COVER SHEET

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S.E.C Registration No.

WILCON DEPOT INC. DOING BUSINESS UNDER THE NAME AND STYLE OF WILCON DEPOT, WILCON HOME ESSENTIALS, DO IT WILCON AND BARGAIN CENTER BY: WILCON DEPOT (FORMERLY WILCON DEPOT INC. DOING BUSINESS UNDER THE NAME AND STYLE OF WILCON DEPOT AND WILCON HOME ESSENTIALS)

(Company's Full name)

90 E. RODRIGUEZ JR. AVE. UGONG NORTE QUEZON CITY

(Principal Office)

Atty. Sheila Pasicolan - Camerino
Contact Person

(02) 8634-8387
Tel. No.

PRELIMINARY INFORMATION STATEMENT

20-IS
FORM TYPE

Secondary License, (if applicable type)

MSRD
Dept. requiring this doc

N/A
Amended Articles number

Total stockholders

Domestic | Foreign

To be accomplished by SEC personnel concerned

File Number | LCU

Document I.D. | Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 20-IS

**INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

   [✓] Preliminary Information Statement

   [ ] Definitive Information Statement

2. Name of Registrant as specified in its charter:

   WILCON DEPOT, INC. Doing business under the name and style of Wilcon Depot, Wilcon Home Essentials, Do It Wilcon and Bargain Center By: Wilcon Depot (Formerly: WILCON DEPOT, INC. doing business under the name and style of Wilcon Depot and Wilcon Home Essentials)

3. Province, country or other jurisdiction of incorporation or organization

   QUEZON CITY, PHILIPPINES

4. SEC Identification Number

   CS201524712

5. BIR Tax Identification Code

   009-192-878

6. Address of principal office: 90 E. RODRIGUEZ JR. AVENUE, UGONG NORTE, QUEZON CITY

   Postal Code: 1110

7. Registrant's telephone number, including area code: (02) 8634 8387

8. Date, time and place of the meeting of security holders

   17 June 2024, 9:00 AM, principal office via Remote Communication

9. Approximate date on which the Information Statement is first to be sent or given to security holders:

   24 May 2024

11. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class	Number of Shares of Common Stock Outstanding or Amount of Debt Outstanding
COMMON SHARES	4,099,724,116

12. Are any or all of registrant's securities listed in a Stock Exchange?

    Yes ✓ No ___

If yes, disclose the name of such Stock Exchange: PHILIPPINE STOCK EXCHANGE

The class of securities listed therein: COMMON SHARES

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
17 June 2024

Notice is hereby given that the Annual Meeting of the Stockholders of WILCON DEPOT, INC. (the "Company") will be held on 17 June 2024 at 9:00 am via remote communication.

The agenda of the meeting are as follows:

1. Call to Order
2. Certification of Notice and Determination of Quorum
3. Approval of the Minutes of the Annual Meeting of the Stockholders held on 19 June 2023
4. Presentation and Approval of Annual Report and Financial Statements as of 31 December 2023
5. Ratification of all Acts and Resolutions of the Board of Directors and Management during the Preceding Year
6. Amendment of Articles of Incorporation and By - Laws
7. Election of Board of Directors
8. Appointment of External Auditor
9. Consideration of such other matters as may properly come before the meeting.
10. Adjournment

A brief explanation of each agenda item which requires stockholder's approval is provided herein. Please refer to Appendix 1.

On 20 March 2024 the Board of Directors of the Company approved the 2024 Annual Stockholders' Meeting of the Company to be conducted via online and voting to be in absentia.

Only stockholders of record as at the close of business on 23 May 2024 are entitled to notice, participate and vote at the meeting. The Stock and Transfer Books of the Company will be closed from 24 May 2024 to 17 June 2024.

Stockholders who wish to participate in the meeting must register from 8 am of 3 June 2024 until 5 pm of 13 June 2024 through the ASM registration tab that can be found at https://investor.wilcon.com.ph/asm/. During the registration, stockholders will be required to provide personal data for verification and validation purposes. The personal data collected, processed and retained by the Company shall be used for purposes of stockholders' participation in the Annual Stockholders' Meeting. The Privacy Notice of the Company is available on https://investor.wilcon.com.ph/asm/.

Stockholders who have successfully registered will receive an email confirmation. Validation of the information submitted shall be made within three (3) business days from registration. Once validated, stockholders will receive an email directing them to the voting in absentia platform. Stockholders must cast their votes until 5 pm of 14 June 2024. Instructions on how to join the online meeting shall also be sent to the registered email of the stockholders. Detailed instructions and procedures for registration, voting and participation as well as the Information Statement of the Company are uploaded on https://investor.wilcon.com.ph/asm/.

Stockholders may also opt to submit their proxies. A sample of proxy form can be downloaded at https://investor.wilcon.com.ph/asm/. For a corporation, its proxy form must be accompanied by a corporate secretary's sworn certification setting the corporate officer's authority to represent the corporation in the meeting. Proxy forms need not be notarized. Deadline for the submission of proxies is until 5 pm of 14 June 2024 and should be emailed to wilcon_asm@wilcon.com.ph or submitted to the Office of the Asst. Corporate Secretary at 90 E. Rodriguez Jr. Avenue, Ugong Norte, Quezon City. Proxy forms will be validated on 14 June 2024 at 6 pm.

For any questions or concerns please email wilcon_asm@wilcon.com.ph. The proceedings of the meeting will be recorded.

By Authority of the Chairman

Arthur R. Ponsaran
Corporate Secretary

We are not soliciting your proxy. However, if you would be unable to attend the online meeting, you may accomplish the enclosed proxy form and email the same to wilcon_asm@wilcon.com.phor submit to the Office of the Asst. Corporate Secretary at 90 E. Rodriguez Jr. Avenue, Ugong Norte, Quezon City, Metro Manila, Philippines on or before 14 June 2024 at 5 pm. Thank you.

"Appendix 1"

BRIEF DISCUSSION OF THE AGENDA FOR STOCKHOLDERS' APPROVAL

Approval of the Minutes of the Annual Meeting of the Stockholders held on 19 June 2023.

The minutes of the annual stockholders' meeting held on 19 June 2023 is available on https://investor.wilcon.com.ph/asm/.

Remarks: A resolution on this agenda item must be approved with the majority of the votes of the stockholders present and eligible to vote.

Presentation and Approval of 2023 Annual Report and Audited Financial Statements

The audited financial statements as of 31 December 203 (AFS) will be presented for approval by the stockholders. Prior thereto, the President-CEO, Ms. Lorraine Belo-Cincochan, will deliver a report to the stockholders on the performance of the company in 2023 and the outlook for 2024.

The AFS will be embodied in the Information Statement and will be made available on https://investor.wilcon.com.ph/asm/.

Remarks: A resolution on this agenda item must be approved with the majority of the votes of the stockholders present and eligible to vote.

Ratification of All Acts of the Board and Management during the Preceding Year

Ratification by the stockholders will be sought for all the acts and the resolutions of the Board of Directors and Management taken or adopted since the Annual Stockholders' Meeting on 19 June 2023 to date. The acts and resolutions of the Board and the Management include the approval of contracts, agreements, and transaction entered during the same period, projects and investments, treasury matters and acts and resolutions covered by disclosures to the Securities and Exchange Commission and the Philippine Stock Exchange and are uploaded on https://investor.wilcon.com.ph/asm/.

Remarks: A resolution on this agenda item must be approved with the majority of the votes of the stockholders present and eligible to vote.

Amendment of Articles of Incorporation

Approval by the stockholders will be sought to amend Article II of the Articles of Incorporation of the Corporation to include ***agricultural tools and equipment, pesticides, fertilizers*** in its primary purpose, as follows:

FROM	TO
SECOND: That the primary purpose of this Corporation is - To engage in, conduct and carry on the business of trading, buying, selling, distributing, marketing. Importing, exporting, exchanging or dealing, at wholesale and retail or in so far as may be permitted by law, all kinds of goods, commodities, wares, merchandise, machinery, equipment and products of every kind and description, including but not limited to home merchandise, appliances, doors and mouldings, home Interior, furniture, outdoor living, automotives, electricals, building materials, tiles, paints and sundries, tools, hardware, houseware, sanitary wares and all kinds of	***SECOND:*** That the primary purpose of this Corporation is - To engage in, conduct and carry on the business of trading, buying, selling, distributing, marketing, importing, exporting, exchanging or dealing, at wholesale and retail or in so far as may be permitted by law, all kinds of goods, commodities, wares, merchandise, machinery, equipment and products of every kind and description, including but not limited to home merchandise, appliances, doors and mouldings, home interior, furniture, outdoor living, automotives, electricals, building materials, tiles, paints and sundries, tools, hardware, houseware, sanitary wares and all kinds of

construction materials; agreements in pursuit of said activities for its own account as principal or in representative capacity as trader's or manufacturer's representative, merchandise broker, indentor, commission merchant, factors or agents and in general to carry on and undertake such activities which may seem to the Corporation capable of being conveniently carried on in connection with the above purposes, or calculated, directly, to enhance the value of or render profitable, any of the Corporation's property or rights.	construction materials, ***agricultural tools and equipment, pesticides, fertilizers***; agreements in pursuit of said activities for its own account as principal or in representative capacity as trader's or manufacturer's representative, merchandise broker, indentor, commission merchant, factors or agents and in general to carry on and undertake such activities which may seem to the Corporation capable of being conveniently carried on in connection with the above purposes, or calculated, directly, to enhance the value of or render profitable, any of the Corporation's property or rights.

Rationale for the amendment:

To add farming/agricultural products in the Company's product line.

Remarks: A resolution on this agenda item must be approved by stockholders representing at least 2/3 of the outstanding capital stock of the Company.

Amendment of By – Laws

Approval by the stockholders will be sought to amend the corporate name of the Company in its By – Laws, as follows:

FROM	TO
WILCON DEPOT, INC. doing business under the name and style of WILCON DEPOT and WILCON HOME ESSENTIALS	WILCON DEPOT, INC. doing business under the name and style of WILCON DEPOT, WILCON HOME ESSENTIALS, DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT

Rationale for the amendment:

To align with the amended articles of incorporation of the Company, as previously approved, pertaining to the corporate name of the Corporation.

Remarks: A resolution on this agenda item must be approved by stockholders representing at least 2/3 of the outstanding capital stock of the Company.

Election of Board of Directors

In accordance with the amended by-laws, the Revised Corporate Governance Manual, and pertinent SEC rules, any stockholder, including minority stockholders, may submit to the Nomination Committee nominations to the Board by 7 June 2024. The Nomination Committee will determine whether the nominees for directors, including the nominees for independent directors, have all the qualifications and none of the disqualifications to serve as members of the Board before submitting the nominees for election by the stockholders. The profiles of the nominees to the Board will be provided in the Information Statement and in the company website for examination by the stockholders.

Remarks: Directors shall be elected by plurality of vote at the Annual Meeting of the Stockholders for the year at which quorum is present. At each election for directors, every stock holder shall have the right to vote, in absentia or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number is shares shall equal, or by distributing such votes as the same principle among any number of candidates.

Appointment of External Auditor

The appointment of the external auditor, Reyes Tacandong & Co, for the ensuing year will be endorsed to the stockholders. The profile of the external auditor will be provided in the Information Statement and in the company website for examination by the stockholders.

Remarks: A resolution on this agenda item must be approved with the majority of the votes of the stockholders present and eligible to vote.

Other Matters

The Chairman will inquire whether there are other relevant matters and concerns to be discussed.

Adjournment

Upon determination that there are no relevant matters to be discussed, the meeting will be adjourned on motion duly made and seconded.

PROXY

KNOW ALL MEN BY THESE PRESENTS:

The undersigned, stockholder of **WILCON DEPOT, INC.** do hereby constitute and appoint ____________________ as my attorney-in-fact and proxy, to attend and represent me at the Annual Stockholders' Meeting of WILCON DEPOT, INC. on **17 June 2024,** and thereat to vote upon all shares of stock owned by me on the following agenda items as I have indicated below and any and all business that may come before said meeting. If I fail to indicate my vote on the items specified below, my proxy shall vote in accordance with the recommendation of the Management. Management recommends a "FOR ALL" vote for proposal 6, and a "FOR" vote for proposals 1 to 5 as well as for proposal 7.

ITEM NO.	SUBJECT MATTER	ACTION		
		For	**Against**	**Abstain**
1	Approval of Minutes of Previous Meeting			
2	Approval of 2023 Annual Report and AFS			
3	Ratification of all Acts and Resolutions of the Board of Directors and Management during the Preceding Year			
4	Amendment of Articles of Incorporation			
5	Amendment of By-Laws			
6	Election of Directors	**FOR ALL***	**WITHHOLD FOR ALL***	**EXCEPTION**
	*All nominees listed below 1. Bertram B. Lim (Independent) 2. Ricardo S. Pascua (Independent) 3. Rolando S. Narciso (Independent) 4. Delfin L. Warren (Independent) 5. Lorraine Belo-Cincochan 6. Mark Andrew Y. Belo 7. Careen Y. Belo *Note:* *To withhold authority to vote for any individual nominee(s) of Management, please mark the exception box and list the name(s) under.*			
		For	**Against**	**Abstain**
7	Appointment of Reyes Tacandong & Co. as External Auditor			

In the absence of my proxy, this authority is hereby conferred upon the Chairman of the meeting, provided that this proxy shall stand suspended where I am personally present thereat.

This proxy revokes and supersedes all previous proxies executed by me, and the power and authority herein granted shall be valid for said Stockholders' Meeting and Adjournments thereof, unless earlier withdrawn by me with written notice filed with the Corporate Secretary of Wilcon Depot, Inc.

IN WITNESS WHEREOF, the undersigned has executed this PROXY this _____ of ___________ 2024 in ____________________.

____

Name and Signature of Stockholder/Authorized Signatory

Witnessed by: ______________________ ______________________________

PART I.

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. **Date, time and place of meeting of security holders.**

The Annual Stockholders' Meeting of Wilcon Depot, Inc. for the year 2024, has the following details:

Date: 17 June 2024

Time: 9:00 am

Place: 90 E. Rodriguez Jr. Avenue
Ugong Norte, Quezon City

via Remote Communication

The approximate date on which this Information Statement and accompanying Proxy Forms shall be first sent or given to the stockholders is on 24 May 2024 in accordance with the By-Laws of the Company and the Securities and Regulation Code.

The complete mailing address of the principal office of the Company is at:

90 E. Rodriguez Jr. Avenue
Ugong Norte, Quezon City

In compliance with Section 49 of the Revised Corporation Code, below are the required disclosures and references:

Item 2. **Dissenters' Right of Appraisal**

Any stockholder of the Corporation may exercise his appraisal right against the proposed actions which qualify as instances giving rise to the exercise of this right pursuant to and subject to the compliance with the requirements and procedure set forth under Title X of the Revised Corporation Code of the Philippines

There is no matter to be voted upon during the Annual Stockholders' Meeting that will trigger the exercise by a stockholder of his/her appraisal rights provided under the Revised Corporation Code of the Philippines

Item 3. **Interest of Certain Persons in or Opposition to Matters to be Acted Upon**

There is no matter to be acted upon in which any of the current and executive officers and those who will be nominated as directors during the meeting is involved or had a direct, indirect or substantial interest, other than election to office. Likewise, no director has informed the Company in writing of his/her opposition to any matter be acted upon.

Item 4. **Voting Securities and Principal Holders Thereof**

(a) The Corporation has 4,099,724,116 outstanding shares as of 30 April 2024.

(b) All stockholders of record as of 23 May 2024 are entitled to notice and to vote at Corporation's Annual Stockholders' Meeting on 17 June 2024.

(c) Section 2.8, Article II of the Amended By-Laws of the Corporation states that, for the purpose of determining the stockholders entitled to notice of, or to vote at, any meeting of stockholders or any adjournment thereof, or to receive payment of any dividend, or of making a determination of stockholders for any other purpose, the Board of Directors may provide that the stock and transfer books be closed for a stated period, but not to exceed, in any case, twenty-five (25) days. If the stock and transfer books be closed for the purpose of determining stockholders entitled to notice of, or to vote at, a meeting of stockholders, such books shall be closed for at least ten (10) working days immediately preceding such meeting. In lieu of closing and transfer books, the Board of Directors may fix in advance a date as the record date for any such determination of stockholders. Such date shall in no case be more than twenty-five days prior to the date on which the particular action requiring such determination of stockholders is to be taken, except in instances where applicable rules and regulations provide otherwise.

Election of Directors

Section 2.7, Article II of the Amended By-Laws of the Corporation states that at all meetings of stockholders, a stockholder may vote in person or by proxy executed in writing by the stockholders or his duly authorized attorney-in –fact through remote communication or in absentia in accordance with the procedures prescribed by the Corporation and relevant laws and regulations. Unless otherwise provided in the proxy, it shall be valid only for the meeting at which it has been presented to the Secretary.

