

COVER SHEET

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S.E.C. Registration Number										

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(Company's Full Name)

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

Maria Cristina O. Barao									
Contact Person									

8830-1900									
Company Telephone Number									

1	2	3	1
Month		Day	
Calendar Year			

17-Q
FORM TYPE

Month		Day	
Annual Meeting			

Secondary License Type, If Applicable

Dept. Requiring this Doc.		

Amended Articles Number/Section

Total No. of Stockholders

Total Amount of Borrowings	
Domestic	Foreign

To be accomplished by SEC Personnel concerned

File Number									
Document I.D.									

LCU
Cashier

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

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

1. For the quarterly period ended: September 30, 2024
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. Metro Manila, Philippines
Province, country or other jurisdiction of incorporation or organization
6. Industry Classification Code: (SEC Use Only)
7. LGF EVIA Lifestyle Center, Daanghari, Almanza Dos, Las Piñas City 1750
Address of issuer's principal office Postal Code
8. (632) 8830-1900
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 Code, or Sections 4 and 8 of the RSA

Title of each Class	Number of shares of common stock outstanding And amount of debt outstanding
Common stock (as of 09/31/2024 net of nil treasury shares)	22,857,145,000

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

Yes ☒ No ☐

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

Philippine Stock Exchange Common Stock

12. Check whether the registrant:

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

Yes ☒ No ☐

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

Yes ☒ No ☐

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AllDay Marts, Inc.
Statements of Financial Position
As of September 30, 2024 and December 31, 2023
(Amounts in Philippine Peso)

	Note	Unaudited Sep 30, 2024	Audited Dec 31, 2023
ASSETS			
Current Assets			
Cash	5	₱ 1,301,014,894	₱ 1,003,630,272
Receivables	6	187,455,031	190,740,438
Merchandise inventories	7	2,467,144,231	2,081,923,403
Prepayments and other current assets	8	1,175,413,529	1,012,326,168
Total Current Assets		5,131,027,685	4,288,620,281
Non-current Assets			
Property and equipment - net	9	4,140,639,643	4,236,113,723
Intangible assets - net	11	476,256,473	557,256,473
Right-of-use assets - net	10	120,591,882	132,137,913
Other non-current assets	8	406,594,621	390,588,634
Total Non-current Assets		5,144,082,619	5,316,096,743
TOTAL ASSETS		10,275,110,304	9,604,717,024
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	12	247,975,954	362,778,184
Loans payable	13	1,704,960,518	1,389,652,496
Lease liabilities	10	10,982,311	10,982,311
Dividends payable		-	-
Income tax payable		-	-
Total Current Liabilities		1,963,918,782	1,763,412,991
Non-current Liabilities			
Loans payable	13	551,156,004	347,222,222
Lease liabilities	10	186,037,150	197,983,976
Deferred tax liabilities - net	18	405,898,337	352,203,906
Retirement benefit obligation	17	30,105,495	30,105,495
Total Non-current Liabilities		1,173,196,986	927,515,599
Total liabilities		3,137,115,769	2,690,928,590
Equity			
Capital stock	20	2,285,714,500	2,285,714,500
Additional paid-in capital		3,316,671,118	3,316,671,118
Revaluation reserves		6,316,816	6,316,818
Retained earnings		1,529,292,102	1,305,085,998
Total Equity		7,137,994,535	6,913,788,434
TOTAL LIABILITIES AND EQUITY		10,275,110,304	9,604,717,024

See accompanying Notes to Financial Statements.



AllDay Marts, Inc.
Statements of Comprehensive Income
For the nine months ended September 30, 2024 and 2023
(Amounts in Philippine Peso)

	Notes	Unaudited Jul-Sep Q3-2024	Unaudited Jan-Sep 2024	Unaudited Jul-Sep Q3-2023	Unaudited Jan-Sep 2023
SALES	14	₱ 2,157,723,235	₱ 7,094,252,547	₱ 2,537,959,201	₱ 7,434,448,209
COST OF MERCHANDISE SOLD	15	1,708,758,469	5,617,963,588	2,035,745,953	5,930,561,623
GROSS PROFIT		448,964,766	1,476,288,959	502,213,248	1,503,886,585
SUPPORT FEES, RENTALS AND OTHER INCOME	9,14,19	13,071,823	39,048,069	33,246,891	81,257,737
GROSS PROFIT INCLUDING OTHER INCOME		462,036,590	1,515,337,028	535,460,138	1,585,144,323
OTHER OPERATING EXPENSES	15	372,830,582	1,182,218,633	421,235,335	1,231,622,997
OPERATING PROFIT		89,206,007	333,118,395	114,224,803	353,521,326
FINANCE INCOME (COSTS)					
Finance costs	16	(15,382,122)	(34,415,195)	(5,018,319)	(15,197,086)
Finance income	5,8	96,303	238,277	96,976	265,067
		(15,285,819)	(34,176,918)	(4,921,343)	(14,932,019)
PROFIT BEFORE EXTRAORDINARY ITEM		73,920,188	298,941,477	109,303,460	338,589,307
LOSSES FROM FIRE DAMAGE		—	—	—	—
PROFIT BEFORE TAX		73,920,188	298,941,477	109,303,460	338,589,307
TAX EXPENSE (INCOME)	18				
Current		18,480,047	50,070,773	12,193,945	34,458,517
Deferred		—	24,664,596	15,129,496	50,188,810
		18,480,047	74,735,369	27,323,441	84,647,327
NET PROFIT (LOSS)		55,440,141	224,206,108	81,980,019	253,941,980
OTHER COMPREHENSIVE INCOME		—	—	—	—
TOTAL COMPREHENSIVE INCOME (LOSS)		₱ 55,440,141	₱ 224,206,108	₱ 81,980,019	₱ 253,941,980
Basic and Diluted earnings (loss) per share	20	₱ 0.00	₱ 0.01	₱ 0.00	₱ 0.01

See accompanying Notes to Financial Statements.



AllDay Marts, Inc.
Statements of Changes in Equity
For the nine months ended September 30, 2024 and 2023
(Amount in Philippine Peso)

		Unaudited	Unaudited
	Note	Sep 30, 2024	Sep 30, 2023
CAPITAL STOCK	20	₱ 2,285,714,500	₱ 2,285,714,500
ADDITIONAL PAID-IN CAPITAL	20	3,316,671,118	3,316,671,118
REVALUATION RESERVES		6,316,816	6,380,329
RETAINED EARNINGS			
Balance at beginning of period		1,305,085,994	995,291,622
Dividends Declared			(59,428,577)
Net profit (loss) for the period		224,206,108	253,941,980
Balance at end of period		1,529,292,106	1,189,805,025
TOTAL EQUITY		₱ 7,137,994,542	₱ 6,798,570,972



AllDay Marts, Inc. Statements of Cash Flows
For the nine months ended September 30, 2024 and 2023
(Amount in Philippine Peso)

	Notes	Unaudited Jul-Sep Q3-2024	Unaudited Jan-Sep 2024	Unaudited Jul-Sep Q3-2023	Unaudited Jan-Sep 2023
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before tax		₱ 73,920,188	₱ 298,941,477	₱ 109,303,460	₱ 338,589,307
Adjustments for:					
Depreciation and amortization	15	131,336,793	391,741,762	117,529,342	339,603,206
Finance costs	13, 17	15,382,122	34,415,195	5,018,319	15,197,086
Finance income	5, 8	(96,303)	(238,277)	(96,976)	(265,067)
Operating profit before working capital changes		220,542,800	724,860,157	231,754,145	693,124,531
Decrease/(Increase) in:					
Receivables		(20,244,599)	3,285,407	(4,931,802)	5,881,879
Merchandise inventories		(305,381,254)	(385,220,828)	(126,707,675)	(158,337,127)
Prepayments and other current assets		(104,578,056)	(163,087,361)	23,688,508	(55,441,959)
Other non-current assets		(15,590,117)	(16,005,987)	—	—
Increase/(Decrease) in:					
Trade and other payables		(117,216,403)	(168,496,662)	(36,809,252)	(80,720,995)
Retirement benefit obligation		—	—	—	—
Cash generated from operations		(342,467,630)	(4,665,274)	160,612,427	404,506,330
Cash paid for income taxes		—	—	(12,718,148)	(17,510,325)
Interest received		96,303	238,277	96,976	265,067
Net cash from Operating activities		(342,371,327)	(4,426,997)	147,991,254	387,261,072
CASH FLOWS FROM INVESTING ACTIVITIES					
Additions to property and equipment	9	(45,956,819)	(243,757,059)	(46,129,011)	(121,976,485)
Increases in advances to contractors	8	—	—	—	—
Additions to intangible assets	11	—	—	—	(2,000,000)
Proceeds from disposal of property and equipment and intangible assets	9,11, 19	—	—	—	—
Net cash used in Investing activities		(45,956,819)	(243,757,059)	(46,129,011)	(123,976,485)
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from availment of loans	13	900,927,185	1,634,630,877	253,446,004	1,364,810,594
Repayment of loans	13	(381,925,425)	(1,115,389,074)	(302,266,685)	(1,364,185,389)
Proceeds from issuance of shares of stock		—	—	—	—
Interest paid for loans payable	13	(38,203,697)	(111,726,300)	(30,536,792)	(86,176,767)
Interest paid for lease liabilities		—	—	—	—
Payment of dividends	20	—	—	—	—
Repayment of lease liabilities	10	(2,866,305)	(11,946,826)	(5,018,319)	(15,197,086)
Net cash (used in) from financing activities		477,931,757	395,568,677	(84,375,792)	(100,748,647)
NET INCREASE IN CASH		89,603,611	147,384,622	17,486,451	162,535,940
CASH AT BEGINNING OF PERIOD		1,211,411,283	1,003,630,272	1,067,412,991	922,363,501
CASH AT END OF PERIOD		₱ 1,301,014,894	₱ 1,151,014,894	₱ 1,084,899,442	₱ 1,084,899,442

See accompanying Notes to Financial Statements.

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

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

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

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

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

1.2 Approval of Financial Statements

The financial statements of the Company as of and for the year ended September 30, 2024 (including the comparative financial statements as of December 31, 2023) were authorized for issue by the Company's Board of Directors (BOD) on August 13, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

2.1 Basis of Preparation of Financial Statements

(a) Statement of Compliance with Philippine Financial Reporting Standards

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

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

(b) Presentation of Financial Statements

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

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

(c) Functional and Presentation Currency

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

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

2.2 Adoption of Amended PFRS

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

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

PAS 1 and PFRS Practice

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

PAS 8 (Amendments) : Definition of Accounting Estimates

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

Discussed below are the relevant information about these pronouncements.

