last-mile delivery providers (including the Villar group’s GetAll), effectively expanding the geographic coverage of AllDay Supermarket while keeping operating cost to a minimum.

Management Approach to Opportunities

To provide that premium vibe, AllDay went all in with aesthetics, comfort, accessibility, and convenience. While no two AllDay locations are alike in design, they all deliver farm-fresh produce, local and global brands, enjoyable hubs like the Paluto and Gastrovilla sections, as well as digital integration.

By providing Filipino consumers an elevated, modern grocery shopping experience built on a foundation of premium in-store journey and innovative consumer solutions, AllDay has established itself as a leading player in the mid-premium supermarket segment.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy	0	#
No. of complaints addressed	0	#
No. of customers, users, and account holders whose information is used for secondary purposes ¹⁵	Approx 635,000	#

Data Security

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

AllDay's Impact and Management Approach

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

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

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

¹⁵ AllDay echoes marketing messages to customers who expressed their consent to communicate with them through the information they provided upon registering for the AllValue AllRewards Loyalty Program.

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

Risks and Management Approach

AllDay identified that the COVID 19 Tracker, e-commerce platform, and AllRewards Loyalty Program are vulnerable to data security risks due to their external-facing nature and the sensitivity of personal data¹⁶ collected by these platforms. For this reason, the Company presents a Data Privacy Consent before the customers share their information.

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

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

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

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

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

Opportunities and Management Approach

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

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

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

1. Audit existing system: Carry out a comprehensive audit of existing technology. Use penetration testing, vulnerability scanning, configuration management, and other security auditing tools to find flaws in the system and prioritize fixes. Conduct system hardening assessments against resources using industry standards from National Institute of Standards and Technology (NIST), Microsoft, Center for Internet Security (CIS), Defense Information Systems Administration (DISA), etc.
2. Create a strategy for systems hardening: Create a strategy and plan based on risks identified within the technology ecosystem, and use a phased approach to remediate the biggest flaws.
3. Patch vulnerabilities immediately: Ensure to have an automated and comprehensive vulnerability identification and patching system in place.
4. Network hardening: Ensure the firewall is properly configured and that all rules are regularly audited. Secure remote access points and users. Block any unused or unneeded open network ports. Disable and remove unnecessary protocols and services. Implement access lists and encrypt network traffic.
5. Server hardening: Put all servers in a secure data center. Never test hardening on production servers. Always harden servers before connecting them to the internet or external networks. Avoid installing unnecessary software on a server. Segregate servers appropriately.
6. Operating system hardening: Apply operating system (OS) updates, service packs, and patches automatically. Remove unnecessary drivers, file sharing, libraries, software, services, and functionality.
7. Eliminate unnecessary accounts and privileges: Enforce least privilege by removing unnecessary accounts (such as orphaned accounts and unused accounts) and privileges throughout the IT infrastructure.

CONTRIBUTION TO THE UN SDGS

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

Key Products and Services and Their Contribution	Potential Negative Impact of Contribution and Management Approach
Approximately 3,600 local and international product brands for fresh items, food items, and non-food items 2 ZERO HUNGER  AllDay offers its fresh and food items to communities where it is present in. This contributes to the supply of accessible food in different parts of the country. Moreover, the Company also distributes near expiry food items to malnourished and undernourished people in orphanages, schools, churches, and communities in partnership with the PH Food Bank Foundation.	AllDay envisions to be a leading premium supermarket chain. This is fulfilled through the various product offerings in which all food and non-food needs of the people are satisfied.
COVID-19 vaccination program for employees 3 GOOD HEALTH AND WELL-BEING  As part of the Company's effort to ensure the safety of its employees and its customers, the Company has reached its goal of 100% vaccination for its entire workforce across its stores nationwide. All eligible employees have received their second dose of the COVID-19 vaccine. Booster shots were also provided by the end of 2021. This served as another layer of protection added to the Company's existing health protocols which are strictly implemented in stores to ensure a safe and clean environment – boosting consumer confidence.	There is no identified potential negative impact as this initiative aims to promote the well-being of employees and safety of customers. AllDay continues to take a proactive stance in the responsible and sustainable conduct of its business to benefit all of its stakeholders. This includes protecting them from illnesses especially from the effects of the COVID-19.
Majority of the executive positions are currently held by female officers 5 GENDER EQUALITY 	There is no identified potential negative impact as the Company promotes gender equality in the workplace

AllDay ensures that both male and female employees are provided just and humane treatment, equal employment opportunity and protection from any harm and discrimination. Its practices are set to be aligned for compliance with the requirements of due process aside from making sure that sound and clear Company policies, rules and regulations are implemented.	
Reseller Program Through the Reseller Program, AllDay is able to provide livelihood to Filipinos during the Christmas season. This program allowed customers to be resellers of AllDay's pre-packed and customized Christmas baskets. This initiative aims to promote sustained through policies that support entrepreneurship and growth of micro-sized enterprises. This program is monitored through reseller sales monitoring and sales performance of multiple partner resellers.	No potential negative impacts identified.
Store expansions provide employment and business opportunities to the nearby communities Retail trade fosters economic growth through the extensive supply of supplies from different local suppliers and the establishment of a wide retail network across the country, resulting in job creation and employment opportunities for people living in nearby communities around AllDay stores. In 2021, there is an average of 35 employees and workers hired per new stores.	No potential negative impacts identified.
Location of stores are inside, adjacent, or near communities	No potential negative impacts identified.

AllDay contributes to the creation of sustainable cities and communities by promoting human resource development and capacity-building for human settlements development by employing personnel residing near stores.	
Promotions to encourage use of eco bags AllDay encourages customers to use eco-friendly bags instead of plastics. This effort aims to reduce the volume of wastes generated by the stores that, therefore, promotes the responsible use and protection of the natural environment.	No potential negative impacts identified.