Directors shall be elected by plurality of vote at the Annual Meeting of the Stockholders for the year at which quorum is present. At each election for directors, every stock holder shall have the right to vote in absentia or by proxy, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number is shares shall equal, or by distributing such votes as the same principle among any number of candidates.

All proxies must be in the hands of the secretary not later than five (5) days before the time set for the meeting. Such proxies filed with the Secretary may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary at least one (1) day prior to a scheduled meeting or by their presence at the meeting. The decision of the secretary on the validity of proxies shall be final and binding until set aside by a court of competent jurisdiction.

Moreover, Section 3.2, Article III of the Amended By-Laws of the Corporation states that the Board of Directors shall be elected during the regular meeting of stockholders and shall hold office for one (1) year and until their successor are elected and qualified.

Security Ownership of Certain Record and Beneficial Owners and Management

Security Ownership of Certain Record and Beneficial Owners of more than 5% of the Corporation's voting securities as of 30 April 2024 as follows:

Title of Class	Name and addresses of record owners and relationship with the Corporation	Name of beneficial owner and relationship with record owner	Citizenship	Number of shares held	% to Total Outstanding
Common	Wilcon Corporation 90 E. Rodriguez Jr. Ave., Ugong Norte, Quezon City Stockholder of Record The President & CEO, Mark Andrew Y. Belo will vote for and in behalf of Wilcon Corporation.	William T. Belo Chairman Mark Andrew Y. Belo President-CEO Lorraine Belo-Cincochan Treasurer-CFO Careen Y. Belo Stockholder Rosy C. Belo Stockholder Alfredo P. Javellana II Stockholder Roberto T. Borromeo Stockholder Octacube, Inc.	Filipino	2,681,117,916	65.40%

		Stockholder Lentus Lenis, Inc. Stockholder Multus Lucrum, Inc. Stockholder Liam Ros Holdings, Inc. Stockholder Loquor Locutus, Inc., Stockholder			
Common	PCD Nominee Corporation Stockholder of Record	PDTC Participants and their clients	Non - Filipino	698,018,016	17.03%
Common	PCD Nominee Corporation Stockholder of Record	PDTC Participants and their clients	Filipino	718,523,334	17.53%

Security ownership of directors and executive officers as of 30 April 2024 is as follows:

Directors

Title of Class	Beneficial Owner	Position	Citizenship	Amount & nature of beneficial ownership	Direct (D) or Indirect (I)	% to Total Outstanding
Common	Bertram B. Lim	Chairman/ Independent Director	Filipino	1	D	0.00%
Common	Lorraine Belo-Cincochan	Director	Filipino	5,100,000	D	0.12%
Common	Mark Andrew Y. Belo	Director	Filipino	5,100,000	D	0.12%
Common	Careen Y. Belo	Director	Filipino	5,100,000	D	0.12%
Common	Ricardo S. Pascua	Independent Director	Filipino	1	D	0.00%
Common	Rolando S. Narciso	Independent Director	Filipino	1	D	0.00%
Common	Delfin L. Warren	Independent Director	Filipino	1	D	0.00%

Executive Officers

Title of Class	Beneficial Owner	Position	Citizenship	Amount & nature of beneficial ownership	Direct (D) or Indirect (I)	% to Total Outstanding
Common	William T. Belo	Chairman Emeritus	Filipino	5,099,995	D	0.12%

Common	Arthur R. Ponsaran	Corporate Secretary	Filipino	10,000	I	0.00%
Common	Sheila P. Pasicolan - Camerino	Asst. Corporate Secretary	Filipino	19,900	D	0.00%
Common	Rosemarie B. Ong	SEVP-COO	Filipino	1,369,401	D	0.03%
Common	Eden M. Godino	SVP-Product Development	Filipino	267,500	D	0.00%
Common	Grace A. Tiong	SVP-Human Resources	Filipino	148,700	D	0.00%
Common	Michael D. Tiong	VP-Global Sourcing	Filipino	148,700	D	0.00%
N/A	Mary Jean G. Alger	VP – Investor Relations	Filipino	0	N/A	0
N/A	Lauro D.G Francisco	Chief Audit Executive	Filipino	0	N/A	0
Common	Keith S. Chan	VP – IT	Filipino	3,000	D	0.00%
Common	Jose Ruel J. Godino	VP – Merchandising	Filipino	69,400	D	0.00%
N/A	Jea S. Reyes	VP – Finance	Filipino	0	N/A	0
N/A	Alen E. Alban	VP – Project Sales	Filipino	0	N/A	0

Voting trust holders of 5% or more

There is no person of group of persons holding more than 5% of the common shares by virtue of a voting trust or similar agreement.

Changes in control

There have been no arrangements that have been resulted in a change of control of the Company during the period covered by this information statement.

Foreign ownership as of 30 April 2024

Total number of foreign ownership as of 30 April 2024 is 698,668,026 common shares or 17.0418%.

Item 5. **Directors and Executive Officers**

The following are the incumbent directors of the Company:

Name	Age (as of April 2024)	Nationality	Position	Date of First Election	No. of Years as Director
Bertram B. Lim	86	Filipino	Chairman of the Board/Independent Director	22 May 2017	7
Lorraine Belo-Cincochan	45	Filipino	Director, President and Chief Executive Officer	30 March 2016	8
Mark Andrew Y. Belo	42	Filipino	Director and Treasurer	30 March 2016	8
Careen Y. Belo	39	Filipino	Director, Chief Product Officer, CIO and CRO	30 March 2016	8
Rolando S. Narciso	78	Filipino	Independent Director	13 September 2016	8
Ricardo S. Pascua	74	Filipino	Independent Director	13 September 2016	8
Delfin L. Warren	74	Filipino	Independent Director	22 May 2017	7

The Board of Directors shall hold office for one (1) year and until their successors are elected and qualified.

As of this date, the following have been endorsed for election as directors at the Annual Stockholders' Meeting:

- Lorraine Belo-Cincochan
- Mark Andrew Y. Belo
- Careen Y. Belo

Below are the profiles of the nominees for election as Directors of the Company at the Annual Stockholders' Meeting as of the date of this report.

Lorraine Belo-Cincochan is a Director, President and the Chief Executive Officer of Wilcon Depot, Inc. She has held various positions in the family business starting out as a trainee under her father who was then president of Wilcon. In 2000, she headed the company's IT department that resulted in the beginnings of the company's digital transformation journey of Wilcon's key processes. From 2003 to 2005, she was assigned to manage the daily operations of the first ever large format Wilcon Depot branch as a Manager-trainee where she gained real world experience in retail operations. She was then appointed as Executive Vice President for Operations in 2005 and in 2006 became the Company's Executive Financial Officer, holding the position until March, 2016. In 2018, she was recognized as one of the 2018 Forbes Asia Emergent Women Honorees.

Mark Andrew Y. Belo is a Director and EVP - Treasurer of the Company and the President and Chief Executive Officer of WC from March 2016 to the present. He served as the Chief Financial Officer of the Company from 2016 to March 2019. Under WC, he was Assistant Vice-President for Business Development from 2015 to March 2016 and Executive Project Management Head from January 2013 to March 2015. He was also assigned in various positions under Wilcon Builders Supply, Inc. from July 2004 to August 2007. He is currently the President of Coral-Agri Venture Farm Inc. He graduated from the University of Asia & the Pacific in 2004 with a Bachelor's Degree in Industrial Economics.

Careen Y. Belo is a Director and EVP - Chief Product Officer of the Company. She is concurrently a Director of WC, the Executive Vice President for Product Development of Coral-Agri Venture Farm Inc., Executive Officer of Crocodylus Porosus Phil Inc. and President of The Meatplace Inc. She held various positions in the business having been a Business Development Manager from 2004 to 2007 of WC, Marketing and Sales Assistant from 2007 to 2014 and Executive Financial Audit Manager from 2014 to

March, 2016. Ms. Belo obtained her Bachelor of Science in Management from the University of Asia & the Pacific in 2005.

Nomination and Election of Independent Directors:

As of this date, the following list of candidates for Independent Directors are as follows:

- Bertram B. Lim
- Rolando S. Narciso
- Ricardo S. Pascua
- Delfin L. Warren

Independent Directors

Bertram B. Lim is the Chairman of the Company. He is also the Chairman of the United Neon Advertising, Inc., the largest outdoor advertising company in the Philippines and the Chairman of the Center for Community Transformation, a Christian non-government organization, ministering to the poor, with half a million beneficiaries. He was a former Board Treasurer of the Trinity University/St. Luke's Health Sciences Consortium and continues to be a Board member and a Bestselling Author.

Ricardo S. Pascua is an Independent Director of the Company since September 2016. He was Vice Chairman of the Board and President and CEO of Metro Pacific Corporation from January 2000 until his retirement in December 2001, a position he held also from January 1993 to July 1995. In between, he was Vice Chairman and CEO of Fort Bonifacio Development Corporation. He was concurrently an Executive Director of First Pacific Company Ltd. from 1982 to 2001 and as such served in the boards of companies such as Smart Communications, Inc., United Commercial Bank in San Francisco, California, First Pacific Bank in Hong Kong and 1st eBank in Manila. Mr. Pascua started his career in Bancom Development Corporation as Asst. Vice President in 1972 and was assigned in Bancom International Ltd. in Hong Kong as Senior Manager in 1975. Currently, Mr. Pascua serves as an independent director in various corporations and foundations. He is likewise involved in several businesses as Chairman of the Board of Caelum Developers Inc., Facilities & Property Management Technologies, Inc., Ascension Phildevelopers, Inc.; Chairman of the Executive Committee of Phoenix Land Inc. and a Director in Boulevard Holdings, Inc., Central Luzon Doctor's Hospital, Costa de Madera Corp. and Quicksilver Satcom Ventures, Inc.; and the President of Bancom II Consultants, Inc. Mr. Pascua has a Master of Business Management from Asian Institute of Management obtained in 1971 and he finished his bachelor's degree majoring in Economics (Cum Laude) from the Ateneo de Manila University in 1969.

Rolando S. Narciso is an Independent Director of the Company since September 2016. He is currently the Vice President for Industry Affairs of Philippine Galvanizers and Coaters Association which is affiliated with the Philippine Iron and Steel Institute. He was a former Director and Chairman of St. Joseph Group from 2015 to 2019 and a former Director and Officer of New Kanlaon Construction, Inc. from 2004 to 2014. He was President and Chief Operating Officer of Steel Corporation of the Philippines from 1998 to 2004. Before the National Steel Corporation was privatized, Mr. Narciso was its President and Chief Operating Officer from 1989 to 1995 and, concurrently from 1989, was a Director of Refractories Corp. of the Phils. and Semirara Coal Corp. up to 1994 and Integrated Air Corp. up to 1993. From 1974 to 1988, he held various positions in National Steel and other subsidiaries of the National Development Company. He also held various positions in the Esso (now Exxon) Group of Companies in the Philippines and abroad from 1967 to 1974. Mr. Narciso is a member of professional organizations such as the Financial Executives Institute and the Management Association of the Philippines. He obtained his Master in Business Management and Bachelor of Science in Business Administration degrees from the Ateneo de Manila University in 1967 and 1965, respectively.

Delfin "Jing" L. Warren, is an Independent Director of the Company since May 2017. He is the founder, main principal, and current Chairman of the 1ISA Group, a leading loyalty management company in the country. He was the former CEO of PT Darya-Varia Laboratoria, a major publicly listed pharmaceutical company in Indonesia under the First Pacific Group. He also held senior positions in various international companies such as First Pacific Commodities Holdings, Ltd., The Hibernia Bank of San Francisco, PT Indo Ayala Leasing (Indonesia), and Bancom Philippine Holdings, Inc. Jing obtained his Bachelor of Science in

Chemical Engineering degree at De La Salle College, Manila in 1971. He was a former member of the Board of Trustees of De La Salle University and a former president of the De La Salle Alumni Association.

As of April 30, 2024, the following are the executive officers of the Company:

Name	Age	Nationality	Position
William T. Belo	78	Filipino	Chairman Emeritus
Arthur R. Ponsaran	81	Filipino	Corporate Secretary
Sheila Pasicolan- Camerino	37	Filipino	Asst. Corporate Secretary/AVP-Corporate Lawyer/Compliance Officer
Rosemarie B. Ong	65	Filipino	SEVP-COO
Eden M. Godino	47	Filipino	Senior Vice President - Product Development
Grace A. Tiong	50	Filipino	Senior Vice President - Human Resources
Michael D. Tiong	50	Filipino	Vice President – Global Sourcing
Mary Jean G. Alger	53	Filipino	Vice President – Investor Relations
Lauro D.G Francisco	59	Filipino	Chief Audit Executive
Keith S. Chan	63	Filipino	Vice President - IT
Jea S. Reyes	54	Filipino	Vice President – Finance
Jose Ruel J. Godino	49	Filipino	Vice President – Merchandising
Alen E. Alban	46	Filipino	Vice President – Project Sales

William T. Belo is the Chairman Emeritus of the Company. He is the founder of the Wilcon business and brand. He was Chairman and/or President of all Wilcon companies established and/or acquired from 1977 to 2016 including the parent, WC. Currently, he is involved in other business undertakings and serves as Director of Markeenlo Realty Inc., Lomarkeen Realty Inc.; the Chairman of Coral-Agri Venture Farm Inc., Coral Farms, WAJ Realty Development Inc.; and Treasurer of Crocodylus Porosus Philippines Inc. He also serves as the Chairman of Wilcon Builders Foundation Inc. He won the 2013 MVP Bossing Award, a distinction given to outstanding entrepreneurs of the country. In 2018, he was recognized as an Outstanding Thomasian Engineer, awarded as one of the People of the Year by People Asia and Patriarch of Home Building Retail by the Philippine Retailers Association. In 2019, he was given the UST Engineering Alumni Association Inc. Presidential Award and was recognized as The Manila Times Man of the Year of the Asia Leaders. Mr. Belo graduated from the University of Sto. Tomas in 1968 with a Bachelor of Science degree in Electronics and Communications Engineering.

Arthur R. Ponsaran, is the Corporate Secretary of the Company and of WC. He is a CPA-Lawyer with over 25 years' experience in corporate law, taxation, finance and related fields. He is the Managing Partner of Corporate Counsels, Philippines - Law Office and Director/Corporate Secretary of various corporate clients. He obtained his LLB from the University of the Philippines, BSBA from the University of the East and completed the MDP Program at the AIM. He is a member of the Philippine Institute of Certified Public Accountants, Integrated Bar of the Philippines, Philippine Bar Association and the New York (USA) Bar.

Sheila P. Pasicolan-Camerino is the Assistant Vice President - Corporate Lawyer of the Company and the Assistant Corporate Secretary of the Company and WC. In 2020, she was appointed Compliance Officer of the Company. She joined the Company in January 2016 after serving as a Senior Associate in Sycip Gorres Velayo and Co. from November 2014 to December 2015. Prior to her admission to the Philippine Bar in 2015, she served as a legal intern at the Office of the Solicitor General in 2013 and a technical assistant in the Office of the Presidential Assistant for Education of the Office of the President of the Philippines from 2009 to 2010. She completed her Bachelor of Arts in History from the University of the Philippines – Diliman (Cum Laude) and took up a Master's Degree in Philippine Studies in the same university. Atty. Pasicolan-Camerino is a certified compliance officer and she completed her Bachelor of Laws at San Beda University – Mendiola in 2014.

Rosemarie Bosch-Ong is the Senior Executive Vice President and Chief Operating Officer of the Company. She held this position since 2007 initially under WC, immediately prior, she was Executive Vice President for Sales and Marketing, which she held from 1988 to 2007. She started out in the business as a Purchasing Manager under WBSI from 1983 to 1988. She is also the President of the Wilcon Builders Foundation Inc., which she has headed since 2008. She is a former Director of the Philippine Contractors Association, President of Philippine Retailers Association, a former Treasurer of the Philippine Association of National Advertisers (PANA) Foundation and one of the founding Directors of Proptech Consortium of the Philippines. She is a member of the Board of Trustees of Women Business Council of the Philippines, currently the Chairman of the Committee on Trade of the Philippine Chamber of Commerce and Industry, a regular columnist of The Philippine Star and she was one of the judges of The Final Pitch at CNN Philippines seasons 7 and 8. Ms. Bosch-Ong has recently completed the Programme of Strategy in the Age of Digital Disruption from INSEAD The Business School for the World. She also has a Master's degree in Business Administration from De La Salle University obtained in 2010 and she graduated from the University of the East in 1986 with a Bachelor's Degree in Economics.