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

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

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

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

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

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

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

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

2.3 **Financial Instruments**

(a) *Financial Assets*

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

(i) *Classification and Measurement of Financial Assets*

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

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

(ii) *Impairment of Financial Assets*

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

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

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

(b) *Financial Liabilities*

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

2.4 Merchandise Inventories

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

2.5 Property and Equipment

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

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

Equipment	3 to 15 years
Furniture and fixtures	9 years

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

2.6 Intangible Assets

Intangible assets include acquired computer software which is accounted for under the cost model. Capitalized cost is amortized on a straight-line basis over the estimated useful life of five to eight years as the life of this intangible asset is considered finite.

2.7 Revenue and Expense Recognition

Revenue arises mainly from the sale of merchandise inventories.

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

The following specific recognition criteria must be met before revenue is recognized:

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

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

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

The Company operates a customer loyalty incentive programme where individual customers accumulate points for purchases made which entitle them for award credits on future purchases. The Company allocates a portion of the consideration received to loyalty points. This allocation is based on the relative stand-alone selling prices. The stand-alone selling price is estimated based on the equivalent value given when the points are redeemed by the customer and the likelihood of redemption, as evidenced by the Company's historical experience. A liability is recognized for revenue relating to the loyalty points at the time of the initial sales transactions. Revenue from loyalty points are recognized when the points are redeemed by the customer. Revenue from loyalty points that are not expected to be redeemed by the customer is recognized in proportion of the pattern of rights exercised by customers. The significant judgments used in determining the transaction price and the amounts allocated to the performance obligations are disclosed in Note 3.1(d).

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

2.8 Leases

(a) Company as a Lessee

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

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

(b) Company as a Lessor

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

2.9 Employee Benefits

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

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

2.10 Borrowing Costs

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

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

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

3.1 Critical Management Judgment in Applying Accounting Policies

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

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

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

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

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

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

(b) Determination of Timing of Satisfaction of Performance Obligations

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

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

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

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

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

As of September 30, 2024 and 2022, liability arising from customer loyalty programme amounted to P1.3 million and P0.5 million, respectively (see Note 12).

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

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

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

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

(e) *Determination of ECL on Receivables*

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

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

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

(g) *Capitalization of Borrowing Costs*

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

(h) *Recognition of Provisions and Contingencies*

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

Judgment is exercised by management to distinguish between provisions and contingencies. Disclosures on relevant provisions and contingencies are presented in Note 22.

3.2 Key Sources of Estimation Uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next reporting period:

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

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

(b) *Estimation of Allowance for ECL*

The measurement of the allowance for ECL on financial assets at amortized cost is an area that requires the use of significant assumptions about the future economic conditions and credit behavior (e.g., likelihood of customers defaulting and the resulting losses). Explanation of the inputs, assumptions and estimation used in measuring ECL is further detailed in Note 23.2.

(c) *Determination of Net Realizable Value of Merchandise Inventories*

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

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

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

There was no change in the estimated useful lives of these assets in 2023, 2022 and 2021. The carrying amounts of property and equipment, right-of-use assets and intangible assets are analyzed in Notes 9, 10 and 11, respectively.

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

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

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

Though management believes that the assumptions used in the estimation of recoverable values are appropriate and reasonable, significant changes in those assumptions may materially affect the assessment of recoverable values and any resulting impairment loss could have a material adverse effect on the results of operations.

Based on management's assessment, no impairment losses are required to be recognized on the Company's non-financial assets as of March 31, 2024 and 2022.

(f) *Determination of Realizable Amount of Deferred Tax Assets*

The Company reviews its deferred tax assets at the end of each reporting period and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Management assessed that the deferred tax assets recognized as at March 31, 2024 and 2022 will be fully utilized in the coming years. The carrying value of deferred tax assets as of those dates is disclosed in Note 18.

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

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

The amounts of post-employment benefit obligation and expense, and an analysis of the movements in the estimated present value of post-employment benefit, as well as the significant assumptions used in estimating such obligation are presented in Note 17.2.

4. **SEGMENT REPORTING**

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

The Company has only one reportable segment which is the trading business.

Further, the Company has only one geographical segment as all of its operations are based in the Philippines.

The revenue of the Company consists mainly of sales to external customers through its retail and e-commerce channels.

The Company has no significant customer which contributed to 10% or more to the revenue of the Company.

5. CASH

Cash include the following components as of September30, 2024 and 2023:

	<u>September 30, 2024</u>	<u>2023</u>
Cash on hand	P 9,699,000	P 9,639,000
Cash in banks	<u>1,270,315,894</u>	<u>993,991,272</u>
	<u>P 1,280,014,894</u>	<u>P1,003,630,272</u>

Cash in banks generally earn interest based on daily bank deposit rates and interest income is recognized as the interest accrues taking into account the effective yield. Interest income earned on bank deposits is presented as part of Finance Income under Other Income (Charges) – Net in the statements of comprehensive income (see Note 16.1).

6. RECEIVABLES

This account is composed of the following:

	<u>Notes</u>	<u>September30,2024</u>	<u>2023</u>
Trade receivables	19.1	P 170,381,534	P 167,893,608
Non-trade receivables		17,073,497	22,342,262
Others	17.2	<u> </u>	<u>504,568</u>
		<u>P 167,210,432</u>	<u>P 190,740,438</u>

Trade receivables are due from various customers, including credit card companies, and have credit terms ranging from 2 days to 30 days.

Non-trade receivables comprise of the Company's receivables arising from delivery fees, rental income and miscellaneous income.

Others pertain to the receivable for the transferred retirement benefit obligation from a related party under common ownership.

All of the Company's receivables have been assessed for impairment using the ECL model. Management believes that no allowance for ECL is required since there has no significant change in the credit quality of the accounts as of September30, 2024 and 2023 [see Note 23.2(b)].

7. MERCHANDISE INVENTORIES

Merchandise inventories pertain to goods owned by the Company, which include food and non-food items, pharmaceutical products and dry goods, among others, that are traded under the normal course of business and amounted to P2,467.1 million and P2,081.9 million as of September30, 2024 and 2023, 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 September 30, 2024 and 2023.

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

In relation to the fire incident in the Alabang store on January 8, 2022, the Company wrote-off certain merchandise inventories amounting to P58.0 million (see Note 16.2). There was no similar event in 2023 and 2021.

8. PREPAYMENTS AND OTHER ASSETS

The composition of this account is shown below.

	Note	September 30, 2024	2023
Current:			
Advances for purchases		P 836,488,280	P 700,302,122
Input VAT		291,220,176	192,973,331
Deferred input VAT		66,176,324	67,844,641
Prepayments		29,546,699	23,809,591
Store supplies		18,158,374	21,416,361
Short term investments		3,000,000	3,000,000
Creditable withholding tax			2,980,122
		<u>1,178,413,529</u>	<u>1,012,326,168</u>
Non-current:			
Advances to contractors		295,831,868	280,345,969
Security deposits	10	74,675,959	74,180,942
Deferred input VAT		<u>36,086,794</u>	<u>36,061,723</u>
		<u>406,594,621</u>	<u>390,588,634</u>
		<u>P 1,585,008,149</u>	<u>P 1,402,914,802</u>

Advances for purchases pertains to advances that will be applied for future purchase of merchandise inventories and services.

Deferred input VAT pertains to the input VAT on purchases of services and the unamortized portion of the VAT on capital goods exceeding P1.0 million from purchases prior to 2022.

Prepayments include prepaid expenses for rentals, advertising, communication, insurance, dues and subscription, utilities, marketing and others.

Store supplies pertain to expendable items consumed during Company's operations.

Short term investments refer to the Company's time deposits with original maturities of more than three months to one year and are subject to insignificant risk of changes in value. These investments earn effective interest of 0.55% both in 2024 and 2023. Interest income from time deposits in 2024 and 2023 is presented as part of Finance Income under Other Income (Charges) – Net in the statements of comprehensive income. There were no short-term investments in 2021, hence, no interest income was recognized.

Advances to contractors pertains to advances made to various contractors for the construction of several items under property and equipment.

9. PROPERTY AND EQUIPMENT

The gross carrying amounts and accumulated depreciation and amortization of property and equipment at the beginning and end of September30, 2024 and December 31, 2023 are shown below.

	<u>Leasehold Improvements</u>	<u>Furniture and Fixtures</u>	<u>Equipment</u>	<u>Construction in Progress (CIP)</u>	<u>Total</u>
September30, 2024					
Cost	P 3,657,762,181	P 345,772,844	P1,225,172,200	639,900,722	P 5,868,607,948
Accumulated depreciation and amortization	(740,260,176)	(247,706,933)	(740,001,196)	-	(1,727,968,305)
Net carrying amount	<u>P 2,917,502,006</u>	<u>P 98,065,910</u>	<u>P 485,171,005</u>	<u>P 609,900,722</u>	<u>P 4,156,038,167</u>
 December 31, 2023					
Cost	P 3,629,382,592	P 345,224,540	P1,151,527,849	P 538,751,316	P5,664,886,297
Accumulated depreciation and amortization	(657,547,514)	(178,388,188)	(592,836,872)	-	(1,428,772,574)
Net carrying amount	<u>P 2,971,835,078</u>	<u>P 166,836,352</u>	<u>P 558,690,977</u>	<u>P 538,751,316</u>	<u>P 4,141,232,292</u>
 December 31, 2022					
Cost	P 3,381,333,982	P 336,552,451	P1,129,554,556	P 521,640,950	P5,369,081,939
Accumulated depreciation and amortization	(489,297,375)	(140,972,450)	(495,740,606)	-	(1,126,010,431)
Net carrying amount	<u>P 2,892,036,607</u>	<u>P 195,580,001</u>	<u>P 633,813,950</u>	<u>P 521,640,950</u>	<u>P 4,243,071,508</u>

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

	<u>Leasehold Improvements</u>	<u>Furniture and Fixtures</u>	<u>Equipment</u>	<u>CIP</u>	<u>Total</u>
Balance at January 1, 2024, net of accumulated depreciation and amortization	P 2,971,835,078	P 166,836,352	P 558,690,977	P 538,751,316	P4,236,113,723
Additions	28,379,589	548,304	73,644,351	101,149,407	203,721,651
Transfer from CIP	-	-	-	-	-
Depreciation and amortization charges for the year	(82,712,662)	(69,318,746)	(147,164,323)	-	(299,350,006)
Balance at September30, 2024, net of accumulated depreciation and amortization	<u>P 2,917,502,006</u>	<u>P 98,065,910</u>	<u>P 485,171,005</u>	<u>P 609,900,722</u>	<u>P 4,141,232,292</u>

	<u>Leasehold Improvements</u>	<u>Furniture and Fixtures</u>	<u>Equipment</u>	<u>CIP</u>	<u>Total</u>
Balance at January 1, 2023, net of accumulated depreciation and amortization	P 2,892,036,607	P 195,580,001	P 633,813,950	P 521,640,950	P4,243,071,508
Additions	105,915,903	8,672,089	21,973,293	159,243,073	295,804,358
Transfer from CIP	142,132,707	-	-	(142,132,707)	-
Depreciation and amortization charges for the year	(168,250,139)	(37,415,738)	(97,096,266)	-	(302,762,143)
Balance at December 31, 2023, net of accumulated depreciation and amortization	<u>P2,971,835,078</u>	<u>P 166,836,352</u>	<u>P 558,690,977</u>	<u>P 538,751,316</u>	<u>P4,236,113,723</u>
Balance at January 1, 2022, net of accumulated depreciation and amortization	P2,456,546,561	P 198,532,182	P 712,787,216	P 621,916,270	P3,989,782,229
Additions	277,206,092	7,242,465	22,455,533	334,914,349	641,818,439
Transfer from CIP	385,841,524	30,232,609	19,115,536	(435,189,669)	-
Write-off relating to fire loss	(81,182,512)	(4,756,829)	(26,524,639)	-	(112,463,980)
Depreciation and amortization charges for the year	(146,375,058)	(35,670,426)	(94,019,696)	-	(276,065,180)
Balance at December 31, 2022, net of accumulated depreciation and amortization	<u>P2,892,036,607</u>	<u>P 195,580,001</u>	<u>P 633,813,950</u>	<u>P 521,640,950</u>	<u>P4,243,071,508</u>

The gross carrying amounts and accumulated depreciation of furniture and fixtures subject to operating lease at the beginning and end of September 30, 2024 and December 31, 2023 are shown below.

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Cost	P 279,231,199	P 279,231,199
Accumulated depreciation and amortization	(116,184,157)	(100,761,007)
Net carrying amount	<u>P 163,047,042</u>	<u>P 178,470,192</u>

A reconciliation of the carrying amounts of furniture and fixtures subject to operating lease at the beginning and end of March 31, 2024 and December 31, 2023 is shown below.

	<u>June 30, 2024</u>	<u>2023</u>
Beginning, net of accumulated depreciation and amortization	P 178,470,192	P 194,283,609
Additions	-	4,453,860
Disposal	-	-
Depreciation and amortization charges for the year	(15,423,150)	(20,267,277)
Ending, net of accumulated depreciation and amortization	<u>P 163,047,042</u>	<u>P 178,470,192</u>

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

In 2022, the Company wrote-off certain property and equipment with net book value of P112.5 million as a result of the fire incident in Alabang store on January 8, 2022 (see Note 16.2). There was no similar event in 2023 and 2021.

In 2021, the Company sold certain property and equipment to a related party under common ownership with carrying amount of P93.3 million and the related gain on sale is presented as part of Support, Fees, Rentals and Other Income in the 2021 statement of comprehensive income (see Note 19.3). There was no similar transaction in 2023 and 2022.

In 2023, 2022 and 2021, borrowing costs amounting to P109.8 million, P92.7 million, and P227.5 million, respectively, based on capitalization rate ranging from 6.50% to 9.75% for specific borrowings in those periods, were capitalized (see Note 13).

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

Cost of fully depreciated and amortized assets that are still used in operations amounted to P32.7 million and P28.4 million as of September 30, 2024 and 2023, respectively.

The Company also recognized rental income from its operating leases as a lessor, which consists of variable lease arrangements, amounting to P100.8 million, P31.4 million and P35.7 million in 2023, 2022 and 2021, respectively, and is presented as part of Support, Fees, Rentals and Other Income in the statements of comprehensive income (see Note 14).

10. LEASES

The Company is a lessee under non-cancellable operating leases covering its store outlets and warehouse with lease terms ranging from 2 years to 20 years. With the exception of leases with variable consideration, only one lease contract is reflected on the statements of financial position as a right-of-use asset and a lease liability. This lease contract covers a store outlet with a remaining lease term of 8 years and 9 years as of September 30, 2024 and 2023, respectively.

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

The security deposits paid in connection with the leases amounted to P74.5 million and P74.2 million as of September 30, 2024 and 2023, respectively, and is presented as Security deposits under Other Non-current Assets in the statements of financial position (see Note 8). Management believes that no allowance for ECL is required for security deposits since there has been no significant change in the credit quality of the accounts [see Note 23.2(c)].

10.1 *Right-of-use Asset*

The carrying amount of the Company's right-of-use asset from store outlet and the movements at beginning and end of March 31, 2024 and 2023 are shown below.

	<u>September 30, 2024</u>	<u>2023</u>
Cost	<u>P 209,111,455</u>	P 209,111,455
Accumulated amortization:		
Balance at beginning of year	76,973,542	61,578,833
Amortization for the year	<u>11,546,031</u>	<u>15,394,709</u>
Balance at end of year	<u>88,519,573</u>	<u>76,973,542</u>
Carrying amount	<u>P 120,591,882</u>	<u>P 132,137,913</u>

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

10.2 *Lease Liabilities*

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

	<u>September 30, 2024</u>	<u>2023</u>
Current	P 10,982,311	P 10,982,311
Non-current	<u>186,037,150</u>	<u>197,983,976</u>
	<u>P 197,019,461</u>	<u>P 208,966,287</u>

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

	<u>Note</u>	<u>September 30, 2024</u>	<u>2023</u>
Balance at beginning of year		P 208,966,287	P 217,596,543
Accretion of interest	10.4	14,533,569	20,159,704
Repayment	10.4	(<u>26,480,394</u>)	(<u>28,789,960</u>)
Balance at end of year		<u>P 197,019,461</u>	<u>P 208,966,287</u>

As of September 30, 2024 and 2023, the Company has no commitments for leases entered into but which had not commenced nor termination options to its lease contracts.

The lease liabilities are secured by the related underlying assets. The maturity analysis of lease liabilities as at December 31 are as follows:

		Within one year	1 to 2 years	2 to 3 years	3 to 4 years	4 to 5 years	5 to 6 years	6 to 10 years	Total
September 30, 2024									
Lease payments	P	30,229,457	P 31,740,930	P 33,327,977	P 34,994,376	P 36,744,095	P 38,581,299	P 108,567,777	P 314,185,911
Finance charges	(	19,247,146)	(18,099,906)	(16,687,638)	(14,976,650)	(12,929,549)	(10,504,867)	(12,773,868)	(105,219,624)
Net present values		<u>P 10,982,311</u>	<u>P 13,641,024</u>	<u>P 16,640,339</u>	<u>P 20,017,726</u>	<u>P 23,814,546</u>	<u>P 28,076,432</u>	<u>P 95,793,909</u>	<u>P 208,966,287</u>
December 31, 2022									
Lease payments	P	28,789,960	P 30,229,458	P 31,740,930	P 33,327,977	P 34,994,376	P 36,744,095	P 147,149,076	P 342,975,872
Finance charges	(	20,159,704)	(19,247,146)	(18,099,906)	(16,687,638)	(14,976,650)	(12,929,549)	(23,278,736)	(125,379,329)
Net present values		<u>P 8,630,256</u>	<u>P 10,982,312</u>	<u>P 13,641,024</u>	<u>P 16,640,339</u>	<u>P 20,017,726</u>	<u>P 23,814,546</u>	<u>P 123,870,340</u>	<u>P 217,596,543</u>

10.3 Lease Payments Not Recognized as Liabilities

The Company also entered into lease agreements that contain variable payments linked to sales generated from certain stores (see Note 19.2). The expenses relating to these leases amounting to P192.2 million and P217.1 million in September 30, 2024 and September 30, 2023 are presented as Rentals under Selling Expenses in the statements of comprehensive income (see Note 15.2).

If the sales of the Company had changed by an average of +/-1.0%, the variable rent expense would have changed by +/- P2.7 million, +/- P2.6 million and +/- P2.4 million in 2023, 2022 and 2021, respectively.

10.4 Additional Profit or Loss and Cash Flow Information

The total cash outflow in respect of leases amounted to P28.8 million, P27.4 million and P26.1 million in 2023, 2022 and 2021, respectively. Interest expense in relation to lease liabilities amounted to P20.2 million, P20.9 million and P21.4 million in 2023, 2022 and 2021, respectively, and is presented as part of Finance Costs in the statements of comprehensive income (see Note 16.1).

11. ASSETS INTANGIBLE

The gross carrying amounts and accumulated amortization of intangible assets at the beginning and end of March 31, 2024 and 2023 are shown below.

	<u>September 30, 2024</u>	<u>2023</u>
Cost	P 884,372,161	P 884,372,161
Accumulated amortization	(408,115,686)	(327,115,688)
	<u>P 476,256,473</u>	<u>P 557,256,473</u>

A reconciliation of the carrying amounts of intangible assets at the beginning and end of June 2024 and 2023 is shown below.

	<u>September 30, 2024</u>	<u>2023</u>
Balance at beginning of year, net of accumulated amortization	P 557,256,473	P 554,449,898
Additions	-	151,555,360
Amortization charges for the year	(81,000,000)	(148,748,785)
Disposal	<u>-</u>	<u>-</u>
Balance at end of year, net of accumulated amortization	<u>P 476,256,473</u>	<u>P 557,256,473</u>

In 2021, the Company sold certain intangible assets with net book value of P1.4 million. The related gain arising from this transaction is presented under Support, Fees, Rentals and Other income in the 2021 statement of comprehensive income (see Note 19.3). There was no similar transaction in 2023 and 2022.

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

Intangible assets are subject to impairment whenever there is an indication of impairment. No impairment losses were recognized in 2023, 2022 and 2021 as the recoverable amounts of the intangible assets determined by management are higher than their carrying values.

There were no contractual commitments entered into in 2023, 2022 and 2021.

12. TRADE AND OTHER PAYABLES

The composition of this account is shown below.

	<u>Note</u>	<u>September 30, 2024</u>	<u>2023</u>
Trade payables		P 210,844,655	P 326,934,225
Accrued expenses	13	19,776,742	22,069,554
Withholding taxes and other government payables		9,009,193	12,472,921
Customer loyalty rewards liability		<u>1,301,484</u>	<u>1,301,484</u>
		<u>P 240,932,074</u>	<u>P 362,778,184</u>

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

Accrued expenses are liabilities arising from unpaid interest, agency service fee, utilities, professional fees and other expenses.

The Company operates a customer loyalty incentive programme where individual customers accumulate points for purchases made which entitle them for award credits on future purchases. The Company recognized a deferred revenue for the unredeemed points.