Eden M. Godino is the Senior Vice President for Product Development. She joined the department in 2007, initially as the Asst. Vice President and was appointed Vice President of Product Development in 2011. Ms. Godino joined Wilcon in 1997 and was assigned in Accounting, Purchasing and later went on to become a Depot Manager in 2004, a position she held for three years prior to her promotion to AVP in Product Development in 2007. She graduated with a Bachelor of Science degree in Accountancy from the University of the Assumption in 1997 and obtained a post bacallaureate diploma (short course diploma program) from the De La Salle College of St. Benilde on Supply Chain Management major in Purchasing and Logistics Operations with merit award in 2015. She also has a Master's degree in Business Administration from Manuel L. Quezon University obtained in 2021. She recently completed her Executive Development Program on Supply Chain Management from the Ateneo De Manila University Graduate School of Business and a Director's Awardee for Academic Excellence. In 2021, she passed the Philippine Institute for Supply Management certification and now a Certified Professional on Purchasing.

Grace A. Tiong is the Senior Vice President for Human Resources. She was the VP for Human Resources from May 2008 – May 2022. She joined Wilcon in October 1994 and was assigned in Accounting. She was promoted to various positions within the branch and eventually became a Branch Manager in 2001. She joined the Human Resources department as an Asst. HR Manager after her stint in Operations in 2003. Ms. Tiong graduated from New Era University in 1994 with a bachelor's degree in Accountancy and obtained diploma courses in Human Capital Management and Organizational Development from the School of Professional and Continuing Education of the De La Salle College of St. Benilde from 2014 to 2016.

Michael D. Tiong is the Vice President for Global Sourcing. Prior to his appointment as Vice President in July 2016, he handled Sales and Operations as an Asst. Vice President since October 2009. Mr. Tiong joined Wilcon as a Salesman in 2000 and became Asst. Depot Manager in 2003 until 2009, when he was promoted to Asst. Vice President for Operations. Mr. Tiong took up Bachelor of Science in Architecture at the Far Eastern University in 1992.

Mary Jean G. Alger is the Vice President for Investor Relations. Prior to officially joining Wilcon, she was part of the advisory team for the public listing of the Company. She started her career with Petron Corporation in 1991 as a Credit Analyst. Concurrent to her various positions in different companies and on a consultancy basis, she was involved in project structuring, financial packaging, advisory and issue management for public offerings and corporate rehabilitations, among others. She served various positions in publicly listed mining and energy development companies. She was the Asst. Vice President on Corporate Planning and Budget/Deputy to the CFO on Corporate Finance from January 2013 to August 2016 in Benguet Corporation and Asst. Vice President for Corporate Planning in Basic Energy Corporation from July 2007 to January 2013. After her stint with Benguet, she was appointed Vice President for Project Development and Planning in Marcventures Mining Development Corporation. Ms. Alger graduated from the University of the Philippines – Diliman with a Bachelor Degree in Business Economics and a Master in Business Administration Candidate (academic requirements completed in 2007) at De La Salle University – Taft.

Lauro D. Francisco, is the Chief Audit Executive. He has an extensive experience as an internal audit executive. He built his internal audit professional career with the Manila Electric Company (MERALCO), previously managing the audit of the company's subsidiaries and affiliates and simultaneously delegated as the Internal Audit Head/ Assistant Vice-President for Internal Audit of subsidiary Meralco Industrial Engineering Services Corporation (MIESCOR). He also had an internal audit management tenure with GT Capital Holdings Incorporated. He is a Certified Public Accountant, Certified Internal Auditor, and with Certification in Risk Management Assurance. Mr. Francisco graduated from the University of the East with a degree in Business Administration major in Accounting (Cum Laude). He obtained his Master in Business Administration degree from the Ateneo Graduate School of Business (Gold Medal Honors). He is actively affiliated with the Institute of Internal Auditors - Philippines and previously held various officership positions in the organization, foremost of which as Vice-Chairman of its Board of Trustees.

Keith S. Chan, is the Vice President for IT. He is the incoming President of the Business Continuity Association of the Philippines (BCMAP) for 2023 and a certified Associate Business Continuity Professional (ABCP) from the Disaster Recovery Institute, International (DRII). He was First Vice President for Information Technology, IT Head and Vice Chairman of the IT Steering Committee at the Philippine Business Bank from January 2003 until his retirement in July 2015. He was also involved in an advisory capacity for the Zesto Group of Companies in the airline, hotel and convenience store IT operations. In May 2000 he managed a US internet service provider franchise start up, Quik Internet, in the Philippines as the Chief Operating Officer of Q Communications Corporation. From 1991 to 1996, he was the Assistant Vice President for Management Information System of Guoco Holdings Phils., Inc., a member of the Hong Leong Group of Malaysia. In 1986, he joined a computer service start-up company, Dataworld Computer Corporation, as Vice President for Application Development and became Executive Vice President. As a business management degree holder, he started his career as a banker in Equitable Banking Corporation in 1982 and held finance positions in Seaoil Petroleum Corporation in 1997. Mr. Chan is a recipient of the 2022 CIO100 Asia, Hongkong and Wider Region Award from CIO.com, a part of the Boston-based International Data Group's (IDG) enterprise publications business. He graduated with a Masters of Business Management from the Asian Institute of Management in 1986 and had further studies in a Master's program in Computer Science from the Ateneo de Manila University. He finished his bachelor's degree in Business Management from the Ateneo de Manila University in 1982.

Jea S. Reyes is the Vice-President for Finance at Wilcon Depot, Inc. She is a highly experienced and results-oriented Certified Public Accountant (CPA) with about 3 decades of diverse expertise in finance, financial planning, budgeting, corporate finance, business development, accounting, and auditing. She holds a degree in Bachelor of Science in Business Administration major in Accounting from Silliman University and has completed her academic courses for the De La Salle University Graduate School of Business Master in Business Administration program. Her notable professional experiences include serving as the Chief Finance Officer for Global Officium Limited Inc. and Honeycomb Builders, Inc., the roles encompassing leadership in accounting, treasury, fundraising, financial analysis, controls, taxation, and accounting systems implementation. She was also an investment management executive of the Joy-Nostalg group and served as Assistant Vice-President at SM Development Corporation and The Philippine American Life and General Insurance Company from 2011 to 2017. Her earlier experiences (1990 to 2011) included sixteen (16) years in various roles with Ayala Land Inc., three (3) years as Finance Manager of the Amicassa Process Solutions Inc., the residential shared services arm of the Ayala Land Group of Companies, and a brief stint at the auditing firm of Sycip, Gorres, Velayo, CPAs (SGV).

Jose Ruel J. Godino is the Vice - President for Merchandising. He was the AVP for Merchandising from 2020 - 2022. He joined Wilcon in 2001 as Sales Consultant and eventually became the AVP – Logistics in 2009 and AVP – Sales Operations in 2014. Mr. Godino graduated from the University of the Visayas with a bachelor degree in Mechanical Engineering in 1997.

Alen E. Alban is the Vice President for Project Sales at Wilcon Depot, Inc. Alen has close to 20 year experience in the construction supply industry, holding positions from Head of Marketing (American Standard Philippines, Ltd., Co.), Projects Director (Grohe Philippines, Inc.) to eventually Country Manager (Lixil Philippines, Inc.). The foundation of his career was spent doing Marketing and customer centric work, as his first 9-year experience was in brand management for Splash Corporation and account management for an advertising company. He is a graduate of De La Salle University Manila with a degree in Marketing

Management. He also completed the BMP with Ateneo Graduate School of Business, Center for Continuing Education.

Significant Employees

The Company does not believe that its business is dependent on the services of any particular employee.

Family Relationship

The Company's President - CEO, Lorraine Belo-Cincochan, Directors Mark Andrew Y. Belo and Careen Y. Belo are the children of William T. Belo, Chairman Emeritus of the Company.

Mr. Michael D. Tiong is the husband of Ms. Grace A. Tiong. Mr. Jose Ruel J. Godino is the husband of Ms. Eden M. Godino.

Involvement in Legal Proceedings

As of date, to the best of Company's knowledge, there are no legal proceedings against the directors and executive officers of the Company within the categories described in SRC Rule 12, Part IV paragraph (A) (4).

Certain Relationship and Related Party Transactions

The Company, in the ordinary course of business, engages in various transactions with related parties, particularly with its parent company, entities under common control and stockholders. These transactions are mainly leasing, purchase and sale of goods and reimbursement of certain expenses. The leased assets are land, buildings and software that are used in the normal course of business.

Transaction prices were mutually agreed upon and made at prevailing market rates. The Company has an approval process and governed by its Policy on Material Related Party Transactions when entering a material related party transaction to ensure that the transactions are arm's length.

The Company has unexpired rental agreements and continuous purchase and sale of goods as part of its normal course of business.

For a detailed discussion of the material related party transactions of the Company, please see note 19 - Related Party Transactions and Balances of the attached Audited Financial Statements of the Company.

Resignation of Directors

No director has resigned from his office or declined to stand for re-election to the Board since the last meeting of the stockholders due to any dispute or disagreement in relation to the operations, procedures and policies of the Company.

Item 6. **Compensation of Directors and Executive Officers**

Executive Compensation

Below is the total annual compensation of the top 5 officers and other officers of the company for the year 2022, 2023 and projected compensation for 2024.

2022

Key Management Officers	Year	Compensation	Bonuses
Top 5 Officers William T. Belo Lorraine C. Belo-Cincochan Mark Andrew Y. Belo Careen Y. Belo Rosemarie Bosch-Ong	2022	₱50M	₱49M

Other officers as a group	2022	₱88M	₱6M

2023

Key Management Officers	Year	Compensation	Bonuses
Top 5 Officers William T. Belo Lorraine C. Belo-Cincochan Mark Andrew Y. Belo Careen Y. Belo Rosemarie Bosch-Ong	2023	₱51M	₱54M
Other officers as a group	2023	₱101M	₱6M

Projected for 2024

Key Management Officers	Year	Compensation	Bonuses
Top 5 Officers William T. Belo Lorraine C. Belo-Cincochan Mark Andrew Y. Belo Careen Y. Belo Rosemarie Bosch-Ong	2024	₱54M	₱54M
Other officers as a group	2024	₱109M	₱8M

Compensation of Director

Standard Arrangements

All directors attending physically in a board meeting receive a per diem of Forty Thousand Pesos (₱40,000.00) per meeting.

Other arrangements

There are no other arrangements pursuant to which the directors are compensated directly or indirectly, for any service provided as a director.

Employment Contracts and Termination of Employment and Change in Control Arrangements

The Executive Officers of the Company have employment contracts with the Company and are subject to policies of the Company and Labor Laws. They are also entitled to receive retirement benefits in accordance with the retirement plan of the Company.

There is no arrangement with any executive officers to receive any compensation or benefit in case of change-in-control of the Company.

Warrants and Options

There are no outstanding warrants or options held by the President – CEO, executive officers, directors and all officers and directors as a group.

Item 7. **Independent Public Accountants**

The External Auditor of the Company is Reyes Tacandong & Co (RTCo). There have been no disagreements on any accounting and financial disclosures. The Company is compliant with SRC Rule 68, (3), (b), (iv), requiring the rotation of external auditors or engagement partners for a period of five (5) consecutive years.

The same accounting firm will be nominated for reappointment for current fiscal year at the Annual Stockholders' Meeting. Representatives of RTCo. will be present at the Annual Stockholders' Meeting and they will have the opportunity to make statements if they desire to do so and are expected to be available to respond to appropriate questions.

Audit Fees

Name of auditor	Audit Fees
Reyes Tacandong & Co.	₱2,000,000.00 (2021)
Reyes Tacandong & Co.	₱2,150,000.00 (2022)
Reyes Tacandong & Co	₱2,300,000.00 (2023)

The Company did not engage Reyes Tacandong & Co. in any non-audit services. Further, based on the Audit Committee Charter of the Company, the quarterly reports and financial statements are reviewed and endorsed by the Audit Committee and approved by the Board prior to its release and submission to the SEC and PSE.

Item 8. **Compensation Plans**

There is no other type of compensation plan as of this date and for the Annual Stockholders' Meeting on 17 June 2024 there will be no compensation plan that will be taken up.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. **Authorization or Issuance of Securities Other than for Exchange**

There are no matters or actions to be taken up with respect to authorization or issuance of securities.

Item 10. **Modification or Exchange of Securities**

There are no matters or actions to be taken up with respect to the modification or exchange of securities.

Item 11. **Financial and Other Information**

The Company incorporated by reference the following:

1. 17-A (Annual Report), attached as Annex "A"
2. 2023 Audited Financial Statements, attached as Annex "B"
3. Certification of Independent Directors and Corporate Secretary, attached as Annex "C"
4. 2023 Sustainability Report, attached as Annex "D"
5. Q1 2024 Financial Statements, attached as Annex "E"

Item 12. **Mergers, Consolidations, Acquisitions and Similar Matters**

There are no matters or actions to be taken up with respect to merger, consolidations, acquisitions and similar matters.

Item 13. **Acquisition or Disposition of Property**

There are no matters or actions to be taken up with respect to the acquisition or disposition of property.

Item 14. **Restatement of Accounts**

There are no matters or actions to be taken up with respect to the restatement of accounts.

Rationale for the amendment:

To add farming/agricultural products in the Company's product line.

Remarks: A resolution on this agenda item must be approved by stockholders representing at least 2/3 of the outstanding capital stock of the Company.

Amendment of By – Laws

Approval by the stockholders will be sought to amend the corporate name of the Company in its By – Laws, as follows:

FROM	TO
WILCON DEPOT, INC. doing business under the name and style of WILCON DEPOT and WILCON HOME ESSENTIALS	WILCON DEPOT, INC. doing business under the name and style of WILCON DEPOT, WILCON HOME ESSENTIALS, DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT

Rationale for the amendment:

To align with the amended AOI pertaining to the corporate name of the Corporation.

Remarks: A resolution on this agenda item must be approved by stockholders representing at least 2/3 of the outstanding capital stock of the Company.

Item 18. **Other Proposed Action**

Other than those matters mentioned above, there are no other proposed actions to be taken up during the Annual Stockholders' Meeting.

Item 19. **Voting Procedures**

A stockholder may cast his own vote or by proxy executed in writing by the stockholder or his/her duly authorized attorney-in-fact through remote communication or in absentia in accordance with the procedures prescribed by the Corporation and relevant laws and regulations. All matters subject to vote in accordance with the law shall be decided by the majority vote of the stockholders present or by proxy and are entitled to vote thereat and provided a quorum is present.

Directors shall be elected by plurality of vote at the Annual Meeting of the Stockholders for the year at which quorum is present. At each election for directors, every stock holder shall have the right to vote, in through remote communication or in absentia, the number of shares owned by him for as many persons as there are directors to be elected, or to cumulate his votes by giving one candidate as many votes as the number is shares shall equal, or by distributing such votes as the same principle among any number of candidates.

PART II.

INFORMATION REQUIRED IN A PROXY FORM
(This form shall be prepared in accordance with paragraph (5) of SRC Rule 20)

Item 1. **Instructions**

Proxy forms must be properly signed, dated and returned by the stockholder on or before 5 pm of 14 June 2024. It is not required to be notarized. Proxy forms shall be emailed to wilcon_asm@wilcon.com.ph or delivered to the Office of the Asst. Corporate Secretary at 90 E. Rodriguez Jr. Avenue, Ugong Norte, Quezon City and must be accompanied by a corresponding secretary's certificate confirming the authority of the person executing the proxy and for proxies of beneficial owners or of those shares lodged with the Philippine Depository & Trust Corp, a certification from their respective brokers must be submitted. Proxy forms shall be validated on 14 June 2024 at 6 pm. Validated proxies will be voted at the meeting in accordance with the instructions of the stockholders.

Item 2. **Revocability of Proxy**

Proxies filed may be revoked by the stockholders either in an instrument in writing duly presented and recorded with the Secretary at least one (1) day prior to the Annual Stockholders' Meeting or by their presence at the meeting.

PART III.

SIGNATURE PAGE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in Quezon City on MAY 08 2024

WILCON DEPOT, INC.

By:

ATTY. ARTHUR R. PONSARAN
Corporate Secretary

SUBSCRIBED AND SWORN TO before me in QUEZON CITY this ___ day of MAY 08 2024 at QUEZON CITY, Affiant exhibited to me his Passport No. P7038917A issued by DFA NCR South on 04 May 2018 valid until 03 May 2028.

Doc. No. 177;
Page No. 37;
Book No. XXVII
Series of 2024.

Atty. RIZAL JOSE F. VALMORES
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ADM MATTER NO. 153
PTR NO. 5091994D 01-02-2024 / Q.C.
IBP NO. 329024 / 12-15-2023 / Q.C.
ROLL NO. 28435
MCLE NO. VII-0030835 / 09-08-2023
Add. Room 201 Margarita Bldg. No. 28
Matalino St. cor. Masikap Ext. Central Dist. Q.C.