13. LOANS PAYABLE

The account consists of:

	Note	September 30, 2024	2023
Current:			
Short-term loans	13.1	P 1,345,296,008	P 1,052,259,334
Current portion of long-term loans	13.2	<u>212,820,512</u>	<u>337,393,162</u>
		1,558,116,520	1,389,652,496
on-current:			
Long-term loans	13.2	<u>698,000,000</u>	<u>347,222,222</u>
		<u>P 2,256,116,521</u>	<u>P 1,736,874,718</u>

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

	Short-term Loans	Long-term Loans	Total
Balance as of January 1, 2024	<u>P1,052,259,334</u>	<u>P 684,615,384</u>	<u>P1,736,874,718</u>
Additional borrowings			
Repayments of borrowings	<u>505,857,187</u>	<u>13,384,616</u>	<u>519,241,803</u>
Balance at September 30, 2024	<u>P 1,558,116,521</u>	<u>P 698,000,000</u>	<u>P2,256,116,521</u>
Balance as of January 1, 2023	P1,063,176,816	P 369,230,769	P1,432,407,585
Reclassification	1,601,069,927	500,000,000	2,101,069,927
Additional borrowings			
Repayments of borrowings	(1,611,987,409)	(184,615,385)	(1,796,602,794)
Balance at December 31, 2023	<u>P1,052,259,334</u>	<u>P 684,615,384</u>	<u>P1,736,874,718</u>
Balance as of January 1, 2022	P 780,000,000	P 653,846,154	P1,433,846,154
Additional borrowings	100,000,000	(100,000,00)	-
Repayments of borrowings	1,380,176,816	-	1,380,176,816
Balance at December 31, 2022	(1,197,000,000)	(184,615,385)	(1,381,615,385)

The total interest expense incurred on these loans amounted to P112.1 million P124.0 million in September 30, 2024 and 2023, respectively. The related borrowing costs amounting to P77.6 million and P109.8 million in September 30, 2024 and 2023, respectively, were capitalized as part of Property and Equipment, based on capitalization rate ranging from 6.50% to 9.75% for specific borrowing in those years (see Note 9). The remaining interest amounting to P9.2 million and P14.2 million in September 30, 2024 and 2023, respectively, are charged to expense and is presented as part of Finance Costs under Other Income (Charges) – Net in the statements of comprehensive income (see Note 16.1).

The unpaid interest amounted to P14.0 million and P17.0 million as of September 30, 2024 and 2023 and is presented as part of Accrued expenses under Trade and Other Payables in the statements of financial position (see Note 12).

13.1 *Short-term Loans*

In 2023, 2022 and 2021, the Company obtained various short-term loans from various local banks for the Company's working capital requirements with fixed interest rates ranging from 5.00% to 9.75% and with terms of 90 to 180 days. These loans are secured by cross suretyship of the Company's ultimate parent company (see Note 19.4). There are no loan covenants on the Company's short-term loans.

13.2 *Long-term Loans*

In 2023, the Company obtained a four-year corporate loan, inclusive of one-year grace period, from a local bank for general purpose and to refinance the Company's existing short-term loans with fixed interest rate ranging from 8.50% to 10.99%. The principal amount of the loan is payable in quarterly equal installments starting February 1, 2024.

In 2021 and 2020, the Company also obtained three to seven-year corporate loans, inclusive of two-year grace period, from various local banks for the Company's store construction and expansion with fixed interest rate ranging from 6.50% to 8.08%. The principal amount of the loans is payable in 13 quarterly amortizations starting August 29, 2021. There was no similar transaction in 2022.

The loans are secured by cross suretyship of the Company's ultimate parent company (see Note 19.4). Certain loans of the Company with local banks are subject to covenants and all have been complied with as of September 30, 2024 and 2022 (see Note 25).

14. REVENUES

The Company's sales revenues arise from transactions with individual and corporate customers in the Philippines totalling to P4,936.53 million, P4,896million and P9,456.4 million in March 31, 2024 and March 31, 2023, respectively.

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

	<u>Point in time</u>	<u>Over time</u>	<u>Total</u>
<u>September 30, 2024</u>			
Sales	P 7,094,252,547	P -	P 7,094,252,547
Delivery fees	-	13,903,777	13,903,777
Miscellaneous	<u>1,285,965</u>	<u>-</u>	<u>1,285,965</u>
	<u>P 7,095,538,512</u>	<u>P 13,903,777</u>	<u>P 7,109,442,288</u>

	<u>Point in time</u>	<u>Over time</u>	<u>Total</u>
<u>September 30, 2023</u>			
Sales	P 7,434,448,209	P -	P 7,434,448,209
Delivery fees	-	15,119,520	15,119,520
Miscellaneous	<u>1,417,597</u>	<u>-</u>	<u>1,417,597</u>
	<u>P 7,435,865,805</u>	<u>P 15,119,520</u>	<u>P 7,450,985,325</u>

The Company also recognized variable rental income from its operating leases as lessor amounting to P23.8 million and P36.5 million in September 30, 2024 and June 30, 2023, 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>September 30, 2024</u>	<u>September 30, 2023</u>
Merchandise inventories at beginning of year	7	P 2,081,923,403	P1,797,940,590
Purchases during the year		<u>6,003,184,417</u>	<u>6,088,898,750</u>
Cost of goods available for sale		8,085,107,820	7,886,839,340
Merchandise inventories at end of year	7	<u>(2,467,144,231)</u>	<u>(1,956,277,717)</u>
		<u>P 5,617,963,588</u>	<u>P 5,930,561,623</u>

15.2 Other Operating Expenses

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

	<u>Notes</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Depreciation and amortization	9, 10.1, 11	P 391,741,762	P 339,603,206
Rentals	10.3, 19.2	192,268,572	217,108,696
Communication and utilities		212,505,695	217,332,317
Agency fee		168,991,289	185,005,933
Salaries, wages and other employee benefits	17.1	92,403,652	101,463,188
Taxes and licenses		32,511,204	39,793,321
Merchant fee		27,538,544	29,977,685
Repairs and maintenance		10,156,846	18,924,120
Professional fees	20.2	3,651,466	3,316,009
Operating supplies		13,180,303	21,659,159
Travel and transportation		9,684,598	14,075,003
Advertising and promotions		7,332,937	19,975,815
Insurance		13,472,941	11,227,943
Delivery fees	20.2	1,067,214	1,890,109
Dues and subscriptions		4,913,743	9,657,138
Miscellaneous		797,865	613,356
		P 1,182,218,633	P 1,231,622,997

These expenses are classified as follows:

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Selling	P 724,377,839	P 813,337,022
General and administrative	<u>457,840,794</u>	<u>418,285,975</u>
	P 1,182,218,633	P 1,231,622,997

16. OTHER INCOME (CHARGES)

16.1 Finance Income (Costs)

Finance income (costs) include the following:

	<u>Notes</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
<i>Finance costs:</i>			
Interest expense from:			
Lease liabilities	10.2	P 14,533,569	P 15,197,086
Retirement benefit Obligation	17.2		
Loans payable	13	<u>19,881,626</u>	<u>-</u>
		P 34,415,195	P 15,197,086

	<u>Notes</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
<i>Finance income:</i>			
Interest income from banks	5, 8	<u>P 238,277</u>	<u>P 265,067</u>

16.2 Losses from Fire Damage

On January 8, 2022, the Company's distribution warehouse, selling area and head office, located in Alabang, Muntinlupa City, was severely damaged by a fire. As a result, the Company wrote-off certain inventories and property and equipment with the net carrying value amounting to P58.0 million and P112.5 million, respectively (see Notes 7 and 9). The Company received total insurance claims amounting to P98.6 million, which was offset against the losses incurred from the fire incident. The related net loss which amounted to P71.8 million is presented as Loss from fire damage under Other Income (Charges) – Net in the 2022 statement of comprehensive income. There was no similar event in 2023 and 2021.

17. EMPLOYEE BENEFITS

17.1 Salaries, Wages and Employee Benefits

Details of salaries and employee benefits, which is presented as part of Selling, General and Administrative Expenses in the statements of comprehensive income are presented below.

	<u>Notes</u>	<u>September 30, 2024</u>	<u>September 30, 2023</u>
Salaries and wages		P 80,719,116	P 75,564,424
Post-employment benefits	17.2	-	-
Other employee benefits		<u>11,684,536</u>	<u>25,898,764</u>
	15.2	<u>P 92,403,652</u>	<u>P 101,463,188</u>

17.2 Post-employment Benefits

(a) Characteristics of the Defined Benefit Plan

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

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

(b) Explanation of Amounts Presented in the Financial Statements

The actuarial valuation was made in 2023 and 2022 by a professionally qualified actuary. The retirement benefit obligation amounted to P30.1 million and P22.0 million as of December 31, 2023 and 2022, respectively and is presented as Retirement Benefit Obligation in the statements of financial position.

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

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

In 2023 and 2022, the Company recognized a receivable for the transferred retirement benefit obligation related to the transfer of employees to the Company from a related party under common ownership amounting to P0.5 million and P1.1 million, respectively, which remained outstanding as of March 31, 2024 and 2022. The outstanding receivable is presented as Others under Receivables in the statements of financial position (see Notes 6 and 19).

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

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

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

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

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

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Discount rate	6.15%	7.37%	5.20%
Expected rate of salary increases	7.75%	7.75%	7.75%

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

(c) *Risks Associated with the Retirement Plan*

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

(i) *Interest Rate Risk*

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

(ii) *Longevity and Salary Risks*

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

(d) *Other Information*

The information on the sensitivity analysis for certain significant actuarial assumptions, and the timing and uncertainty of future cash flows related to the retirement plan for the years ended December 31, 2024 and 2022, are discussed in the succeeding page.

(i) *Sensitivity Analysis*

The following table summarizes the effects of changes in the significant actuarial assumptions used in the determination of the defined benefit obligation as of December 31, 2024 and 2022:

	Impact on Post-Employment Benefit Obligation		
	<u>Change in Assumption</u>	<u>Increase in Assumption</u>	<u>Decrease in Assumption</u>
<u>December 31, 2024</u>			
Discount rate	+/- 1.0%	(P 4,185,272)	P 5,082,832
Salary growth rate	+/- 1.0%	5,078,696	(4,260,765)
<u>December 31, 2022</u>			
Discount rate	+/- 1.0%	(P 3,137,211)	P 3,803,637
Salary growth rate	+/- 1.0%	3,844,349	(3,223,016)

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

(ii) *Funding Arrangements and Expected Contributions*

The plan is currently unfunded by P30.1 million based on the latest actuarial valuation. While there are no minimum funding requirements in the country, the size of the underfunding may pose a cash flow risk in about 20 years' time when a significant number of employees is expected to retire.

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

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

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

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

18. TAXES

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

	<u>September 30, 2024</u>	<u>September 30, 2023</u>
<i>Reported in profit or loss:</i>		
Current tax expense (income):		
Regular corporate income tax (RCIT) at 25%	P -	P 34,458,517
Minimum corporate income tax (MCIT) at 2% 2024 and 2% in 2022 and 2021	28,921,085	-
Application of excess MCIT	-	-
Effect of the change in income tax rate	-	-
	<u>28,921,085</u>	<u>34,458,517</u>
Deferred tax expense (income) arising from:		
Origination and reversal of temporary differences	45,814,284	15,730,291
Effect of change in income tax rate	-	-
	<u>45,814,284</u>	<u>15,730,291</u>
	<u>P 74,735,369</u>	<u>P 84,647,327</u>

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

	Statements of Financial Position		Statements of Comprehensive Income			Other Comprehensive Income	
			Profit or Loss				
	2023	2022	2023	2022	2021	2023	2022
Deferred tax assets:							
Lease liabilities	P 52,241,572	P 54,399,137	P 2,157,565	P 1,638,531	P 12,625,356	P	
MCIT	8,549,643	8,549,643	-	10,820,610	(19,370,253)		
Retirement benefit obligation	7,526,374	5,502,055	(2,003,148)	(3,423,807)	(4,2		
Rewards liability	325,371	134,608	(190,762)	960,774	(		
Net operating loss carry-over	-	-	-	-	-		
	<u>68,642,960</u>	<u>68,585,443</u>	<u>(36,345)</u>				
Deferred tax liabilities:							
Tax depreciation and amortization	(200,424,233)	(1					
Borrowing costs	(187,388,155)						
Right-of-use assets	(33,0						
	(						
Deferred tax liability							
Net defer							

Starting 2021, the Company is subject to the MCIT, which is computed at 1% of gross income as defined under the tax regulations, or RCIT, whichever is higher. The MCIT rate reverted to 2% starting July 1, 2023. The Company reported RCIT in 2023 and 2022 and MCIT in 2021.

In 2021, the Company incurred NOLCO amounting to P2.7 million which can be claimed as a deduction from the gross taxable income until 2026. Pursuant to Section 4 (bbbb) of R.A. No. 11494, *Bayanihan to Recover as One Act (Bayanihan II)* and as implemented under RR No. 25-2020, the net operating loss of a business or enterprise incurred for the taxable year 2021 can be carried over as a deduction from gross income for the next five consecutive taxable years following the year of such loss which is until 2026. In 2022, the whole amount of NOLCO was applied against the gross taxable income.

The MCIT of P19.3 million in 2021 is valid and deductible from future RCIT until 2024. In 2022, the excess MCIT amounting to P10.8 million was claimed as deduction against RCIT.

The Company claimed itemized deductions for 2023, 2022 and 2021 in computing for its income tax due.

19. RELATED PARTY TRANSACTIONS

The Company's related parties include its ultimate parent company, parent company, related parties under common ownership, key management personnel and others.

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

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

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

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

	Notes	Amount of Transactions		Outstanding Balances	
				Receivables (Payables)	
		September 30, 2024	2023	September 30, 2024	2023
Parent Company –					
Dividends	20	P	- P -	P -	P -
Related Parties Under Common Ownership:					
Sale of merchandise	19.1	34,563,181	18,866,365	24,328,984	24,328,984
Rentals	19.2	143,759,494	143,675,040	-	-
Transferred retirement benefit obligation	6, 17.2	-	-	504,568	
Sale of property and equipment and intangible assets	19.3	-	-	-	504,568
					-
Key Management Personnel –					
Compensation	19.5	7,032,561	7,032,561	-	-

As of September 30, 2024 and 2023, the Company's outstanding receivables with related parties were subjected to impairment using ECL assessment. Based on management assessment, no impairment needs to be recognized. The outstanding balances of related party transactions are noninterest-bearing, unsecured and payable in cash on demand and upon due date.

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

19.1 Sale of Merchandise

The Company sells various merchandise items to its related parties with similar transaction price and terms under exact business circumstance with third parties. These transactions are presented as part of Revenues in the statements of comprehensive income (see Note 14). The outstanding receivables from these transactions as of September 30, 2024 and 2022 are presented as part of Trade under Receivables in the statements of financial position (see Note 6).

19.2 Lease Agreements

The Company entered into lease agreements with related parties under common ownership that contain variable payments linked to sales generated from certain stores. The expenses relating to these leases amounting are presented as part of Rentals under Selling Expenses in the statements of comprehensive income (see Notes 10.3 and 15.2).

19.3 Sale of Property and Equipment and Intangible Assets

In 2021, the Company sold certain property and equipment and intangible assets to a related party under common ownership amounting to P93.3 million and P1.4 million, respectively, with a total selling price of P104.7 million and the related gain on sale amounting to P10.0 million is presented as part of Support, Fees, Rentals and Other Income in the 2021 statement of comprehensive income (see Notes 9 and 11). There is no outstanding receivable arising from this transaction. There was no similar transaction in 2023 and 2022.

19.4 Guarantees of Loans

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

19.5 Key Management Personnel Compensation

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

	<u>September 30, 2024</u>	<u>2023</u>
Short-term benefits	P 13,215,840	P 16,938,863
Post-employment benefits	<u>1,301,484</u>	<u>1,191,918</u>
	<u>P 14,517,324</u>	<u>P 18,130,781</u>

20. EQUITY

20.1 Capital Stock

Details of this account are shown below.

	Shares			Amount		
	2024	2023	2022	2023	2022	2021
Common shares						
Authorized						
Balance at beginning of the year	30,000,000,000	30,000,000,000	30,000,000,000	P 3,000,000,000	P 3,000,000,000	P 3,000,000,000
Increase during the year	-	-	-	-	-	-
Change in par value	-	-	-	-	-	-
Balance at end of year	<u>30,000,000,000</u>	<u>30,000,000,000</u>	<u>30,000,000,000</u>	<u>P 3,000,000,000</u>	<u>P 3,000,000,000</u>	<u>P 3,000,000,000</u>
Issued and outstanding:						
Balance at beginning of the year	22,857,145,000	22,857,145,000	22,857,145,000	P 2,285,714,500	P 2,285,714,500	P 2,285,714,500
Issuance during the year	-	-	-	-	-	-
Change in par value	-	-	-	-	-	-
Balance at end of year	<u>22,857,145,000</u>	<u>22,857,145,000</u>	<u>22,857,145,000</u>	<u>P 2,285,714,500</u>	<u>P 2,285,714,500</u>	<u>P 2,285,714,500</u>

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

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

As of December 31, 2023 and 2022, the Company's number of shares registered totalled 22,857,145,000 with par value of P0.10 per share and closed at a price of P0.16 and P0.23 in 2023 and 2022, respectively. The total number of stockholders is 23 and 21 as of December 31, 2023 and 2022, respectively, with the shares held in the name of PCD Nominee Corporation belonging to 123 participants. The public float lodged with PCD Nominee Corporation is counted only as one stockholder.

20.2 Additional Paid-in Capital

Additional paid-in capital consists of P3,316.7 million proceeds from IPO in 2021, net of P111.9 million stock issuance costs incurred such as underwriting fees and commissions, taxes and filing fees (see Note 20.1).

The residual IPO-related expenses totalling to P45.8 million is allocated to Professional fees and Others amounting to P30.6 million and P15.2 million, respectively, and is presented under General and Administrative Expenses in the 2021 statement of comprehensive income (see Note 15.2).

20.3 Dividends Declaration

On December 4, 2020, the Company's BOD approved the declaration of cash dividends amounting to P6.3 million and payable to stockholders of record on December 22, 2020, which remain unpaid as of December 31, 2020 and subsequently fully settled in 2021.

On August 15, 2022, the Company's BOD approved the declaration of cash dividends amounting to P73.1 million (equivalent to P0.0032 per share) and payable to stockholders of record on September 12, 2022. The dividend was fully paid in 2022. There was no dividend declaration in 2021.

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

On November 13, 2024, the Company's BOD approved the declaration of cash dividends amounting to P73.1 million (equivalent to P0.0032 per share) and payable to stockholders of record on November 27, 2024. Payment date is on December 12, 2024

21. EARNINGS PER SHARE

EPS were computed as follows:

	<u>September 30, 2023</u>	<u>2023</u>
Net profit	P 224,206,108	P 369,222,930
Divided by weighted average number of outstanding common shares	<u>22,857,145,000</u>	<u>22,857,145,000</u>
Basic and diluted EPS	<u>P 0.01</u>	<u>P 0.02</u>

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

22. PROVISIONS, COMMITMENTS AND CONTINGENCIES

22.1 Others

There are other commitments, guarantees and contingent liabilities that may arise in the normal course of operations of the Company which are not reflected in the financial statements. As of September 30, 2024 and 2023, management is of the opinion that losses, if any, from these items will not have any material effect on the Company's financial statements, taken as a whole.

23. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to certain financial risks in relation to financial instruments. The main types of risks are interest rate risk, credit risk and liquidity risk.

The Company's risk management is coordinated with its parent company, in close cooperation with the BOD, and focuses on actively securing the Company's short-to-medium term cash flows by minimizing the exposure to financial markets. The Company does not engage in the trading of financial assets for speculative purposes nor does it write options.

The most significant financial risks to which the Company is exposed to are described below and in the succeeding pages.

23.1 *Interest Rate Risk*

The Company's policy is to minimize interest rate cash flow risk exposures on long-term financing. In 2023, 2022, and 2021, the Company is exposed to changes in market interest rates through its cash in banks, which are subject to interest based on daily bank deposits rates.

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

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

23.2 *Credit Risk*

Credit risk is the risk that counterparty will fail to discharge an obligation to the Company. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporate this information into its credit risk controls. The Company's policy is to deal only with creditworthy counterparties.

Generally, the maximum credit risk exposure of financial assets is the carrying amount of the financial assets as shown on the face of the statements of financial position (or in the detailed analysis provided in the notes to financial statements), as summarized below.

	<u>Notes</u>	<u>September 30, 2024</u>	<u>2023</u>
Cash and cash equivalents	5	P 1,280,014,894	P 1,003,630,272
Receivables	6	187,455,031	190,740,438
Short-term investments	8	3,000,000	3,000,000
Security deposits	8, 10	<u>74,571,741</u>	<u>74,180,942</u>
		<u>P 1,563,145,884</u>	<u>P 1,271,551,652</u>

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

(a) *Cash and Short-term Investments*

The credit risk for cash and short-term investments is considered negligible, since the counterparties are reputable banks with high quality external credit ratings. This includes demand deposits and short-term placements which are insured by the Philippine Deposit Insurance Corporation up to a maximum coverage of P0.5 million for every depositor per banking institution.

(b) *Receivables*

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

To measure the ECL, trade receivables have been grouped based on shared credit risk characteristics and the days past due (age buckets). The Company also concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the other receivables as it shares the same credit risk characteristics.

The expected loss rates are based on the payment and aging profiles over a period of three years before March 31, 2024 and 2023, and the corresponding historical credit losses experienced within such period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified that the Philippine inflation was the most relevant factor in 2023 and 2022, and accordingly adjusts the historical loss rates based on expected changes in this factor.

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

As of September 30, 2024 and 2023, all of the Company trade receivables are considered current and not yet due. On that basis, no expected credit loss allowance was determined.

No loss allowance was also provided as at September 30, 2024 and 2023, on the Company's non-trade receivables as the Company does not have any non-trade receivables which have been outstanding for more than three months. The Company's management continues to monitor counterparties default rates and macroeconomic factors affecting counterparties' ability to settle receivables. Management considers the credit quality of non-trade receivables that are not past due or impaired to be good.

(c) *Security Deposits*

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

23.3 *Liquidity Risk*

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

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

As at September 30, 2024 and 2023, the Company's financial liabilities, excluding lease liabilities (see Note 10.2), have contractual maturities which are summarized below.