Compliance with Section 49 of the Revised Corporation Code

Required Disclosures	References
a) The minutes of the most recent regular meeting which shall include, among others: (1) A description of the voting and vote tabulation procedures used in the previous meeting; (2) A description of the opportunity given to stockholders or members to ask questions and a record of the questions asked and answers given; (3) The matters discussed and resolutions reached; (4) A record of the voting results for each agenda item; (5) A list of the directors or trustees, officers and stockholders or members who attended the meeting; and (6) Such other items that the Commission may require in the interest of good corporate governance and the protection of minority stockholders	https://investor.wilcon.com.ph/contents/uploads/2023/07/Minutes-of-Annual-Stockholders-Meeting-held-on-June-19-2023.pdf
b) A members' list for nonstock corporations and, for stock corporations, material information on the current stockholders, and their voting rights;	Page 8 – 10 of the Information Statement
c) A detailed, descriptive, balanced and comprehensible assessment of the corporation's performance, which shall include information on any material change in the corporation's business, strategy, and other affairs;	Refer to the Management Report of the Information Statement
d) A financial report for the preceding year, which shall include financial statements duly signed and certified in accordance with this Code and the rules the Commission may prescribe, a statement on the adequacy of the corporation's internal controls or risk management systems, and a statement of all external audit and non-audit fees;	https://investor.wilcon.com.ph/contents/uploads/2024/04/WLCON-2023-17A-Annual-Report-with-Exhibits.pdf
e) An explanation of the dividend policy and the fact of payment of dividends or the reasons for nonpayment thereof;	Page 28 – 29 of the Information Statement
f) Director or trustee profiles which shall include, among others, their qualifications and relevant experience, length of service in the corporation, trainings and continuing education attended, and their board representations in other corporations;	Page 11 – 13 of the Information Statement and Annex C Certifications
g) A director or trustee attendance report, indicating the attendance of each director or trustee at each of the meetings of the board	https://investor.wilcon.com.ph/contents/uploads/20

and its committees and in regular or special stockholder meetings; h) Appraisals and performance reports for the board and the criteria and procedure for assessment; i) A director or trustee compensation report prepared in accordance with this Code and the rules the Commission may prescribe; j) Director disclosures on self-dealings and related party transactions; and/or k) The profiles of directors nominated or seeking election or reelection.	24/01/2023-Directors-Attendance-in-Board-Meetings.pdf https://investor.wilcon.com.ph/contents/uploads/2024/04/WLCON-2023-17A-Annual-Report-with-Exhibits.pdf Page 17 – 18 of the Information Statement Page 16 of the Information Statement Page 11 – 13 of the Information Statement

MANAGEMENT REPORT

Business and General Information

Background

Wilcon Depot, Inc., doing business under the name and style of Wilcon Depot and Wilcon Home Essentials (the Company/WDI/Wilcon Depot) was incorporated on December 17, 2015 as a subsidiary of Wilcon Corporation, doing business under the name and style of Wilcon City Center (WC), formerly known as Wilcon Builder's Depot Inc. (WBDI), to operate its home improvement retail businesses. It officially started operations on April 1, 2016 when the retail operations including all of the retail assets and liabilities were transferred from WC, thereby increasing WC's ownership in the Company to 99.06%.

The Company's retailing business, which it acquired and inherited from WC, has been in existence for 44 years. The business, founded by Mr. William T. Belo, opened its first store in 1977, carrying a variety of local brands of tiles and flooring, plumbing and sanitary wares, electrical and lighting products, and hardware and tools. Mr. Belo gradually expanded the pioneer Wilcon branch as business picked up. He opened three more branches with an average area of 2,400 sqm from 1989 to 1995. In 2002, the first store outside of Metro Manila was established in Davao City.

The first depot format store was opened in 2003, in Las Piñas. At 10,000 sqm, the Depot format was larger than their previous 5 stores, which had an average size of 4,223 sqm. Its product selection was more comprehensive and included more international brands and new product lines and categories such as furniture, furnishings and houseware, paints, and building materials, among others. Over the next 13 years, operations rapidly expanded with the opening of 27 more Depot format stores around the country.

The smaller format mall-based or community-based stores were formally organized in 2009 and operated under the brand name "Wilcon Home Essentials". This concept was adopted by a few of the old stores and subsequently applied to 3 more new stores from 2009 to 2013.

In 2023, the Company introduced DO IT WILCON, mainly to expand market share by targeting customers who require easy access to a basic range of tools and materials for simple housing repairs and maintenance. The Company plans to put up DO IT WILCON in community centers or malls. It also introduced BARGAIN CENTER as additional distribution channel for pruned items.

Corporate Restructuring

The following transactions occurred on April 1, 2016 in relation to the spin-off of the retail operations of WC into the Company:

- The net assets comprising the retail business were transferred to the Company. The land, intellectual property, and investment properties remained with WC, the Parent.
- The Company entered into lease agreements with its Parent for the lease of land assets used by its stores.

The spin off resulted in a 99.06% ownership of WC in the Company.

On March 31, 2017, the Company went public through an initial public offering with the Philippine Stock Exchange. The Company floated thirty four percent (34.00%) or 1,393,906,200 of its capital stock, increasing its issued and outstanding capital stock to 4,099,724,116 and diluting WC's equity interest in the Company to 65.38%.

Bankruptcy, Receivership or Similar Proceedings

The Company and its parent, WC, have not been subject to: (i) any bankruptcy, receivership or similar proceedings or (ii) any material reclassification, merger (other than as a surviving entity) consolidation of purchase or sale of significant amount of assets.

Products / Business Lines

The Company caters to the fast-growing segment of middle to high-income homeowners whose needs range from new home construction, renovation, repair and maintenance to home improvement, furnishing and design. The Company's complete spectrum of product offerings includes local and international brands of tiles and flooring, plumbing and sanitary wares, electrical and lighting products, hardware and tools, furniture, furnishings and houseware, paints, appliances and building materials, among others.

Product Categories

The Company offers a broad range of products grouped into major product categories namely plumbing and sanitary hardware and tools, tiles and flooring, electrical and lighting, furniture, furnishing and houseware, paints, appliances, and building materials. As a matter of competitiveness, the Company continues to develop new products and services for its customers as seen in the launching of several in-house and exclusive products in the past.

The table below enumerates the list of major product categories and its products.

Product Category	**Description**
Plumbing and Sanitary wares	Over 1,100 products that include bath and shower mixers, bath fillers, faucets, shower, water systems, bath tubs, bidet, bowl, lavatory, pedestal, shower enclosure, urinal, water closet and other accessories.
Hardware and Tools Products	Products such as door essentials, hand tools and hardware accessories, pipes, sundries, power tools and hand tools are found in this category.
Tiles / Flooring	Consists of locally made tiles and tiles from different countries such as China, Indonesia, Italy and Spain. Tiles are available in different sizes and different types such as ceramic, glass block, porcelain, and vinyl.
Electrical and Lighting	Includes electrical accessories and supplies, lamps, wiring devices, LED and lights.
Furniture, Furnishings and Houseware	Furniture products include those found in the bedroom, dining, kitchen, living room, office, and outdoor. Products include decorative items, organizers, wall hang decors, curtains, and blinds.
Paints	Provides a wide range of paints for different surface types.
Appliances	Products include air cooler, air conditioner, electric fan, entertainment appliances such as television, CD/DVD player, amplifier, kitchen appliances, washing machine, and vacuum cleaner.
Building Materials	Products include building decors and supplies, ceiling and wall, floor and roofing.

Among the major product categories, tiles and flooring products and plumbing and sanitary wares historically have the highest contribution to sales.

The Company carries over 1,100 brands across the different product categories translating to 90,000 stock keeping units (SKUs) as at December 31, 2023. The Company further classifies these brands as: (i) in-house brands owned by the Company and exclusive international brands that are solely distributed by the Company, and (ii) other locally procured local and international brands that are not exclusively distributed by the Company.

Store Formats

The Company operates 90 stores nationwide, as of December 31, 2023, and offers its products via two retail formats, namely the Depot store format and Home Essentials store format.

- *Depots.* The Company conducts its operations primarily through a format under the name "Wilcon Depot". As of December 31, 2023, the depot format accounted for 96.3% or ₱32,323 Million of the Company's net sales. Each Depot format store carries 40,000 to 60,000 SKUs and offers a broad variety of large-scale home and construction supply products. The net selling space of the Company's depot stores ranges from 2,800 sqm to 16,100 sqm, with an average gross floor area of 9,210 sqm. As of December 31, 2023, the Company has 82 depots located in all the major cities across the

Philippines. Project sales or sales to major property developers, on the other hand, accounted for 1.6% or ₱540 Million of total net sales of the Company.

- *Home Essentials.* The Company also operates a smaller format known as "Wilcon Home Essentials". The Home Essentials format was launched in 2009 as a community store-type outlet aimed at customers who require easy access to a basic range of tools and materials for simple housing repair and maintenance. Home Essentials stores range in size from 740 sqm to 2,800 sqm with an average gross floor area of 1,478 sqm. As of December 31, 2023, the Company has 3 mall-based Home Essentials stores and 5 stand-alone branches for a total of 8 Home Essentials stores. Net sales generated by Home Essentials accounted for 2.1% or ₱741 Million of total net sales.

The Company has designed its stores to provide a comfortable atmosphere that will enhance the customers' shopping experience. The Company's stores offer facilities such as free parking, ample ventilation and air-conditioning, well-lit shopping areas, and a similar easy-to-navigate store layout in all its stores. For its depot-format stores the Company offers more shopping convenience like a coffee shop or a snack bar, lounges for customers and their contractors or architects and engineers, design hubs and a play area for kids. The Company continues to ensure the completeness of these features in all of its depots to keep customers satisfied.

Owing to the significantly higher store count and total selling area of depots versus home essentials, majority of the Company's revenues or 97.15% comprised of net sales generated from the depot-format stores,0.94% for the project sales while the remaining 1.91% was contributed by the home essential format store.

Distribution Methods of Products

The Company as mentioned in the preceding paragraphs, operate two store formats, the Depot and the Home Essentials. The home essential stores are confined within Metro Manila while the depots are located in different parts of the Philippines.

Below is the breakdown of the number of the Company's stores per location and format:

Store format	**Region**	**Number of stores**
Depot	Metro Manila	12
	Luzon	50
	Visayas	9
	Mindanao	11
Total Depot		**82**
Home Essentials	Metro Manila	7
	Luzon	1
Total Home Essentials		**8**
TOTAL		**90**

The Company outsources various logistics and distribution functions to third parties, which the Company believes allows it to expand its store network rapidly while lowering its operating costs.

Replenishment of the Company's inventory is provided through direct store deliveries from suppliers for urgent requirements or deliveries to the Company's warehouses for regular restocking.

Legal Proceedings

The Company and its management are not involved in any governmental, legal or arbitration proceedings that may have a material effect on the Company's business, financial position or profitability.

None of the members of the Board of Directors and executive officers of the Company is involved in any material criminal, bankruptcy or insolvency investigations or proceedings.

Operational and Financial Information

Wilcon Depot, Inc.'s common shares have been trading in the Philippine Stock Exchange (PSE) starting March 31, 2017. The high and low market prices of the Company's shares for each quarter of 2021, 2022 and 2023 as reported by the PSE are shown below:

2021	High	Low
4th quarter	40.00	27.55
3rd quarter	30.20	27.50
2nd quarter	20.30	16.90
1st Quarter	18.52	16.36

2022	High	Low
4th quarter	33.40	26.35
3rd quarter	31.95	21.05
2nd quarter	29.35	22.60
1st Quarter	31.00	24.90

2023	High	Low
4th quarter	23.05	19.8
3rd quarter	25.85	20.55
2nd quarter	30.40	23.85
1st Quarter	34.45	26.40

The market capitalization of the Company's common shares at the end of 2023 based on the closing market price of ₱20.9 per share totaled to ₱85 Billion.

Stockholders

The total number of issued and outstanding common shares of the Company as of 30 April 2024 is 4,099,724,116.

List of Top 20 Stockholders as of 30 April 2024 from Stock Transfer Agent

	STOCKHOLDER'S NAME	HOLDINGS	PERCENTAGE
1	WILCON CORPORATION	2,680,317,916	65.378
2	PCD NOMINEE CORPORATION (FILIPINO)	718,523,334	17.526
3	PCD NOMINEE CORPORATION (NON-FILIPINO)	698,018,016	17.026
4	BERCK Y. CHENG OR ALVIN Y. CHENG OR DIANA Y. CHENG OR CHERYL Y. CHENG	1,980,000	0.048
5	TIMOTHY JAMES VORBACH	650,000	0.016
6	ELLIS C. MAGUAN &/OR MINGMING C. MAGUAN	150,000	0.004
7	MING MING C. MAGUAN OR ELLIS C. MAGUAN	20,000	0.000
8	JOEL M. BANACO	15,000	0.000
9	RAMCOR5 PROPERTIES, INC.	10,000	0.000
10	MARY JOY MENDOZA GALAMAY	6,000	0.000
11	ALMA BELLA PIL ALBERASTINE	5,000	0.000
12	CHRISTINE F. HERRERA	5,000	0.000
13	VERONICA AGUILAR PEDRASA	5,000	0.000
14	DOREEN FATIMA SANOSA PENILLA	4,000	0.000
15	DIVINE JESSET RAMOS SANTOS	4,000	0.000
16	MYRA P. VILLANUEVA	4,000	0.000
17	ADORA BRIGETTE N. CANLAS	2,800	0.000
18	OFELIA R. BLANCO	2,000	0.000
19	GABRIELLE CLAUDIA F. HERRERA	1,000	0.000
20	NADEZHDA ISKRA F HERRERA	1,000	0.000

Dividends

The Company has the following dividend history:

Date Approved	Record Date	Payment Date	Amount
March 6, 2019	March 22, 2019	April 16, 2019	PhP0.11 regular PhP0.05 special **PhP0.16 total**
February 24, 2020	March 20, 2020	April 16, 2020	PhP0.12 regular PhP0.06 special **PhP0.18 total**
February 24, 2021	March 19, 2021	April 16, 2021	PhP0.10 regular PhP0.02 special **PhP0.12 total**
February 24, 2022	March 18, 2022	April 12, 2022	PhP0.15 regular PhP0.06 special **PhP0.21 total**
February 22, 2023	March 22, 2023	April 18, 2023	PhP0.23 regular PhP0.14 special **PhP0.37 total**
March 20, 2024	April 18, 2024	May 8, 2024	PhP 0.11/ regular PhP0.15 / special **PhP 0.26 total**

The Company has approved a dividend policy of maintaining an annual cash and/or share dividend pay-out of up to 25% of its net profit after tax from the preceding year, subject to the requirements of applicable laws and regulations, the terms and conditions of its outstanding bonds and loan facilities, and the absence of circumstances that may restrict the payment of such dividends, such as where the Company undertakes major projects and developments. Dividends must be approved by the Board (and shareholders in case of a share dividend declaration) and may be declared only from the unrestricted retained earnings of the Company. The Company's Board of Directors may, at any time, modify the Company's dividend policy, depending upon the Company's capital expenditure plans and/or any terms of financing facilities entered into to fund its current and future operations and projects. The Company can give no assurance that it will pay any dividends in the future.

Securities Sold

There were no recent sales of unregistered or exempt securities, including issuance of securities constituting an exempt transaction.

Discussion on Compliance with Leading Practice on Corporate Governance

On 22 May 2017, the Board of Directors approved the adoption of the Revised Manual on Corporate Governance in accordance with the SEC Memorandum Circular No. 19 Series of 2016.

The Company understands that it is paramount to set the kind of corporate governance needed in the attainment of the Company's corporate goals.

The Revised Manual on Corporate Governance was designed to define the framework of rules, systems and processes that governs the performance of the Board of Directors (the Board) and Management. It establishes the structure by which the Company executes and carries out its Corporate Governance. This serves as reference by all the members of the Board as well as its Management in the conduct of their duties and responsibilities.

The Board of Directors and Management, employees and shareholders, believe that good governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness thereof within the organization.

With the aid of its committees, the Board of Directors shall be primarily responsible for the governance of the Corporation and shall, hence, ensure compliance with the principles of good corporate governance.

To strictly observe and implement the provisions of this Manual, corresponding penalties shall be imposed, after notice and hearing, on the Corporation's directors, officers, staff, subsidiaries, and affiliates and their respective directors, officers, and staff in case of violation of any of the provisions of the Manual.

On 7 August 2019, in compliance with SEC Memorandum Circular No. 10 Series of 2019, Rules on Material Related Party Transactions for Publicly Listed Companies, the Board approved its Material Related Party Transactions Policy and accordingly revised its Related Party Transactions Committee Charter.