		Current		Non-current	
	Notes	Upon demand/ Within Six Months	Six to 12 Months	One to Three Years	Later than Three Years
September 30, 2024					
Trade and other payables	12	P 239,630,591	P -	P -	P -
Loans payable	13	<u>1,450,483,187</u>	<u>107,633,333</u>	<u>697,999,999</u>	<u>-</u>
		<u>P 1,690,113,778</u>	<u>P 107,633,333</u>	<u>P 697,999,999</u>	<u>P -</u>
December 31, 2023					
Trade and other payables	12	P 349,003,779	P -	P -	P -
Loans payable	13	<u>1,269,344,508</u>	<u>195,381,795</u>	<u>382,036,318</u>	<u>-</u>
		<u>P 1,618,348,287</u>	<u>P 195,381,795</u>	<u>P 382,036,318</u>	<u>P -</u>

The contractual maturities reflect the gross cash flows, which may differ from the carrying values of the financial liabilities at the end of the reporting periods.

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

24.1 *Carrying Amounts and Fair Values by Category*

The Company has no financial instruments carried at fair values.

For the Company's financial assets and liabilities carried at amortized cost as at September 30, 2024 and 2023, management considers that the carrying values of these financial instruments approximate their fair values either because these instruments are short-term in nature or the effect of discounting for those maturities of more than one year is not material, hence, no further comparison between the carrying amounts and fair values is presented.

A description of the Company's risk management objectives and policies for financial instruments is provided in Note 23.

24.2 *Fair Value Hierarchy*

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that an entity can access at the measurement date;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and,
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

For financial assets with fair value included in Level 1, management considers that the carrying amount of this short-term financial instrument approximates its fair value.

The fair values of the financial assets and financial liabilities included in Level 3, which are not traded in an active market, are determined based on the expected cash flows of the underlying net asset or liability based on instrument where the significant inputs required to determine the fair values of such instruments are not based on observable market data.

There have been no significant transfers among Levels 1 and 3 in the reporting periods.

With the exception of Cash and Short-term investments, which are classified under Level 1 of the fair value hierarchy, all of the Company's financial assets and liabilities presented in the statements of financial position are classified under Level 3 of the fair value hierarchy as of March 31, 2024 and 2023.

24.3 Offsetting of Financial Assets and Financial Liabilities

The Company has not set-off financial instruments in 2023 and 2022 and does not have relevant offsetting arrangements. Currently, financial assets and financial liabilities are settled on a gross basis; however, each party to the financial instrument (particularly related parties) will have the option to settle all such amounts on a net basis in the event of default of the other party through approval by both parties' BOD and stockholders. There is no potential offsetting as of March 31, 2024 and 2022.

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

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>September 30, 2024</u>				
<i>Financial assets:</i>				
Cash and cash equivalents	P 1,280,014,894	P -	P -	P 1,280,014,894
Trade and other receivables	-	-	187,455,031	187,455,031
Short-term investments	3,000,000	-	-	3,000,000
Security Deposit	-	-	74,571,741	74,571,741
	<u>P 1,301,014,894</u>	<u>P -</u>	<u>P 262,130,990</u>	<u>P 1,563,145,884</u>
<i>Financial liabilities:</i>				
Trade payables	P -	P -	P 240,932,074	P 240,932,074
Loans payable	-	-	2,256,116,521	2,256,116,521
Lease liabilities	-	-	197,019,461	197,019,461
	<u>P -</u>	<u>P -</u>	<u>P 2,694,068,057</u>	<u>P 2,694,068,057</u>
<u>December 31, 2023</u>				
<i>Financial assets:</i>				
Cash and cash equivalents	P1,003,630,272	P -	P -	P1,003,630,272
Trade and other receivables	-	-	190,740,438	190,740,438
Short-term investments	3,000,000	-	-	3,000,000
Security Deposit	-	-	41,657,448	41,657,448
	<u>P1,006,630,272</u>	<u>P -</u>	<u>P 232,397,886</u>	<u>P1,239,028,158</u>
<i>Financial liabilities:</i>				
Trade payables	P -	P -	P 349,003,779	P 349,003,779
Loans payable	-	-	1,736,874,718	1,736,874,718
Lease liabilities	-	-	208,966,287	208,966,287
	<u>P -</u>	<u>P -</u>	<u>P 2,294,844,791</u>	<u>P 2,294,844,791</u>

25. CAPITAL MANAGEMENT OBJECTIVES, POLICIES AND PROCEDURES

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

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

Capital for the reporting periods is summarized as follows:

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

The Company monitors capital on the debt-to-equity ratio on its covenants with certain financial institutions. The Company has to maintain a minimum current ratio of at least 1.00, maximum debt-to-equity ratio of 2.50:1.00, and a minimum debt-service coverage ratio of at least 1.00. The Company has properly complied with its loans' covenants as of March 31, 2024 and 2022 (see Note 13.2).

26. SUPPLEMENTAL INFORMATION ON NON-CASH ACTIVITIES

The following discusses the supplemental information on non-cash activities as presented in the statements of cash flows for the years ended March 31, 2024, 2022 and 2021:

- In 2023, 2022 and 2021, the Company capitalized borrowing costs amounting to P109.8 million, P92.7 million and P227.5 million as part of property and equipment (see Notes 9 and 13).
- The Company has accrued interest expense amounting to P14.0 million, P17.0 million and P8.1 million as of March 31, 2024, 2023 and 2022, respectively (see Note 13).
- In 2020, the Company approved the declaration of cash dividends amounting P6.3 million which remain unpaid as of December 31, 2020 and subsequently fully settled in 2021 (see Note 19).
- In 2023 and 2022, certain advances to contractors under Non-current Assets amounting to P68.5 million and P5.7 million, respectively, were reclassified to Construction-in-progress under Property and Equipment in the statements of financial position (see Note 9). There was no similar transaction in 2021.

27. SUPPLEMENTARY INFORMATION REQUIRED BY THE BUREAU OF INTERNAL REVENUE

Presented below and in the succeeding pages is the supplementary information on taxes, duties and license fees paid or accrued during the taxable year which is required by the BIR under its existing Revenue Regulation No. 15-2010 to be disclosed as part of the notes to financial statements. This supplementary information is not a required disclosure under PFRS.

(a) Output VAT

The Company is registered with the BIR as a VAT taxpayer. This is in relation to its sales of merchandise. The Company declared output VAT as follows:

	<u>Tax Base</u>	<u>Output VAT</u>
Sale of merchandise:		
VATable sales	P 5,985,917,003	P 718,310,040
Zero-rated sales	652,743,737	-
Exempt sales	455,591,806	-
	<u>P 7,094,252,546</u>	<u>P 718,310,040</u>

The Company's VAT zero-rated sales were determined pursuant to Section 108B, *Transactions Subject to Zero Percent* of the 1997 National Internal Revenue Code.

The Company's exempt sales were determined pursuant to Section 109(W), *Sale or Lease of Goods and Services to Senior Citizens and Persons with Disability, as Provided under R.A. No. 9994 (Expanded Senior Citizens Act of 2020)* and *R.A. No. 10754 (An Act Expanding the Benefits and Privileges of Persons with Disability)*, of the 1997 National Internal Revenue Code.

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

(b) Input VAT

The outstanding input VAT as of September 30, 2024 is presented as Input VAT under Prepayments and Other Current Assets in the 2024 statement of financial position.

(c) Taxes on Importation

The Company did not have any customs duties and tariff fees paid in 2024 since it did not engage in any importation activities during the year.

(d) Excise Tax

The Company did not have any transactions in 2024 which are subject to excise tax.

(e) *Documentary Stamp Tax*

In 2024, the Company paid documentary stamp tax amounting to P 1.45 million arising from interest-bearing loans availed and new lease contracts entered during the year.

(f) *Taxes and Licenses*

The details of taxes and licenses in 2024 is broken down as follows:

Business permits and licenses	P 32,511,204
	<u>P 32,511,204</u>

The taxes and licenses is presented under General and Administrative Expenses in the 2024 statement of comprehensive income.

(g) *Withholding Taxes*

Details of total withholding taxes for the period ended September 30, 2024 are shown below.

Expanded	P 4,393,677
Compensation and employee benefits	691,535
Final	<u>-</u>
	<u>P 5,085,212</u>

The outstanding balance of expanded withholding tax, withholding tax on compensation and final withholding tax amounting to P5.8 million is recorded as part of Withholding taxes and other government payables under Trade and Other Payables in the 2024 statement of financial position.

(h) *Deficiency Tax Assessment and Tax Cases*

As of March 31, 2024, 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.

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
List of Supplementary Information March
31, 2024

<u>Schedule</u>	<u>Content</u>	<u>Page No.</u>
Schedule Required under Annex 68-I of the Revised Securities Regulation Code Rule 68		
	Schedule for Listed Companies with a Recent Offerring of Securities to the Public	1
Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68		
A	Financial Assets	N/A
B	Long-term Debt	3
C	Indebtedness to Related Parties (Long-term Loans from Related Companies)	N/A
D	Guarantees of Securities of Other Issuers	N/A
E	Capital Stock	4
Others Required Information		
	Reconciliation of Retained Earnings Available for Dividend Declaration	5
	Map Showing the Relationship Between the Company and its Related Entities	6
	Schedule for Listed Companies with Recent Offering of Securities to the Public	7

ALLDAY MARTS, INC.
ALLDAY MARTS INC.
(A Subsidiary of AllValue Holdings Corp.)
Schedule D - Long-Term Debt
September 30, 2024
(Amounts in Philippine Pesos)

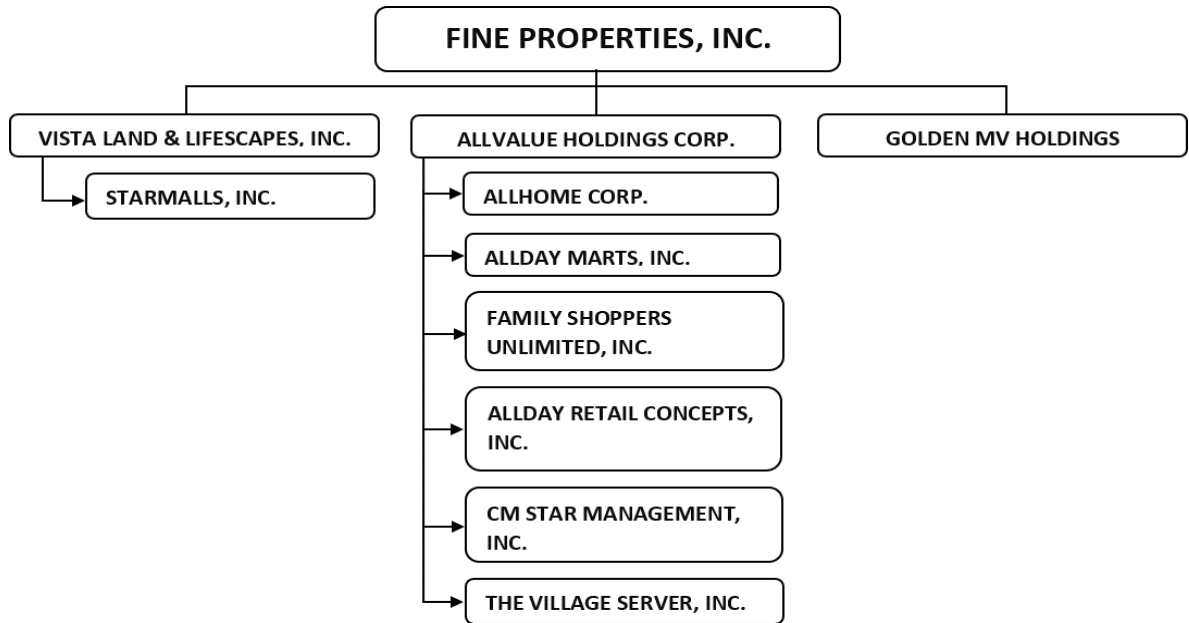
<i>Title of issue and type of obligation</i>	<i>Amount shown under caption "Current portion of long-term debt" in related balance sheet</i>	<i>Amount shown under caption "Long-Term Debt" in related balance sheet</i>
Term Loans	P <u>212,820,512</u>	P <u>212,820,512</u>

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
SCHEDULE G - CAPITAL STOCK
SEPTEMBER 30, 2024

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

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)

**LGF SHOWING THE
RELATIONSHIPS BETWEEN AND
AMONG COMPANIES IN THE GROUP
ULTIMATE PARENT COMPANY
AND PARENT COMPANY**



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

ALLDAY MARTS, INC.

For the Period Ended September 30, 2024

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

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

2. Actual gross and net proceeds

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

3. Each expenditure item where the proceeds were used

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

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

As of September 30, 2024	P	295,055,101
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ALLDAY MARTS, INC.
Supplemental Schedule of Financial Soundness Indicators
September 30, 2024 and 2023

Ratio	Formula	2024	Formula	2023
Current ratio	Total Current Assets divided by Total Current Liabilities Total Current Assets P 5,131,027,685 Divide by: Total Current Liabilities 1,963,918,782 Current ratio 2.61	2.61	Total Current Assets divided by Total Current Liabilities Total Current Assets P 4,288,620,281 Divide by: Total Current Liabilities 1,763,412,991 Current ratio 2.43	2.43
Acid test ratio	Quick assets (Total Current Assets less Merchandise Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 5,131,027,685 Less: Merchandise Inventories (2,467,144,231) Other Current Assets (1,175,413,529) Quick Assets 1,488,469,925 Divide by: Total Current Liabilities 1,963,918,782 Acid test ratio 0.76	0.76	Quick assets (Total Current Assets less Merchandise Inventories and Other Current Assets) divided by Total Current Liabilities Total Current Assets P 4,288,620,281 Less: Merchandise Inventories (2,081,923,403) Other Current Assets (1,012,326,168) Quick Assets 1,194,370,710 Divide by: Total Current Liabilities 1,763,412,991 Acid test ratio 0.68	0.68
Solvency ratio	Total Assets divided by Total Liabilities Total Assets P 10,275,110,304 Divide by: Total Liabilities 3,137,115,769 Solvency ratio 3.28	3.28	Total Assets divided by Total Liabilities Total Assets P 9,604,717,024 Divide by: Total Liabilities 2,690,928,590 Solvency ratio 3.57	3.57
Debt-to-equity ratio	Total Liabilities divided by Total Equity Total Liabilities P 3,137,115,769 Divide by: Total Equity 7,137,994,535 Debt-to-equity ratio 0.44	0.44	Total Liabilities divided by Total Equity Total Liabilities P 2,690,928,590 Divide by: Total Equity 6,913,788,434 Debt-to-equity ratio 0.39	0.39
Assets-to-equity ratio	Total Assets divided by Total Equity Total Assets P 10,275,110,304 Divide by: Total Equity 7,137,994,535 Assets-to-equity ratio 1.44	1.44	Total Assets divided by Total Equity Total Assets P 9,604,717,024 Divide by: Total Equity 6,913,788,434 Assets-to-equity ratio 1.39	1.39
Interest rate coverage ratio	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 89,302,310 Divide by: Interest expense* 35,817,630 Interest rate coverage ratio 2.49	2.49	Earnings before interest and taxes (EBIT) divided by Interest expense EBIT P 528,070,238 Divide by: Interest expense* 145,809,353 Interest rate coverage ratio 3.62	3.62
Return on equity	Net Profit divided by Total Equity Net Profit P 55,440,141 Divide by: Total Equity 7,137,994,535 Return on equity 0.01	0.01	Net Profit divided by Total Equity Net Profit P 369,222,953 Divide by: Total Equity 6,913,788,434 Return on equity 0.05	0.05
Return on assets	Net Profit divided by Total Assets Net Profit P 55,440,141 Divide by: Total Assets 10,275,110,304 Return on assets 0.01	0.01	Net Profit divided by Total Assets Net Profit P 369,222,953 Divide by: Total Assets 9,604,717,024 Return on assets 0.04	0.04
Net profit margin	Net Profit divided by Total Revenue Net Profit P 55,440,141 Divide by: Total Revenue 2,157,723,235 Net profit margin 0.03	0.03	Net Profit divided by Total Revenue Net Profit P 369,222,953 Divide by: Total Revenue 10,193,891,934 Net profit margin 0.04	0.04

ALLDAY MARTS, INC.
(A Subsidiary of AllValue Holdings Corp.)
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023
(Amounts in Philippine Pesos)

1. GENERAL INFORMATION

1.1 Corporate Information

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

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

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

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

1.2 Approval of Financial Statements

The financial statements of the Company as of and for the year ended September 30, 2024 (including the comparative financial statements as of December 31, 2023) were authorized for issue by the Company's Board of Directors (BOD) on August 13, 2024.

2. MATERIAL ACCOUNTING POLICY INFORMATION

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

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

REVIEW OF NINE MONTHS END 2024 VS NINE MONTHS END 2023

RESULTS OF OPERATIONS

Nine Months ended September 30, 2024 compared to Nine Months ended September 30, 2023

	For the nine-month period ended September 30		Horizontal analysis	Vertical analysis	
	2024	2023		2024	2023
	(in millions of ₱)		% Change	% of Total Sales	
Sales	₱ 7,094.3	₱ 7,434.4	-4.6%	100.0%	100.0%
Cost of merchandise sold.....	5,618.0	5,930.6	-5.3%	79.8%	79.2%
Other income	39.0	81.3	-52.0%	1.1%	0.6%
Other operating expenses.....	1,182.2	1,231.6	-4.0%	16.6%	16.7%
Finance income (costs)					
Finance costs.....	(34.4)	(15.2)	126.5%	-0.2%	-0.5%
Finance income.....	0.2	0.3	-10.1%	0.0%	0.0%
Losses from Fire Damage	-	-	100.0%	0.0%	0.0%
Tax expense	74.7	84.6	-11.7%	1.1%	1.1%
Net profit (loss).....	224.2	253.9	-11.7%	3.4%	3.2%

Sales

The company recorded sales of ₱7,094.3 million for the nine months ended 30 September 2024, a decrease of 4.6% from ₱7,434.4 million for the nine months ended 30 September 2023. This was brought about by low performing stores where there is intense market competition.

Cost of Merchandise Sold

For the nine months ended 30 September 2024, cost of merchandise sold was at ₱5,618.0 million, a decrease of 5.3% compared to ₱5,930.6 million for the same period in 2023, largely driven by the decrease in sales in existing stores.

Support, Fees, Rentals and Other Income

Support, fees, rentals and other income decreased by 52.0% from ₱81.3 million for the nine months ended 30 September 2023 to ₱39.0 million for the nine months ended 30 September 2024 primarily due to the decrease in sales which are generally the basis for vendor incentives and support.

Other Operating Expenses

Selling Expenses

Selling expenses decreased by 10.8% to ₱725.4 million for the nine months ended 30 September 2024 from ₱812.3 million for the same period in 2023 primarily due to the following:

- Decrease in rentals from ₱217.1 million for the nine months ended 30 September 2023 to ₱192.3 million for the nine months ended 30 September 2024 due to lower sales recorded during the period. Rent is charged as a percentage of sales.

- Decrease in communication and utilities from ₱217.3 million for the nine months ended 30 September 2023 to ₱212.5 million for the nine months ended 30 September 2024 due primarily to cost-saving initiatives.
- Decrease in agency fee from ₱185.0 million for the nine months ended 30 September 2023 to ₱169.0 million for the nine months ended 30 September 2024 due primarily to deployment rationalization of store personnel.
- Decrease in salaries, wages, and other employee benefits from ₱101.5 million for the nine months ended 30 September 2023 to ₱92.4 million for the nine months ended 30 September 2024 due to the retirement of some senior managers of the company.
- Decrease in merchant fee from ₱30.0 million for the nine months ended 30 September 2023 to ₱27.5 million for the nine months ended 30 September 2024 attributable to decline in sales for the period.
- Decrease in repairs and maintenance from ₱18.9 million for the nine months ended 30 September 2023 to ₱10.2 million for the nine months ended 30 September 2024 due to cost-cutting measures implemented.
- Decrease in operating supplies from ₱21.7 million for the nine months ended 30 September 2023 to ₱13.2 million for the nine months ended 30 September 2024 due to cost-cutting measures implemented.
- Decrease in advertising and promotions from ₱19.0 million for the nine months ended 30 September 2023 to ₱7.3 million for the nine months ended 30 September 2024 due to social media boostings and printing of promotional materials.
- Decrease in delivery fees from ₱1.9 million for the nine months ended 30 September 2023 to ₱1.1 million for the nine months ended 30 September 2024 due to cost-cutting measures implemented.

General and administrative expenses

General and administrative expenses increased by 9.2% from ₱419.3 million for the nine months ended 30 September 2023 to ₱456.8 million for the nine months ended 30 September 2024 primarily due to the following:

- Increase in depreciation and amortization from ₱339.6 million for the nine months ended 30 September 2023 to ₱391.7 million for the nine months ended 30 September 2024 due to amortization of capitalized interest.
- Decrease in taxes and licenses from ₱40.8 million for the nine months ended 30 September 2023 to ₱32.5 million for the nine months ended 30 September 2024 due to lower sales tax base.
- Increase in professional fees from ₱3.3 million for the nine months ended 30 September 2023 to ₱3.7 million for the nine months ended 30 September 2024 due to timing difference in the payment of audit fees, board of directors' fees, and consultancy fees for sustainability reporting.
- Decrease in travel and transportation from ₱14.1 million for the nine months ended 30 September 2023 to ₱9.7 million for the nine months ended 30 September 2024 due to cost-cutting measures implemented.
- Increase in insurance from ₱11.2 million for the nine months ended 30 September 2023 to ₱13.5 million for the nine months ended 30 September 2024 due primarily to adjustment in rates and insurance coverages.