On May 6, 2020, the Board of Directors of the Corporation approved the amendments to its Corporate Governance Manual in compliance with the Revised Corporation Code and related issuances. The Board also approved the amendments to the By-laws of the Corporation in compliance with the Revised Corporation Code. The amendments to the By-laws were then ratified by the stockholders during the annual stockholders' meeting held on September 21, 2020. The Securities and Exchange Commission approved the said amendments on March 2, 2021.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Results of Operations for the Three-month Period Ended March 31, 2024 and 2023

The Company recorded net income of ₱740 million for the first three-month period of 2024, down by ₱222 million or 23.1% from the ₱962 million reported during the same period in 2023 with net margins of 8.9% and 11.3%, respectively. The decline was mainly driven by higher operating expenses despite the higher gross profit margin.

Net Sales

Net sales for the three-month period ended March 31, 2024, amounted to ₱8,311 million, a ₱217 million or 2.5% slide from the same period last year, driven by the 7.3% decline in comparable sales despite the 4.9% increase due to the new store sales.

During the first quarter of 2024, the Company opened three new depots in Morong, Rizal, Valencia, Bukidnon and Koronadal City bringing to 93 the total number of branches.

On a per format basis, sales from the depot-format stores, which comprised 95.9% of total net sales, went down by ₱334 million or 4.0% to ₱7,973 million from the ₱8,307 million net sales for the three-month period of 2023. Sales from new depots contributed 4.1%, however, comparable sales declined by 7.9%.

The Home Essentials and Do-It-Wilcon format, recorded net sales of ₱232 million, a ₱63 million or 37.2% increase year-on-year, contributed mainly by new Do-It-Wilcon stores. Same store sales for this smaller store format declined by 10.9%.

The remaining 1.3% of total net sales was accounted for by project sales or sales to major institutional accounts, which amounted to ₱105 million, with a ₱55 million or 108.1% year-on-year increase.

Gross Profit

Gross profit was lower by ₱43 million or 1.3% from the 2023 first quarter level of ₱3,363 million to close at ₱3,320 million for the period for a gross profit margin rate of 39.9%. The decrease was traced mainly to lower sales for the period, despite the increase in gross profit margin rate which grew by 50 basis points year-on-year. The improvement in gross profit margin rate was traced mainly to the improved sales mix or increased contribution of the higher margin exclusive and in-house brands to total net sales to 52.6% from 50.4% in the same period in 2023.

Operating Expenses

Operating expenses increased to ₱2,302 million for the period, up by ₱143 million or 6.6% from the prior year's ₱2,160 million. The increase is attributable mainly to expansion-related operating expenses such as trucking, depreciation and amortization and utilities.

Interest Expense

Interest expense increased by ₱16 million or 10.4%, to total ₱169 million for the period from the prior year's three-month period of ₱154 million, attributable to added leases for new stores. All interest expense represents non-cash interest charged on lease liability recognized for the period in relation to the adoption by the Company of PFRS 16 on leases.

Other Income (Charges)

Other income (charges) for the three-month period ended March 31, 2024 amounted to ₱137 million down by ₱92 million or 40.4% from the ₱229 million due to lower rebates received from supplier. Meanwhile, non-operating interest income declined by ₱3 million.

Earnings Before Interest and Tax (EBIT) / Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

Adjusting the 2024 and 2023 depreciation and amortization to exclude right-of-use (ROU) depreciation and interest expense on lease liability and consider these as rent expense, EBITDA and EBIT were as follows:

1) EBITDA for the three-month period March 31, 2024 reached ₱1,295 million, or 15.6% of net sales, was lower by 17.9% from the ₱1,577 million, or 18.5% of net sales~~,~~ recorded for the same period ended March 31, 2023.
2) EBIT for the first three (3) months of 2024 is ₱977 million or 11.8% of net sales, registered a 22.9% decline from previous year's P1,268 million EBIT or 14.9% of the 2023 net sales for the same period.

The decrease in both EBITDA and EBIT was driven by the increase in operating expenses partly offset by expansion of gross profit margin.

Income Tax Expense

Consequently, the Company's income tax expense reduced by ₱72 million or 22.7% to end at ₱245 million in the first quarter of 2024 from the ₱317 million incurred during the same period last year. The decrease was due mainly to lower taxable income.

Financial Condition as at March 31, 2024

Liquidity

Net cash provided by operating activities increased by ₱466 million or 65.6% in 2024 compared to 2023, primarily driven by lower inventory purchases during the quarter. Net cash used in investing activities went up by ₱268 million or 45.8% in 2024 compared to 2023, as a result of increased capital expenditures spending. Cash used in financing activities reflected ₱473 million lease payments. Current ratio slightly declined from 2.17:1.00 to 2.05 :1.00.

Cash and cash equivalents and short-term investments totaled ₱1,714 million, a ₱151 million or 8.1% decrease from the balance as at December 31, 2023. The decline was mainly due to continued investments in new stores from internally generated funds.

Capital Expenditure

For the quarter, the Company's capital expenditure totaled ₱845 million, the bulk of which was spent on the renovation and construction of new stores and warehouses.

Capital Resources

The Company continues to have easy access to the debt markets for both its working capital and long-term funding requirements having remained bank debt-free and with preferential lines with the Philippines' top banks.

The company's liabilities consist mostly of trade payables and lease liabilities recognized pursuant to the adoption of PFRS 16 – Leases. The company has no existing lease or other contracts with material contingent liability that will adversely affect the company's operations or the implementation of its strategic initiatives.

Key Financial Performance Indicators

Key Performance Indicators	**YTD March 31, 2024**	**YTD March 31, 2023**
Sales	8,310,527,312	8,527,291,991
EBIT – Adjusted / Treating Interest on Lease Liability as Rent Expense[1]	977,304,988	1,268,136,627
EBITDA – Adjusted / Treating ROU Depreciation and Interest on Lease Liability as Rent Expense[2]	1,294,898,317	1,577,172,089
EBIT Margin - Treating Interest on Lease Liability as Rent Expense[3]	11.76%	14.87%
EBITDA Margin- Treating ROU Depreciation and Interest on Lease Liability as Rent Expense[4]	15.58%	18.50%
	As at March 31, 2024	**As at March 31, 2023**
Return on Equity Ratio[5]	3.34%	4.81%
Current Ratio[6]	2.05	1.96
Debt to Equity Ratio[7]	0.79	0.84

1. *Income before tax add net interest expense less lease interest expense*
2. *Income before tax add net interest expense and depreciation and amortization less lease interest expense and depreciation on ROU assets*
3. *EBIT / Net Sales*
4. *EBITDA / Net Sales*
5. *Net Income / Total Equity*
6. *Current Assets / Current Liabilities*
7. *Total Liabilities / Total Equity*

MATERIAL CHANGES (+/-5%) IN THE FINANCIAL STATEMENTS

Statement of Financial Position as at March 31, 2024 and December 31, 2023

1. Aggregate cash decreased by ₱151 million or 8.1% from ₱1,865 million at the close of 2023 to ₱1,714 million as at March 31, 2024, due primarily to acquisition of property and equipment as well as higher lease payments, and lower net cash flows from operating activities

2. Trade and other receivables totaled ₱392 million as at March 31, 2024, ₱22 million or 5.3% lower than the ₱414 million balance as at December 31, 2023. The decrease was mainly due to the decline in trade receivables as a result of higher collection from project sales.

3. Advance payments to suppliers for merchandise orders and operating expenses, decreased by ₱147 million or 42.3% from ₱346 million at the close of 2023 to ₱200 million as at March 31, 2024 due to timely delivery of merchandise inventories from suppliers.

4. Other current assets decreased by ₱176 million or 13.1% from ₱1,346 million at the close of 2023 to ₱1,170 million as at March 31, 2024 due mainly to decrease in materials and supplies, and input tax from purchases.

5. Trade and other payables decreased by ₱851 million or 12.0% from ₱7,088 million at the close of 2023 to ₱6,237 million as at March 31, 2024 due mainly to lower purchases and expenses on credit.

6. Income tax payable increased by ₱264 million or 110.1% from ₱240 million at the close of 2023 to ₱504 million as at March 31, 2024, mainly due to year-to-date income taxes.

7. Net retirement liability decreased by ₱4 million or 7.9% from ₱57 million at the close of 2023 to ₱53 million as at March 31, 2024 due mainly to contributions made to the retirement fund.

Income Statement Items

1. Operating expenses increased to ₱2,302 million for the period, up by ₱143 million or 6.6% from the prior year's ₱2,160 million. The increase was attributable mainly to expansion-related operating expenses such as trucking, depreciation and amortization and utilities.

2. Interest expense increased by ₱16 million or 10.4%, to total ₱169 million for the period from the prior year's ₱154 million, attributable to the increase in lease liabilities pertaining to new stores. All interest expense represents non-cash interest charged on lease liability recognized for the period in relation to the adoption by the Company of PFRS 16 on leases.

3. Other income (charges) for the three-month period ended March 31, 2024 amounted to ₱137 million down by ₱92 million or 40.4% from the ₱229 million generated for the same period in 2023 mainly due to lower rebates received from supplier, delivery charges and other fees received from customers and interest income from money market placements.

4. The Company's income tax expense decreased by ₱72 million or 22.7% to end at ₱245 million in the three-month period of 2024 from the ₱317 million incurred during the same period last year. The decrease is due mainly to lower taxable income.

Results of Operations for year Ended December 31, 2023 compared with the year ended December 31, 2022

The Company recorded net income of ₱3,483 million for the year 2023, lower by ₱365 million or 9.5% from the ₱3,848 million reported in 2022 with net margins of 10.1% and 11.5%, respectively. Despite higher net sales and other income and improvement in the gross profit, net income was adversely affected by the increase in operating expenses.

Net Sales

Net sales for the year 2023, amounted to ₱34,604 million, an increase of ₱1,033 million or 3.1% from last year, driven by new store sales as comparable sales declined by 3.4%.

The Company ended the year with 90 stores, opening nine (9) new stores during the year. Seven (7) new depots were opened, six (6) of which were located in Luzon and one (1) in Mindanao. Two (2) new Home Essentials were opened during the year, one (1) each in Luzon and Mindanao with one closure and another being replaced with the larger-format depot store.

On a per format basis, the depots, contributing 96.3% of total net sales, grew by ₱708 million or 2.2% to ₱33,323 million from the ₱32,615 million net sales in 2022. The increase was accounted for by sales from new depots as same store sales declined by 4.1%.

The Home Essentials format, recorded net sales of ₱741 million, a ₱100 million or 15.7% increase year-on-year, contributed mainly by new Home Essentials stores. Same store sales for this smaller store format declined by 4.8%.

The remaining 1.6% of total net sales was accounted for by project sales or sales to major institutional accounts, amounting to ₱540 million, increasing by ₱224 million or 71.0% year-on-year.

Gross Profit

Gross profit grew by ₱568 million or 4.3% from the 2022 level of ₱13,126 million to close at ₱13,694 million for the year for a gross profit margin of 39.6%. The increase was traced mainly to higher sales for the period and the expansion in gross profit margin which grew by 50 basis points year-on-year. The improvement in gross profit margin is traced mainly to higher gross profit margin rates of exclusive and in-house brands classification, which resulted in a higher overall margin for the class with a slight increase in their contribution to total net sales at 51.2% from 51.1% in 2022.

Operating Expenses

Operating expenses increased to ₱8,940 million for the year, up ₱1,061 million or 13.5% from the prior year's ₱7,879 million. The increase is attributable mainly to expansion-related expenses, particularly in depreciation and amortization, outsourced services, trucking and salaries.
Rent expense increased by ₱62 million or 55.9% to ₱172 million mainly due to re-classification of renewed leases with lease term changes.

Interest Expense

Interest expense increased by ₱96 million or 17.7%, to total ₱641 million for the year from the prior year's ₱544 million, attributable to the increase in lease liabilities for new stores. All interest expense represents non-cash interest charged on lease liability recognized for the period in relation to the adoption by the Company of PFRS 16 on leases.

Other Income (Charges)

Other income (charges) for the year ended December 31, 2023 amounted to ₱526 million, increased by ₱103 million or 24.3% from prior year's ₱423 million traced mainly to a one-off rebate from supplier and higher collection of rent income due to additional stores opened. Meanwhile, non-operating interest income declined by ₱3 million.

Earnings Before Interest and Tax (EBIT) / Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

Adjusting the 2023 and 2022 depreciation and amortization to exclude depreciation for the right-of-use (ROU) assets and interest expense on lease liability and consider these as rent expense, EBITDA and EBIT are as follows:

1) EBITDA as of December 31, 2023 reached ₱5,908 million, or 17.1% of net sales, declining by 5.6% from the ₱6,256 million, or 18.6% of net sales, recorded as of December 31, 2022.
2) EBIT for the year 2023 is ₱4,625 million or 13.4% of net sales, decreasing by 9.5% from ₱5,108 million, or 15.2% of net sales, year-on-year.

The decline in both EBITDA and EBIT was driven by the increase in operating expenses partly offset by improved sales performance and expansion of gross profit and other income.

Income Tax Expense

The Company's income tax expense decreased by ₱121 million or 9.5% to end at ₱1,156 million for the year 2023 from the ₱1,277 million incurred during the same period last year. The decline is due mainly to lower taxable income.

Financial Condition as at December 31, 2023

Liquidity

Net cash provided by operating activities decreased by ₱285 million or 5.4% in 2023 compared to 2022, primarily driven by the decline in net income. Cash used in investing activities went down by ₱973 million or 37.4% in 2023 compared to 2022, primarily resulting from reduced capital expenditures spending. Cash used in financing activities reflected ₱1,765 million lease payments and ₱1,517 million dividend payments. Current ratio slightly declined from 2.27:1.00 to 2.17 :1.00.

Cash and cash equivalents and short-term investments totaled P1,865 million, a ₱667 million or 26.3% decrease from the balance as at December 31, 2022. The decline is mainly due to continued investment in new stores from internally generated funds and payment of dividends.

Capital Expenditure

The Company's capital expenditure totaled ₱2,358 million during the year 2023, the bulk of which was spent on the construction of new stores and warehouses.

Capital Resources

The Company continues to have easy access to the debt markets for both its working capital and long-term funding requirements having remained bank debt-free and with preferential lines with the Philippines' top banks.

The company's liabilities consist mostly of trade payables and lease liabilities recognized pursuant to the adoption of PFRS 16 – Leases. The company has no existing lease or other contracts with material contingent liability that will adversely affect the company's operations or the implementation of its strategic initiatives.

Key Financial Performance Indicators

Key Performance Indicators	As at December 31, 2023	As at December 31, 2022
Sales	34,603,965,512	33,570,825,431
EBIT – Adjusted / Treating Interest on Lease Liability as Rent Expense[1]	4,625,082,255	5,108,334,422
EBITDA – Adjusted / Treating ROU Depreciation and Interest on Lease Liability as Rent Expense[2]	5,907,960,277	6,256,482,756
EBIT Margin - Treating Interest on Lease Liability as Rent Expense[3]	13.37%	15.22%
EBITDA Margin- Treating ROU Depreciation and Interest on Lease Liability as Rent Expense[4]	17.07%	18.64%
	As at December 31, 2023	**As at December 31, 2022**
Return on Equity Ratio[5]	15.47%	18.73%
Current Ratio[6]	2.17	2.27
Debt to Equity Ratio[7]	0.77	0.74

1 *Income before tax add net interest expense less lease interest expense*
2 *Income before tax add net interest expense and depreciation and amortization less lease interest expense and depreciation on ROU assets*
3 *EBIT / Net Sales*
4 *EBITDA / Net Sales*
5 *Net Income / Total Equity*
6 *Current Assets / Current Liabilities*
7 *Total Liabilities / Total Equity*

MATERIAL CHANGES (+/-5%) IN THE FINANCIAL STATEMENTS

Statement of Financial Position as at December 31, 2023 and December 31, 2022

1. Aggregate cash and short-term investments decreased by ₱667 million or 26.3% from ₱2,532 million at the close of 2022 to ₱1,865 million as at December 31, 2023, traceable primarily to net cash flow used for acquisition of property and equipment, lease payments as well as payment of dividends.

2. Trade and other receivables totaled ₱414 million as at December 31, 2023, ₱126 million or 43.7% higher than the ₱288 million balance as at December 31, 2022. The increase was mainly due to the increase in trade receivables as a result of higher project sales.

3. Advance payments to suppliers, comprising of advance payments to trade and non-trade suppliers, decreased by ₱98 million or 22.0% from ₱444 million balance as at December 31, 2023 due to timely delivery of merchandise inventories from suppliers.

4. Merchandise Inventories increased by ₱2,534 million or 19.1% from ₱13,243 million at the close of 2022 to ₱15,777 million as at December 31, 2023 due mainly to store network expansion.