- Decrease in dues and subscription from ₱9.7 million for the nine months ended 30 September 2023 to ₱4.9 million for the nine months ended 30 September 2024 due to cost-saving measures implemented.
- Increase in miscellaneous expense from ₱0.6 million for the nine months ended 30 September 2023 to ₱0.8 million for the nine months ended 30 September 2024 due to payment of minor expense.

Finance Cost

Finance cost increased by 126.5% from ₱15.2 million for the nine months ended 30 September 2023 to ₱34.4 million for the nine months ended 30 September 2024 due primarily to the increase in interest on loans payable.

Finance Income

Finance income decreased by 10.1% from ₱0.27 million for the nine months ended 30 September 2023 to ₱0.24 million for the nine months ended 30 September 2024 due primarily to bank charges.

Provision for Income Tax

Provision for income tax decreased by 11.7% from ₱84.6 million for the nine months ended 30 September 2023 to ₱74.7 million for the nine months ended 30 September 2024 due to lower income tax base.

Net Profit

As a result of the foregoing, our net income decreased by 11.7% to ₱224.2 million for the nine months ended 30 September 2024 from ₱253.9 million for the nine months ended 30 September 2023.

FINANCIAL CONDITION

As of 30 September 2024 vs. 31 December 2023

	For the period ended,		Horizontal analysis	Vertical analysis	
	September 30, 2024	December 31, 2023		September 30, 2024	December 31, 2023
	(in millions of ₱)		% Change	% of Total Assets	
Total Current Assets	₱5,131.0	₱4,288.6	19.6%	49.9%	44.7%
Total Noncurrent Assets	5,114.1	5,316.1	-3.2%	50.1%	55.3%
Total Assets.....	10,275.1	9,604.7	7.0%	100.0%	100.0%
Total Current Liabilities.....	1,963.9	1,763.4	11.4%	19.1%	18.4%
Total Noncurrent Liabilities.....	1,173.2	927.5	59.8%	11.4%	9.7%
Total Liabilities	3,137.1	2,690.9	-1.6%	30.5%	28.0%
Equity	7,138.0	6,913.8	2.9%	69.5%	72.0%
Total Liabilities and Equity	10,275.1	9,604.7	1.7%	100.0%	100.0%

Total assets amounting to ₱10,275.1 million as of 30 September 2024 recorded a slight increase of 19.6% from the reported amount of ₱9,604.7 million in 31 December 2023 due to the following:

- Cash increased by 29.2% from ₱1,006.6 million as of 31 December 2023 to ₱1,301.0 million as of 30 September 2024 due to improved operating expenses.
- Receivables decreased by 1.7% from ₱190.7 million as of 31 December 2023 to ₱187.5 million as of 30 September 2024 due to collections made.

- Merchandise inventories increased by 18.5% from ₱2,081.9 million as of 31 December 2023 to ₱2,467.1 million as of 30 September 2024 due to continuous replenishment and refresh of inventory.
- Prepayments and other current assets increased by 16.1% from ₱1,012.3 million as of 31 December 2023 to ₱1,175.4 million as of 30 September 2024 due primarily to advances to suppliers.
- Property and equipment decreased by 2.3% from ₱4,236.1 million as of 31 December 2023 to ₱4,140.6 million as of 30 September 2024 due primarily to depreciation for the period
- Intangible assets decreased by 14.5% from ₱557.3 million as of 31 December 2023 to ₱476.3 million as of 30 September 2024 due to amortization for the period.
- Right-of-use assets decreased by 8.7% from ₱132.1 million as of 31 December 2023 to ₱120.6 million as of 30 September 2024 due primarily to amortization for the period.
- Other non-current assets increased by 4.1% from ₱390.6 million as of 31 December 2023 to ₱406.6 million as of 30 September 2024 due primarily to security deposit paid.

Total liabilities amounting to ₱3,137.1 million as of 30 September 2024 recorded an increase of 16.6% from the reported amount of ₱2,690.9 million in 31 December 2023. This was due to the following:

- Trade and other payables decreased by 31.6% from ₱362.8 million as of 31 December 2023 to ₱248.0 million as of 30 September 2024 due to payments of payables for the purchase of inventories.
- Loans payable including non-current portion increased by 29.9% from ₱1,736.9 million as of 31 December 2023 to ₱2,256.1 million as of 30 September 2024 due to loan availments made for the period.
- Lease liability including non-current portion decreased by 5.7% from ₱209.0 million as of 31 December 2023 to ₱197.0 million as of 30 September 2024 due to lease payments made.
- Deferred tax liabilities increased by 15.2% from ₱352.2 million as of 31 December 2023 to ₱405.9 million as of 30 September 2024 attributable to additional temporary tax differences recognized for the period.
- Retirement benefit obligation remained unchanged at ₱30.1 million.

Total equity increased by 3.2% from ₱6,913.8 as of 31 December 2023 to ₱7,138.0 million as of 30 September 2024 due to net income recorded for the period.

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

Key Performance Indicators	9/30/2024	9/30/2023
Sales (₱ millions)	₱ 7,094.3	₱ 7,434.4
Sales Growth (%)	-4.6%	5.2%
Gross Profit Margin (%) ⁽¹⁾	20.8%	20.2%
Net Profit or Loss (₱ millions)	224.2	253.9
Net Profit Margin (%) ⁽²⁾	3.2%	3.4%

Notes:

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

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

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

Sales decreased for the nine months ended 30 September 2024 compared to the nine months ended 30 September 2023 brought about by low performing stores where there is intense market competition.

Gross Profit Margin slightly decreased for the nine months ended 30 September 2024 compared to the nine months ended 30 September 2023 due to decrease in sales.

Net Profit and Net Profit Margin decreased for the nine months ended 30 September 2024 compared to the nine months ended 30 September 2023.

Material Changes to the Company's Balance Sheet as of 30 September 2024 compared to 31 December 2023 (increase/decrease of 5% or more)

Cash increased by 29.2% from ₱1,006.6 million as of 31 December 2023 to ₱1,301.0 million as of 30 September 2024 due to improved operating expenses.

Merchandise inventories increased by 18.5% from ₱2,081.9 million as of 31 December 2023 to ₱2,467.1 million as of 30 September 2024 due to continuous replenishment and refresh of inventory.

Prepayments and other current assets increased by 16.1% from ₱1,012.3 million as of 31 December 2023 to ₱1,175.4 million as of 30 September 2024 due primarily to advances to suppliers.

Intangible assets decreased by 14.5% from ₱557.3 million as of 31 December 2023 to ₱476.3 million as of 30 September 2024 due to amortization for the period.

Right-of-use assets decreased by 8.7% from ₱132.1 million as of 31 December 2023 to ₱120.6 million as of 30 September 2024 due primarily to amortization for the period.

Trade and other payables decreased by 31.6% from ₱362.8 million as of 31 December 2023 to ₱248.0 million as of 30 September 2024 due to payments of payables for the purchase of inventories.

Loans payable including non-current portion increased by 29.9% from ₱1,736.9 million as of 31 December 2023 to ₱2,256.1 million as of 30 September 2024 due to loan availments made for loan obligations due during the period.

Lease liability including non-current portion decreased by 5.7% from ₱209.0 million as of 31 December 2023 to ₱197.0 million as of 30 September 2024 due to lease payments made.

Deferred tax liabilities increased by 15.2% from ₱352.2 million as of 31 December 2023 to ₱405.9 million as of 30 September 2024 attributable to additional temporary tax differences recognized for the period.

Material Changes to the Company's Statement of income for the 9-month of 2024 compared to the 9-month of 2023 (increase/decrease of 5% or more)

The company recorded sales of ₱7,094.3 million for the nine months ended 30 September 2024, a decrease of 4.6% from ₱7,434.4 million for the nine months ended 30 September 2023. This was brought about by low performing stores where there is intense market competition.

For the nine months ended 30 September 2024, cost of merchandise sold was at ₱5,618.0 million, a decrease of 5.3% compared to ₱5,930.6 million for the same period in 2023, largely driven by the decrease in sales in existing stores.

Support, fees, rentals and other income decreased by 52.0% from ₱81.3 million for the nine months ended 30 September 2023 to ₱39.0 million for the nine months ended 30 September 2024 primarily due to the decrease in sales which are generally the basis for vendor incentives and support.

Selling, general and administrative expenses decreased by 4.0% to ₱1,182.2 million for the nine months ended 30 September 2024 from ₱1,231.6 million for the same period in 2023 due to the above-mentioned reasons.

Provision for income tax decreased by 11.7% from ₱84.6 million for the nine months ended 30 September 2023 to ₱74.7 million for the nine months ended 30 September 2024 due to lower income tax base.

As a result of the foregoing, our net income decreased by 11.7% to ₱224.2 million for the nine months ended 30 September 2024 from ₱253.9 million for the nine months ended 30 September 2023.

COMMITMENTS AND CONTINGENCIES

There is no material commitment and contingency as of 30 September 2024 and as of 30 September 2023.

PART II - OTHER INFORMATION

Item 3. 9-month of 2024 Developments

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

None

B. Composition of Board of Directors

Manuel B. Villar, Jr.	Chairman of the Board
Camille A. Villar	Vice Chairman of the Board
Frances Rosalie T. Coloma	Director
Manuel Paolo A. Villar	Director
Magdalena G. De Guzman	Director, Acting President, and COO
Jessie D. Cabaluna	Independent Director
Raul Juan N. Esteban	Independent Director

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

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

D. Declaration of Dividends.

₱0.0032 per share Regular Cash Dividend

Declaration date: November 13, 2024

Record date: November 27, 2024

Payment date: December 12, 2024

₱0.0026 per share Regular Cash Dividend

Declaration date: August 14, 2023

Record date: September 12, 2023

Payment date: October 04, 2023

₱0.0032 per share Regular Cash Dividend

Declaration date: August 15, 2022

Record date: September 12, 2022

Payment date: October 04, 2022

₱0.4672 per share Regular Cash Dividend

Declaration date: December 04, 2020

Record date: December 22, 2020

Payment date: January 15, 2021

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

None.

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

None.

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

Not Applicable.

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

None.

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

None.

Item 4. Other Notes as of 9-month of 2024 Operations and Financials.

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

None.

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

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

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

See Notes to Financial Statements and Management Discussion and Analysis.

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

See Notes to Financial Statements and Management Discussion and Analysis.

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

None.

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

None.

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

None.

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

None.

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

None.

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

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

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

As of September 30, 2024 no known trends, events or uncertainties that are reasonably expected to have impact on sales/revenues/income from continuing operations except for those being disclosed in the 9-month of 2024 financial statements.

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

None.

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

None.

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

None.

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

None.

SIGNATURES

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

AllDay Marts, Inc.

Issuer

By:

A handwritten signature in black ink, appearing to read 'MOTB' or similar, written in a cursive style.

MARIA CRISTINA O. BARAO

Treasurer, CFO and Compliance Officer

Date: 14 November 2024