5. Other current assets increased by ₱469 million or 53.4% from ₱878 million at the close of 2022 to ₱1,346 million as at December 31, 2023 due mainly to increase in materials and supplies, and input tax from purchases.

6. Right of use Asset increased by ₱573 million or 7.3% from ₱7,905 million at the close of 2022 to ₱8,478 million as at December 31, 2023 due mainly to contract renewals and new stores.

7. Property and equipment increased by ₱1,072 million or 11.4% from ₱9,412 million at the close of 2022 to ₱10,484 million as at December 31, 2023 due mainly to capital expenditures related to store network expansion.

8. Net deferred tax assets increased by ₱86 million or 17.4% from ₱497 million at the close of 2022 to ₱583 million as at December 31, 2023 due to the impact of PFRS16 accounting and increase in unearned revenue from loyalty program.

9. Other Noncurrent Assets increased by ₱42 million or 9.4% from ₱444 million at the close of 2022 to ₱486 million as at December 31, 2023 due mainly to increase in advances related to construction and security deposits to lessors.

10. Trade and Other Payables increased by ₱1,325 million or 23.0% from ₱5,763 million at the close of 2022 to ₱7,088 million as at December 31, 2023 due mainly to higher purchases and expenses on credit.

11. Income tax payable decreased by ₱42 million or 14.8% from ₱282 million at the close of 2022 to ₱240 million as at December 31, 2023 mainly due to lower taxable income.

12. The current portion of lease liability increased by ₱155 million or 9.6% from ₱1,614 million at the close of 2022 to ₱1,769 million as at December 31, 2023 due mainly to contract renewals and new stores.

13. The non-current portion of lease liability increased by ₱758 million or 10.3% from ₱7,359 million at the close of 2022 to ₱8,117 million as at December 31, 2023 due mainly to contract renewals and new stores.

14. Net retirement liability decreased by ₱25 million or 30.3% from ₱82 million at the close of 2022 to ₱57 million as at December 31, 2023 due mainly to higher interest income and lower retirement expense recognized.

Income Statement Items

1. Operating expenses increased to ₱8,940 million for the year, up ₱1,061 million or 13.5% from the prior year's ₱7,879 million. The increase is attributable mainly to expansion-related expenses, particularly in depreciation and amortization, outsourced services, trucking and salaries.

2. Interest expense increased by ₱96 million or 17.7%, to total ₱641 million for the year from the prior year's ₱544 million, attributable to the increase in lease liabilities pertaining to new stores. All interest expense represents non-cash interest charged on lease liability recognized for the period in relation to the adoption by the Company of PFRS 16 on leases.

3. Other income (charges) for the year ended December 31, 2023 amounted to ₱526 million, increased by ₱103 million or 24.3% from prior year's ₱423 million traced mainly to a one-off rebate from supplier and higher collection of rent income due to additional stores opened. Meanwhile, non-operating interest income declined by ₱3 million due to lower investible funds.

4. The Company's income tax expense decreased by ₱121 million or 9.5% to end at ₱1,156 million for the year 2023 from the ₱1,277 million incurred during the same period last year. The decline is due mainly to lower taxable income.

Results of Operations for the quarter ended December 31, 2023 compared with quarter ended December 31, 2022

The Company recorded net income of ₱757 million for the fourth quarter of 2023, lower by ₱131 million or 14.7% from the ₱888 million reported in 2022 with net margins of 8.7% and 10.0%, respectively. The decrease was mainly driven by the increase in operating expenses and decline in the gross profit margin.

Net Sales

The Company recorded net sales of ₱8,661 million for the three-month period ended December 31, 2023, ₱187 million or 2.1% lower than the ₱8,848 million for the same period in 2022. Total net sales slid even as new stores generated a 5.1% increase as comparable sales dropped 7.1%.

Sales from the depot-format stores contributed the majority of total net sales comprising ₱8,298 million or 95.8% for the fourth quarter of 2023, lower by ₱265 million or 3.1% from the ₱8,563 million net sales for the fourth quarter of 2022. The format's comparable sales declined by 7.9% offsetting the 4.9% increase in net sales generated by new depots.

The smaller format "Home Essentials", recording net sales of ₱192 million accounting for 2.2% of net sales, reported an increase of ₱12 million or 6.7% during the fourth quarter of 2023 from prior year's same period level of ₱180 million, mainly due to the contribution of new Home Essential branches.

The remaining 2.0% was accounted for by project sales or sales to major developers, amounting to ₱171 million, increasing by ₱65 million or 62.1% from prior year's same period level of 2022 of ₱106 million.

The Company opened two (2) new depots and one (1) new Home Essentials located in Luzon during the quarter.

Gross Profit

Gross profit decreased by ₱63 million or 1.8% year-on-year to total ₱3,446 million at the close of the quarter, traced mainly to the decline in net sales. The higher margin exclusive and in-house brands increased its contribution from 51.3% to 52.1% year-on-year resulting in an increase in gross profit margin rate to 39.8%.

Operating Expenses

Operating expenses increased to ₱2,378 million during the fourth quarter of 2023, up ₱87 million or 3.8% from the ₱2,291 million during the same period in 2022. The increase is attributable mainly to the higher volume of business and expansion-related expenses, particularly in outsourced services, trucking, depreciation and amortization.

Interest Expense

Interest expense during the fourth quarter of 2023 and 2022 amounted to ₱167 million and ₱150 million, respectively. The ₱17 million increase is attributable to added leases for new stores. All interest expense represents non-cash interest charged on lease liability recognized for the period in relation to the adoption by the Company of PFRS 16 on leases.

Other income (Charges)

Other income (charges) during the fourth quarter of 2023 amounted to ₱108 million, lower by ₱6 million or 4.9% from the ₱114 million generated in 2022 mainly due to lower collection of rent income.

Earnings Before Interest and Tax (EBIT) / Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

Adjusting the 2023 and 2022 depreciation and amortization to exclude right-of-use (ROU) depreciation and interest expense to exclude interest on lease liability and consider these as rent expense, EBITDA and EBIT are as follows:

1) EBITDA for the quarter ended December 31, 2023 totaled ₱1,329 million, or 15.3% of net sales, lower by ₱167 million or 11.2% from the 2022 balance of ₱1,496 million, or 16.9% of net sales.

2) EBIT for the fourth quarter of 2023 is ₱1,008 million or 11.6% of net sales, lower by ₱167 million or 14.3% from the prior year's same period level of ₱1,175 million, or 13.3% of net sales.

Income Tax Expense (Benefit)

The Company's income tax expense decreased by ₱42 million or 14.3% to end at ₱252 million in 2023, versus ₱294 million incurred during 2022.

MATERIAL CHANGES (+/-5%) IN THE FINANCIAL STATEMENTS

Income Statement for the quarter ended December 31, 2023 compared with quarter ended December 31, 2022

1. Interest expense during the fourth quarter of 2023 and 2022 amounted to ₱167 million and ₱150 million, respectively. The ₱17 million or 11.7% increase is attributable to added leases for new stores. All interest expense represents non-cash interest charged on lease liability recognized for the period in relation to the adoption by the Company of PFRS 16 on leases.

2. Income Tax for the quarter decreased by ₱42 million or 14.3% from the same period in 2022 to total ₱252 million attributed mainly to lower taxable income.

Results of Operations for year Ended December 31, 2022 compared with the year ended December 31, 2021

The Company recorded net income of ₱3,848 million for the year 2022, up by 50.2% or ₱1,287 million from the ₱2,561 million reported in 2021 with net margins of 11.5% and 9.3%, respectively. The increase was mainly driven by the hike in net sales and the expansion in the gross profit margin partly offset by the increase in operating expenses and income tax expense.

Net Sales

Net sales for the year 2022, amounted to ₱33,571 million, an increase of 22.0% or ₱6,057 million from last year. The increase was driven by comparable sales, which grew by 14.2% traced mainly to the increase in the number of transactions particularly in branches located in Metro Manila.

The Company closed the year with 83 stores, opening ten (10) stores to date. Three (3) depots were opened in the first half, three (3) depots and one (1) Home Essentials in the third quarter, and three (3) depots in the fourth quarter. All stores opened are in Luzon, which includes the island of Mindoro. The balance of the increase was contributed by below one-year sales of new stores.

On a per format basis, sales from the depot-format stores, which comprised 97.2% of total net sales, grew by 21.7% or ₱5,823 million to ₱32,615 million from the ₱26,792 million net sales in 2021. Comparable sales growth (same store sales growth) reached 13.9%, contributing 64.1% of the total net sales increase of the format. Meanwhile, sales from new depots comprised 35.9% of the format's net sales growth.

The smaller format "Home Essentials", recording net sales of ₱641 million accounting for 1.9% of total net sales. Comparable sales growth (same store sales growth) reached 11.9%, contributing 56.9% of the total net sales increase of the format. Meanwhile, sales from new Home Essentials in 2022 comprised 43.1% of the format's net sales growth.

The remaining 0.9% of total net sales was accounted for by project sales or sales to major developers, amounting to ₱316 million, increasing by 64.6% or ₱124 million year-on-year.

Gross Profit

Gross profit grew by 27.7% or ₱2,850 million from the 2021 level of ₱10,276 million to close at ₱13,126 million for the year for a gross profit margin of 39.1%. The increase was traced mainly to higher sales for the period and the expansion in gross profit margin which grew by 175 basis points year-on-year. The improvement in gross profit margin is traced mainly to changes in product mix within the exclusive and in-house brands classification, which resulted in a higher overall margin for the class with an increase in their contribution to total net sales to 51.1% from 49.5% in the same period in 2021.

Operating Expenses

Operating expenses increased to ₱7,879 million for the year, up 17.1% or ₱1,148 million from the prior year's ₱6,732 million. The increase is attributable mainly to expansion-related expenses, particularly in depreciation and amortization, utilities, outsourced services, trucking, advertising and promotions, and salaries. Non-PFRS 16 related rent expense decreased by 28.5% or ₱42 million to ₱105 million mainly due to transfer to PFRS 16 rent expense resulting from lease term changes.

Interest Expense

Interest expense increased by 15.8% or ₱74 million, to total ₱544 million for the year from the prior year's ₱470 million, attributable to added leases for new stores. All interest expense represents non-cash interest charged on lease liability recognized for the period in relation to the adoption by the Company of PFRS 16 on leases.

Other Income (Charges)

Other income (charges) for the year ended December 31, 2022 amounted to ₱423 million, increased by 20.6% or ₱72 million from prior year's ₱351 million mainly due to higher supplier support, incentive, and other fees driven by the improvement in sales and higher volume of business. Meanwhile, non-operating interest income declined by ₱12 million.

Earnings Before Interest and Tax (EBIT) / Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

Adjusting the 2022 and 2021 depreciation and amortization to exclude right-of-use (ROU) depreciation and interest expense on lease liability and consider these as rent expense, EBITDA and EBIT are as follows:

3) EBITDA as of December 31, 2022 reached ₱6,256 million, or 18.6% of net sales, rising by 44.2% from the ₱4,339 million, or 15.8% of net sales, recorded as of December 31, 2021.
4) EBIT for the year 2022 is ₱5,108 million or 15.2% of net sales, growing by 50.4% from ₱3,396 million, or 12.3% of net sales, year-on-year.

The growth in both EBITDA and EBIT was driven by the improved sales performance and expansion in gross profit margin partly offset by the increase in operating expenses.

Income Tax Expense

The Company's income tax expense increased by 47.9% or ₱414 million to end at ₱1,277 million for the year 2022 from the ₱863 million incurred during the same period last year. The increase is due mainly to higher taxable income.

Financial Condition as at December 31, 2022

Liquidity

Improved operating performance for the year ended December 31, 2022 yielded substantial operating cash flows, which provided additional liquidity for the Company to be able to pursue its store network expansion and other planned capital expenditure. The current ratio increased from 1.94:1.00 to 2.27:1.00.

Capital Expenditure

The Company's capital expenditure totaled ₱2,643 million during the year 2022, the bulk of which was spent on the construction of new stores and warehouses.

Capital Resources

The Company continues to have easy access to the debt markets for both its working capital and long-term funding requirements having remained bank debt-free and with preferential lines with the Philippines' top banks.

The company's liabilities consist mostly of trade payables and lease liabilities recognized pursuant to the adoption of PFRS 16 – Leases. The company has no existing lease or other contracts with material contingent liability that will adversely affect the company's operations or the implementation of its strategic initiatives.

Key Financial Performance Indicators

Key Performance Indicators	As at December 31, 2022	As at December 31, 2021
Sales	33,570,825,431	27,513,328,310
EBIT – Adjusted / Treating Interest on Lease Liability as Rent Expense[1]	5,108,334,422	3,396,006,908
EBITDA – Adjusted / Treating ROU Depreciation and Interest on Lease Liability as Rent Expense[2]	6,256,482,756	4,339,174,272
EBIT Margin - Treating Interest on Lease Liability as Rent Expense[3]	15.22%	12.34%
EBITDA Margin- Treating ROU Depreciation and Interest on Lease Liability as Rent Expense[4]	18.64%	15.77%
Return on Equity Ratio[5]	18.73%	14.66%
Current Ratio[6]	2.27	1.94
Debt to Equity Ratio[7]	0.74	0.85

1. *Income before tax add net interest expense less lease interest expense*
2. *Income before tax add net interest expense and depreciation and amortization less lease interest expense and depreciation on ROU assets*
3. *EBIT / Net Sales*
4. *EBITDA / Net Sales*
5. *Net Income / Total Equity*
6. *Current Assets / Current Liabilities*
7. *Total Liabilities / Total Equity*

MATERIAL CHANGES (+/-5%) IN THE FINANCIAL STATEMENTS

Statement of Financial Position as at December 31, 2022 and December 31, 2021

1. Aggregate cash and short-term investments increased by ₱190 million or 8.1% from ₱2,342 million at the close of 2021 to ₱2,532 million as at December 31, 2022, traceable primarily to net cash flow provided by operating activities partially offset by capital expenditure and payment of dividends and lease.

2. Trade and other receivables totaled ₱288 million as at December 31, 2022, 73.4% or ₱122 million higher than the ₱166 million balance as at December 31, 2021. The increase was mainly due to higher credit card sales.

3. Advance payments to suppliers, comprising of advance payments to trade and non-trade suppliers, decreased by ₱1,447 million or 76.5% from ₱1,891 million balance as at December 31, 2021 due to receipt of merchandise inventories.

4. Merchandise Inventories increased by ₱1,367 million or 11.5% from ₱11,876 million at the close of 2021 to ₱13,243 million as at December 31, 2022 due mainly to increase in inventory purchases to support store network expansion.

5. Right of use Asset increased by ₱1,477 million or 23.0% from ₱6,428 million at the close of 2021 to ₱7,905 million as at December 31, 2022 due mainly to contract renewals and new stores.

6. Property and equipment increased by ₱1,470 million or 18.5% from ₱7,942 million at the close of 2021 to ₱9,412 million as at December 31, 2022 due mainly to capital expenditures related to store network expansion.

7. Net deferred tax assets increased by ₱122 million or 32.6% from ₱375 million at the close of 2021 to ₱497 million as at December 31, 2022 due to the impact of PFRS16 accounting and additional allowance for inventory obsolescence.

8. Other Noncurrent Assets increased by ₱40 million or 10.0% from ₱404 million at the close of 2021 to ₱444 million as at December 31, 2022 due mainly to licenses and software acquisition and additional refundable deposits paid.

9. Current liabilities amounted to ₱7,659 million as at December 31, 2022, decreased by 13.7% or ₱1,221 million from the ₱8,880 million balance as at December 31, 2021. The decrease was due mainly to payment of trade liabilities partially offset by increase in lease liabilities and income tax payable.

10. Non-current liabilities totaled ₱7,441 million, higher by 24.4% or ₱1,462 million from the December 31, 2021 balance of ₱5,979 million. The increase was mainly due to additional lease liabilities recognized for new contracts.

Income Statement Items

1. Net sales for the year 2022, amounted to ₱33,571 million, an increase of 22.0% or ₱6,057 million from last year.

2. Gross profit grew by 27.7% or ₱2,850 million from the 2021 level of ₱10,276 million to close at ₱13,126 million for the year for a gross profit margin of 39.1% mainly driven by the increase in sales and gross profit margin.

3. Operating expenses increased to ₱7,879 million for the year, up 17.1% or ₱1,148 million from the prior year's ₱6,732 million. The increase is attributable mainly to expansion-related expenses particularly in depreciation and amortization, utilities, outsourced services, trucking,

advertising and promotions, and salaries. Non-PFRS 16 related rent expense decreased by 28.5% or ₱42 million to ₱105 million.

4. Interest expense increased by 15.8% or ₱74 million, to total ₱544 million for the year from the prior year's ₱470 million, attributable to added leases for new stores. All interest expense represents non-cash interest charged on lease liability recognized for the period in relation to the adoption by the Company of PFRS 16 on leases.

5. Other income (charges) for the year ended December 31, 2022 amounted to ₱423 million, increased by 20.6% or ₱72 million from prior year's ₱351 million mainly due to higher supplier support, incentive, and other fees driven by the improvement in sales and higher volume of business. Meanwhile, non-operating interest income declined by ₱12 million due to lower investible funds.

6. The Company's income tax expense increased by 47.9% or ₱414 million to end at ₱1,277 million for the year 2022 from the ₱863 million incurred during the same period last year. The increase is due mainly to higher taxable income.

Results of Operations for the quarter ended December 31, 2022 compared with quarter ended December 31, 2021

Net Sales

The Company recorded net sales of ₱8,848 million for the three-month period ended December 31, 2022, 18.5% or ₱1,383 million higher than the ₱7,465 million for the same period in 2021. The increase was driven by comparable sales, which grew by 10.4%, and the remaining from new stores.

Sales from the depot-format stores contributed the majority of total net sales comprising 96.8% or ₱8,563 million for the fourth quarter of 2022, up by 18.0% or ₱1,307 million from the ₱7,256 million net sales for the fourth quarter of 2021. The depot's same store sales growth is 10.0%.

The smaller format "Home Essentials", recording net sales of ₱180 million accounting for 2.0% of net sales, reported an increase of 29.2% or ₱41 million during the fourth quarter of 2022 from prior year's same period level of ₱139 million.

The remaining 1.2% was accounted for by project sales or sales to major developers, amounting to ₱106 million, increasing by 51.7% or ₱36 million from prior year's same period level of 2021 of ₱70 million.

The Company opened three (3) new depots located in Luzon during the quarter.

Gross Profit

Gross profit rose 23.4% or ₱665 million year-on-year to total ₱3,509 million at the close of the quarter, traced mainly to the expansion of the gross margin rate to 39.7%. The higher margin exclusive and in-house brands increased its contribution from 50.1% to 51.3% year-on-year.

Operating Expenses

Operating expenses increased to ₱2,291 million during the fourth quarter of 2022, up 19.7% or ₱378 million from the ₱1,914 million during the same period in 2021. The increase is attributable mainly to the higher volume of business and expansion-related expenses, particularly in depreciation and amortization, utilities, outsourced services, trucking, salaries, and advertising and promotions.

Interest Expense

Interest expense during the fourth quarter of 2022 and 2021 amounted to ₱150 million and ₱117 million, respectively. The ₱32 million increase is attributable to added leases for new stores. All interest expense represents non-cash interest charged on lease liability recognized for the period in relation to the adoption by the Company of PFRS 16 on leases.

Other income (Charges)

Other income (charges) during the fourth quarter of 2022 amounted to ₱114 million, up by 5.2% or ₱6 million from the ₱108 million generated in 2021 mainly due to improvement in sales and higher volume of business.

Earnings Before Interest and Tax (EBIT) / Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

Adjusting the 2022 and 2021 depreciation and amortization to exclude right-of-use (ROU) depreciation and interest expense to exclude interest on lease liability and consider these as rent expense, EBITDA and EBIT are as follows:

3) EBITDA for the quarter ended December 31, 2022 totaled ₱1,496 million, or 16.9% of net sales, up by 27.9% or ₱326 million from the 2021 balance of ₱1,170 million, or 15.7% of net sales.
4) EBIT for the fourth quarter of 2022 is ₱1,175 million or 13.3% of net sales, up by 28.2% or ₱259 million higher from the prior year's same period level of ₱917 million, or 12.3% of net sales

Income Tax Expense (Benefit)

The Company's income tax expense increased by 28.2% or ₱65 million to end at ₱294 million in 2022, versus ₱229 million incurred during 2021.

Income Statement for the quarter ended December 31, 2022 compared with quarter ended December 31, 2021

1. Net sales for the fourth quarter ended December 31, 2022 amounted to ₱8,848 million, 18.5% or ₱1,383 million higher than the ₱7,465 million for the same period in 2021. The increase was driven by comparable sales, which grew by 10.4%, and the remaining from new stores.

2. Gross profit increased by 23.4% to ₱3,509 million for the period from the ₱2,844 million level
for the same period in 2021, driven by the increase in sales and the expansion in gross profit
margin.

3. Operating expenses increased to ₱2,291 million during the fourth quarter of 2022, up 19.7% or ₱378 million from the ₱1,914 million during the same period in 2021. The increase is attributable mainly to the higher volume of business and expansion-related expenses, particularly in depreciation and amortization, utilities, outsourced services, trucking, salaries, and advertising and promotions.

4. Interest expense during the fourth quarter of 2022 and 2021 amounted to ₱150 million and ₱117 million, respectively. The ₱32 million increase is attributable to added leases for new stores. All interest expense represents non-cash interest charged on lease liability recognized for the period in relation to the adoption by the Company of PFRS 16 on leases.

5. Other income (charges) during the fourth quarter of 2022 amounted to ₱114 million, up by 5.2% or ₱6 million from the ₱108 million generated in 2021 mainly due to improvement in sales and higher volume of business.

6. Income Tax for the quarter increased by 28.2% or ₱65 million from the same period in 2021 to total ₱294 million attributed mainly to higher taxable income.

Any known trends, events, or uncertainties (material impact on liquidity)

There are no known trends or events that will trigger any direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There are also no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entries or other persons that was created during the reporting period.

Description of any material commitments for capital expenditures, general purpose of such commitments for capital expenditure, expected sources for such expenditures.

There are no known regulatory or material contractual commitments of the Company for 2023.

The Company, pursuant to its expansion plans has allocated funds for additional stores/branches, warehouses, acquisition of vehicles and equipment, and renovations of select stores.

Any known trends, events, or uncertainties that will have material impact on sales and continuing operations

The continuing economic growth, not only of highly developed and urbanized regions of the Philippines but of emerging cities and provinces outside the national capital and its immediate surrounding regions has presented a vast potential for growth for the Company. Thus, the Company's growth plan is to expand in these locations, in which most Wilcon Depot has scarce to no presence yet.

In these emerging cities and provinces, the home improvement space more particularly the construction finishing materials niche is still dominated by traditional trade. As the economy of these areas develops and the purchasing power of the market strengthens, demand for more convenient and improved shopping experience, variety especially of higher quality products and overall better customer service are expected to continually grow. Entry and success of current and upcoming Wilcon stores in these growing areas coupled with the aforesaid continuous economic growth of these markets, it is expected that more modern trade channels for the home improvement space will gradually flourish, shifting the balance and the competitive landscape.

Seasonal Aspect that has material effect on the financial statements.

There is no seasonal aspect that has material effect on the financial statements.

Should a stockholder wish to receive a printed copy of the Company's annual report (SEC Form 17-A) and Information Statement (SEC 20-IS), *free of charge*, please contact:

Atty. Sheila P. Pasicolan-Camerino
Asst. Corporate Secretary
90 E. Rodriguez Jr. Avenue, Ugong Norte
Quezon City
Tel. No. (02) 8634-8387
Email: compliance_wdi@wilcon.com.ph

This Information Statement is also uploaded and can be viewed at https://investor.wilcon.com.ph/asm/

ANNEX A

COVER SHEET

C	S	2	0	1	5	2	4	7	1	2

S.E.C Registration No.

WILCON DEPOT INC. DOING BUSINESS UNDER THE NAME AND STYLE OF WILCON DEPOT, WILCON HOME ESSENTIALS, DO IT WILCON AND BARGAIN CENTER BY: WILCON DEPOT (FORMERLY WILCON DEPOT INC. DOING BUSINESS UNDER THE NAME AND STYLE OF WILCON DEPOT AND WILCON HOME ESSENTIALS)

90 E. RODRIGUEZ JR AVE UGONG NORTE QUEZON CITY

(Company's Full name)

(Principal Office)

Atty. Sheila Pasicolan - Camerino	(02) 8634-8387
Contact Person	Tel. No.

12	31	17-A	06	19
Month	*Day*	**FORM TYPE**	*Month*	*Date*
				(Annual Meeting)

For the year ended
31 December 2023

Secondary License, (if applicable type)

MSRD	N/A
Dept. requiring this doc	**Amended Articles number**

158		
Total stockholders	**Domestic**	**Foreign**

To be accomplished by SEC personnel concerned

File Number **LCU**

Document I.D. **Cashier**

STAMPS

SEC Number: CS 201524712

WILCON DEPOT, INC.
Doing business under the name and style of Wilcon Depot, Wilcon Home Essentials, Do It Wilcon and Bargain Center By: Wilcon Depot
(Formerly: WILCON DEPOT, INC. doing business under the name and style of Wilcon Depot and Wilcon Home Essentials)
(Company's Full Name)

90 E. Rodriguez Jr. Avenue, Ugong Norte, Quezon City
(Company's Address)

(02) 8634 - 8387
(Telephone Number)

2023 December 31
(Fiscal Year Ending, month and day)

SEC FORM 17-A Annual Report
(Form Type)

Amendment Delegation

December 31, 2023
Period Ended Date

(Secondary License Type and File)

SECURITIES AND EXCHANGE COMMISSION
SEC FORM 17-A, *AS AMENDED*

ANNUAL REPORT PURSUANT TO SECTION 17

OF THE SECURITIES REGULATION CODE AND SECTION 141

OF THE CORPORATION CODE OF THE PHILIPPINES

1. For the fiscal year ended .... December 31, 2023

2. SEC Identification Number CS201524712

3. BIR Tax Identification No. 009-192-878

4. Exact name of issuer as specified in its charter ....

WILCON DEPOT, INC.
Doing business under the name and style of Wilcon Depot, Wilcon Home Essentials, Do It Wilcon and Bargain Center By: Wilcon Depot
(Formerly: WILCON DEPOT, INC. doing business under the name and style of Wilcon Depot and Wilcon Home Essentials)

5. Quezon City, Philippines.. 6. [ ] (SEC Use Only)
Province, Country or other jurisdiction of incorporation or organization — Industry Classification Code:

7. 90 E. Rodriguez Jr. Ave., Ugong Norte, Quezon City……………….... 1110………………
Address of principal office — Postal Code

8. (02) 8634-8387………………………………………………………………………………
Issuer's telephone number, including area code

9. Not Applicable
…………………………………………………………………………………………………
Former name, former address, and former fiscal year, if changed since last report.

10. Securities registered pursuant to Sections 8 and 12 of the SRC, or Sec. 4 and 8 of the RSA

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
COMMON SHARES	4,099,724,116

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

Yes [√] No [ ]

If yes, state the name of such stock exchange and the classes of securities listed therein:

PHILIPPINE STOCK EXCHANGE – COMMON SHARES

12. Check whether the issuer:

(a) has filed all reports required to be filed by Section 17 of the SRC and SRC Rule 17.1 thereunder or Section 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of

The Corporation Code of the Philippines during the preceding twelve (12) months (or for such shorter period that the registrant was required to file such reports);

Yes [√] No [ ]

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

Yes [√] No [ ]

13. State the aggregate market value of the voting stock held by non-affiliates of the registrant. The aggregate market value shall be computed by reference to the price at which the stock was sold, or the average bid and asked prices of such stock, as of a specified date within sixty (60) days prior to the date of filing. If a determination as to whether a particular person or entity is an affiliate cannot be made without involving unreasonable effort and expense, the aggregate market value of the common stock held by non-affiliates may be calculated on the basis of assumptions reasonable under the circumstances, provided the assumptions are set forth in this Form. (See definition of "affiliate" in "Annex B").

The aggregate market value of the 1,391,869,600 voting stocks held by non-affiliates (public shares) as of December 31, 2023, computed based on the closing share price of ₱20.9 on the last trading day December 31, 2023 is ₱29,090,074,640.

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

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

NOT APPLICABLE

Yes [ ] No [ ]

DOCUMENTS INCORPORATED BY REFERENCE

15. If any of the following documents are incorporated by reference, briefly describe them and identify the part of SEC Form 17-A into which the document is incorporated:

(a) Audited Financial Statements as at and for the years ended December 31, 2023, 2022 and 2021 - Exhibit 1

(b) Statement of Management's Responsibility for Financial Statements as at and for the years ended December 31, 2023, 2022 and 2021, part of Exhibit 1.

(c) SEC Form 17-C – Exhibit 2

(d) 2023 Sustainability Report – Exhibit 3

TABLE OF CONTENTS

PART I. BUSINESS AND GENERAL INFORMATION

Item 1. Business

Background

Wilcon Depot, Inc., doing business under the name and style of Wilcon Depot and Wilcon Home Essentials (the Company/WDI/Wilcon Depot) was incorporated on December 17, 2015 as a subsidiary of Wilcon Corporation, doing business under the name and style of Wilcon City Center (WC), formerly known as Wilcon Builder's Depot Inc. (WBDI), to operate its home improvement retail businesses. It officially started operations on April 1, 2016 when the retail operations including all of the retail assets and liabilities were transferred from WC, thereby increasing WC's ownership in the Company to 99.06%.

The Company's retailing business, which it acquired and inherited from WC, has been in existence for 44 years. The business, founded by Mr. William T. Belo, opened its first store in 1977, carrying a variety of local brands of tiles and flooring, plumbing and sanitary wares, electrical and lighting products, and hardware and tools. Mr. Belo gradually expanded the pioneer Wilcon branch as business picked up. He opened three more branches with an average area of 2,400 sqm from 1989 to 1995. In 2002, the first store outside of Metro Manila was established in Davao City.

The first depot format store was opened in 2003, in Las Piñas. At 10,000 sqm, the Depot format was larger than their previous 5 stores, which had an average size of 4,223 sqm. Its product selection was more comprehensive and included more international brands and new product lines and categories such as furniture, furnishings and houseware, paints, and building materials, among others. Over the next 13 years, operations rapidly expanded with the opening of 27 more Depot format stores around the country.

The smaller format mall-based or community-based stores were formally organized in 2009 and operated under the brand name "Wilcon Home Essentials". This concept was adopted by a few of the old stores and subsequently applied to 3 more new stores from 2009 to 2013.

In 2023, the Company introduced DO IT WILCON, mainly to expand market share by targeting customers who require easy access to a basic range of tools and materials for simple housing repairs and maintenance. The Company plans to put up DO IT WILCON in community centers or malls. It also introduced BARGAIN CENTER as additional distribution channel for pruned items.

Corporate Restructuring

The following transactions occurred on April 1, 2016 in relation to the spin-off of the retail operations of WC into the Company:

- The net assets comprising the retail business were transferred to the Company. The land, intellectual property, and investment properties remained with WC, the Parent.
- The Company entered into lease agreements with its Parent for the lease of land assets used by its stores.

The spin off resulted in a 99.06% ownership of WC in the Company.

On March 31, 2017, the Company went public through an initial public offering with the Philippine Stock Exchange. The Company floated thirty four percent (34.00%) or 1,393,906,200 of its capital stock, increasing its issued and outstanding capital stock to 4,099,724,116 and diluting WC's equity interest in the Company to 65.38%.

Bankruptcy, Receivership or Similar Proceedings

The Company and its parent, WC, have not been subject to: (i) any bankruptcy, receivership or similar proceedings or (ii) any material reclassification, merger (other than as a surviving entity) consolidation of purchase or sale of significant amount of assets.

Products / Business Lines

The Company caters to the fast-growing segment of middle to high-income homeowners whose needs range from new home construction, renovation, repair and maintenance to home improvement, furnishing and design. The Company's complete spectrum of product offerings includes local and international brands of tiles and flooring, plumbing and sanitary wares, electrical and lighting products, hardware and tools, furniture, furnishings and houseware, paints, appliances and building materials, among others.

Product Categories

The Company offers a broad range of products grouped into major product categories namely plumbing and sanitary hardware and tools, tiles and flooring, electrical and lighting, furniture, furnishing and houseware, paints, appliances, and building materials. As a matter of competitiveness, the Company continues to develop new products and services for its customers as seen in the launching of several in-house and exclusive products in the past.

The table below enumerates the list of major product categories and its products.

Product Category	**Description**
Plumbing and Sanitary wares	Over 1,100 products that include bath and shower mixers, bath fillers, faucets, shower, water systems, bath tubs, bidet, bowl, lavatory, pedestal, shower enclosure, urinal, water closet and other accessories.
Hardware and Tools Products	Products such as door essentials, hand tools and hardware accessories, pipes, sundries, power tools and hand tools are found in this category.
Tiles / Flooring	Consists of locally made tiles and tiles from different countries such as China, Indonesia, Italy and Spain. Tiles are available in different sizes and different types such as ceramic, glass block, porcelain, and vinyl.
Electrical and Lighting	Includes electrical accessories and supplies, lamps, wiring devices, LED and lights.
Furniture, Furnishings and Houseware	Furniture products include those found in the bedroom, dining, kitchen, living room, office, and outdoor. Products include decorative items, organizers, wall hang decors, curtains, and blinds.
Paints	Provides a wide range of paints for different surface types.
Appliances	Products include air cooler, air conditioner, electric fan, entertainment appliances such as television, CD/DVD player, amplifier, kitchen appliances, washing machine, and vacuum cleaner.
Building Materials	Products include building decors and supplies, ceiling and wall, floor and roofing.

Among the major product categories, tiles and flooring products and plumbing and sanitary wares historically have the highest contribution to sales.

The Company carries over 1,100 brands across the different product categories translating to 90,000 stock keeping units (SKUs) as at December 31, 2023. The Company further classifies these brands as: (i) in-house brands owned by the Company and exclusive international brands that are solely distributed by the Company, and (ii) other locally procured local and international brands that are not exclusively distributed by the Company.

Store Formats

The Company operates 90 stores nationwide, as of December 31, 2023, and offers its products via two retail formats, namely the Depot store format and Home Essentials store format.

- *Depots*. The Company conducts its operations primarily through a format under the name "Wilcon Depot". As of December 31, 2023, the depot format accounted for 96.3% or ₱32,323 Million of the Company's net sales. Each Depot format store carries 40,000 to 60,000 SKUs and offers a broad variety of large-scale home and construction supply products. The net selling space of the Company's depot stores ranges from 2,800 sqm to 16,100 sqm, with an average gross floor area of 9,210 sqm. As of December 31, 2023, the Company has 82 depots located in all the major cities across the Philippines. Project sales or sales to major property developers, on the other hand, accounted for 1.6% or ₱540 Million of total net sales of the Company.

- *Home Essentials*. The Company also operates a smaller format known as "Wilcon Home Essentials". The Home Essentials format was launched in 2009 as a community store-type outlet aimed at customers who require easy access to a basic range of tools and materials for simple housing repair and maintenance. Home Essentials stores range in size from 740 sqm to 2,800 sqm with an average gross floor area of 1,478 sqm. As of December 31, 2023, the Company has 3 mall-based Home Essentials stores and 5 stand-alone branches for a total of 8 Home Essentials stores. Net sales generated by Home Essentials accounted for 2.1% or ₱741 Million of total net sales.

The Company has designed its stores to provide a comfortable atmosphere that will enhance the customers' shopping experience. The Company's stores offer facilities such as free parking, ample ventilation and air-conditioning, well-lit shopping areas, and a similar easy-to-navigate store layout in all its stores. For its depot-format stores the Company offers more shopping convenience like a coffee shop or a snack bar, lounges for customers and their contractors or architects and engineers, design hubs and a play area for kids. The Company continues to ensure the completeness of these features in all of its depots to keep customers satisfied.

Owing to the significantly higher store count and total selling area of depots versus home essentials, majority of the Company's revenues or 97.15% comprised of net sales generated from the depot-format stores,0.94% for the project sales while the remaining 1.91% was contributed by the home essential format store.

Distribution Methods of Products

The Company as mentioned in the preceding paragraphs, operate two store formats, the Depot and the Home Essentials. The home essential stores are confined within Metro Manila while the depots are located in different parts of the Philippines.

Below is the breakdown of the number of the Company's stores per location and format:

Store format	**Region**	**Number of stores**
Depot	Metro Manila	12
	Luzon	50
	Visayas	9
	Mindanao	11
Total Depot		**82**
Home Essentials	Metro Manila	7
	Luzon	1
Total Home Essentials		**8**
TOTAL		**90**

The Company outsources various logistics and distribution functions to third parties, which the Company believes allows it to expand its store network rapidly while lowering its operating costs.

Replenishment of the Company's inventory is provided through direct store deliveries from suppliers for urgent requirements or deliveries to the Company's warehouses for regular restocking.

Competition

The Company is operating in the construction and home improvement supply industry in the Philippines. The Company's direct competitors are retailers, wholesalers and distributors of constructions and home improvement supply. The Company competes with these entities primarily in terms of the range and quality of products and services offered, pricing, target market, and sales network coverage.

Suppliers

The Company has 660 local and multinational suppliers. Its major suppliers include Mariwasa Siam Ceramics, Inc., Hocheng Philippines Corp., Lixil Philippines Ltd. and Pacific Paint (Boysen) Philippines, Inc. all of which are local.

The Company purchases goods on a per order basis through purchase orders issued to suppliers. These purchase orders become the binding contracts between and among the Company and its suppliers. A purchase order provides the supplier details, terms of payment up to 60 days, discounts, entry date of order, delivery date and cancellation date, if any, SKU and description of products.

The Company is not dependent on any one or few suppliers given its extensive product offerings.

Consignors

Consignors operate within the selling area of Wilcon Depot and Wilcon Home Essentials stores and as of December 31, 2023, consignment sales accounted for 26.9% of the total sales. The Company charges a pre-determined mark-up on a consignor's cost on its products as its margins.

Customers

Target Customers

Wilcon Depot's customers comprise of homeowners from middle to high-income households, whose buying patterns are driven by new home construction, renovation, repair, maintenance, and other types of home improvement needs. Wilcon Depot also caters to independent contractors and project developers who require construction and building materials.

Customer Segments

The Company divides its customers into two categories:

- *Retail consumers* – Consisting of homeowners and small and independent contractors. Majority of the Company's revenues are generated from its retail consumers.
- *Institutional accounts* – Consisting of big property developers. The Company generates a small portion of its revenue from institutional accounts.

There is no single customer that accounts for more than twenty percent (20%) of the Company's revenues.

Loyalty and Rewards Program – Wilcon Loyalty Card

Wilcon Depot launched its Wilcon Loyalty Card program in 2011. It is a loyalty and rewards program offered by Wilcon Depot to all its customers free of charge. Registered members can accumulate points based on the amount and quantity of their purchases from any Wilcon Depot branch. The accumulated points can be converted into its equivalent monetary value based on the program and can be used by to purchase items at any Wilcon Depot store. From a membership of 89,118 in end-2011 and has grown to 828,249 members as of December 31, 2023.

Transactions with and/or Dependence on Related Parties

The Company, being a spun-off operation of WC, relies on the parent company and other related parties for the acquisition of majority of the current and all of the identified future store sites. Of the 90 branches as of December 31, 2023, only eight (8) sites are leased from third parties.

For a detailed discussion of the material related party transactions of the Company, please see Note 19 - Related Party Transactions and Balances of the attached Audited Financial Statements of the Company.

Intellectual Property

The Company owns all trademarks being used in connection with its home improvement and retail business.

Selected in-house brands of the Company are as follows:

Brand	Product Category
POZZI BATHROOM SOLUTIONS	Plumbing and Sanitary Wares
Käsch	Plumbing and Sanitary Wares
Crown Sink stainless steel sink	Plumbing and Sanitary Wares
Arte CERAMICHE	Tiles and Flooring
VERONA TILES	Tiles and Flooring

SOL CERAMICA	Tiles and Flooring
SAIGRES	Tiles and Flooring
ALPHALUX	Electrical and Lighting
HEIM HOME ESSENTIALS	Furniture, Furnishing and Houseware
DIRECT HARDWARE BEST VALUE HARDWARE FOR AMERICA/ASIA/AUSTRALIA	Hardware and Tools
Hamdên — life made easier —	Appliances

Government Approvals / Regulations

The Company is covered by various laws and regulations as a retail operation. As part of its normal course of doing business, it secures various government permits and licenses for leasing and operating store buildings.

Effect of Existing and Probable Government Regulations

The Company is not aware of any and foresees no impending change in government regulations that may have a material and adverse effect on the operations of the Company.

Research and Development

The Company has no expenditure on research and development for the year.

Costs and Effects of Compliance with Environmental Laws

The Company is compliant and incurs expenses for the purposes of complying with environmental laws such as the Environmental Clearance Certificate for total store areas of over 10,000 sqm. For stores with areas of 10,000 sqm and below, a Certificate of Non-Coverage may be obtained. Fees for procuring these clearances and permits are standard in the industry.

Employees

As of December 31, 2023, the Company has 3,595 direct hired employees. The following table sets out the breakdown of the Company's employees by rank and status.

Rank	**Number of Employees**
Key Management, Manager & Supervisor	1,198
Rank and File	2,397
Total	**3,595**

Employment Status	**Number of Employees**
Regular	3,183
Probationary	412
Total	**3,595**

The Company, through its Learning and Development Department, is committed to championing a proactive and adaptive approach to employee learning and development that conforms with the organizational values, culture, and an environment that promotes lifelong learning. The wide array of training conducted covers both technical and critical skills programs. Technical programs cover both products and systems training. Critical skills programs include Critical Thinking, Strategic Project Management, Daring Leadership, Building Everyday Habits, and Quiet.

The Critical Thinking Training Course (CTTC) for managers and supervisors aims to develop, widens, and uplift critical thinking skills that are vital in decision-making process of the learners, both in personal and work-related scenarios.

The Strategic Project Management (SPM) course aims to equip rank and file employees, supervisors, and managers with the essential skills and knowledge needed manage projects effectively. The principles, methodologies, and best practices of strategic project management will enhance the project success rates and drive organizational growth.

The Building Everyday Habits Training Course focuses on the application and practice of building positive habits to enhance personal and professional effectiveness. This course offers practical strategies and tools to cultivate habits that drive productivity, well-being, and success in the workplace.

The Daring Leadership Training Course is for employees with direct reports. It cultivates the courage and authenticity needed to become a daring leader in the workplace. This course draws inspiration on vulnerability, courage, and wholehearted leadership.

"Quiet: The Power of Introverts" training course is for individuals across all levels of an Wilcon organization, including rank and file employees, supervisors, and managers. The program highlights the unique strengths and contributions of introverts in the workplace and the strategies to put into good use the introvert traits, foster inclusivity, and create environments that empower both introverts and extroverts.

Moreover, the rank and file employees of the Company are subject of a collective bargaining agreement. Members are divided per cluster - the NCR, North and South Cluster. The CBA of the North Cluster is valid until 2028, for the South Cluster it is valid until 2025 and for the NCR, negotiation is on – going. At present, no employees are on strike or have been on strike in the past year or are threatening to strike.

The Company anticipates that it will have approximately 3,769 employees within the next 12 months to include new hires for the planned store openings in 2024.

Risks

1. The Company's expected revenue and net income growth is highly dependent on the expansion of its store network and it may be adversely affected by the following factors:

    - identifying, hiring and training qualified employees for each site;
    - punctual commencement and completion of construction activities;
    - engaging qualified independent contractors;
    - managing construction and development costs of new stores, particularly in competitive markets;
    - securing required governmental approvals, permits and licenses (including construction and business permits) in a timely manner and responding effectively to any changes in applicable laws and regulations that adversely affect the Company's costs or ability to open new stores;
    - unforeseen engineering or environmental problems with leased premises; and,
    - avoiding the impact of inclement weather, natural disasters and other calamities.

    The Company has properly planned its expansion program and has worked cooperatively with the parent company to put in place contingency and corrective measures where issues especially in the construction of new stores occurred that would delay said expansion. There is no guarantee, however, that these corrective measures would totally eliminate the risk of delays in the implementation of the expansion plans.

2. The Company may encounter significant competition in key provincial cities outside Metro Manila. A significant portion of the Company's medium-term expansion strategy is to open new stores in the various regions of the Philippines, particularly in areas outside of Metro Manila. The retail market in these areas is dominated by independent local operations. Expansion into these areas exposes the Company to operational, logistical and other risks of doing business in new territories. The Company has studied the demographics and the competitive environment in the areas it has planned to enter to overcome challenges of entering new markets. There is no guarantee that the strategies the Company will employ will result in the immediate and sustainable profitability of the branches to be opened in these new areas.

3. New stores will place additional burden on Company's existing resources, which may adversely affect its business. The Company's plans for expansion will place additional burden on its existing operational, managerial, financial and administrative resources. There is a risk that the Company's existing resources could fail to accommodate the increased number of stores, which in turn could compromise the operations of existing stores through deteriorating quality of its customer service, lack of product selection, poor management of inventory, among others. Although the Company has an effective recruitment and training program in place to always have

a pool of available competent personnel that can be deployed anytime and has kept a healthy financial condition to have ready access to debt and equity financing, these are not guarantees that the accelerated expansion plan will not strain existing resources.

4. The success of the Company's business is reliant on the Company's continuing capability to source and sell the appropriate mix of products that meet customer preferences. The Company's success is dependent on its ability to source and sell products that meet quality standards and at the same time satisfy customers' preferences. The Company has a team of employees primarily responsible for sourcing the right portfolio of products, studying and anticipating trends in customer behavior, and appropriately responding to these trends. Its ability to source and market such products, or to accurately forecast or quickly adapt to changing customer preferences, will affect the level of customer transactions in the Company's stores, which could have an effect on the Company's business.

5. The Company may not be able to maintain and develop good relationships with its current and future suppliers, and failure to do so may adversely affect its business. The Company's success is reliant on its relationships with current and future suppliers. The Company has had long-standing relationships with multiple local and foreign suppliers. The ability of the Company to build relationships with new suppliers and to maintain or further strengthen existing relationships with suppliers is important in enabling the Company to source its desired portfolio of products at the preferred price.

6. The Company currently relies on distributors and service providers for its logistics requirements. The Company relies on distributors and third - party service providers for transportation and deliveries of products to its stores. Any deterioration in its relationships with these distributors or service providers or other changes relating to these parties, including changes in supply and distribution chains, could have a material adverse effect on the Company's business, financial condition and results of operations. The Company has been able to establish and continues to improve its solid long-standing relationships with its service providers throughout the years. There can be no assurance, however, that these efforts will be successful.

7. The Company is a party to a large number of related party transactions. Certain companies controlled by the Belo Family have significant commercial transactions with the Company. The Company's related party transactions include leases and purchases. The Company expects that it will continue to enter into transactions with companies directly or indirectly controlled by or associated with the Belo Family. These transactions may involve potential conflicts of interest which could be detrimental to the Company and/or its shareholders. Conflicts of interest may also arise between the Belo Family and the Company in a number of other areas relating to its businesses, including:

    - major business combinations involving the Company and its subsidiaries;
    - transfers of affiliated companies into the Company;
    - plans to develop the respective businesses of the Company; and,
    - business opportunities that may be attractive to both the Belo Family and the Company.

    A continued high level of related party transactions may have a material adverse effect on the Company's business or results of operations.

    The terms of these related party transactions however, are pursuant to rates determined by an independent third-party appraiser that was engaged by the Company to ensure the fairness of these transactions.

8. The Company may fail to fulfill the terms of licenses, permits and other authorizations, or fail to renew them on expiration. The Company is required to maintain licenses, permits and other authorizations, including licenses and certain construction activities. The Company is also required to obtain and renew various permits, including business permits and permits concerning, for example, health and safety, environmental standards and distribution standards. If the Company fails to meet the terms of any of its licenses, permits or other authorizations necessary for operations, these may be suspended or terminated, leading to temporary or potentially

permanent closing of stores, suspension of construction activities or other adverse consequences.

In view of the foregoing, the Company in the conduct of its business has always closely monitored all its establishments to determine strict compliance with the local and national laws including amendments thereto as well as the terms and conditions of its permits and licenses. However, there can be no assurance that these efforts will be successful.

9. Changes in the retail and real estate market environment in the Philippines could affect the Company's business. The Company's home improvement business is dependent on the favorable growth and performance of the retail and real estate markets. The largest retail market of the Company is Metro Manila. The Company's stores in Metro Manila account for more than half of its total sales. Demand for the Company's products is driven by new and existing real estate projects in the market including, but not limited to, residential houses, condominiums, offices and commercial buildings.

   Any changes in these markets, including further consolidation among the Company's competitors, change of consumer preferences, decline in the Company's brand recognition, adverse regulatory developments or adverse developments in consumer disposable income in Metro Manila, slow roll-out of housing and other real estate projects, in particular, could have an adverse effect on the Company's business. The Company however, as it has done throughout the years, monitors and analyzes these markets in order for it to successfully anticipate changes and sufficiently respond to any development and continue to provide more and various choices to its customers.

Item 2. Properties

The Company does not own lands. It entered into lease agreements with WC, related parties and other third parties, to lease the land and/or buildings where its stores and warehouses are situated. The Company plans to enter into new leases in the next 12 months. The Company intends to continue to lease appropriate real estate properties that meet the Company's standards and requirements.

Part of the Company's use of IPO proceeds is for store network expansion. As of December 31, 2021, the Company has used all the allotted IPO proceeds for construction of its own buildings.

Item 3. Legal Proceedings

The Company and its management are not involved in any governmental, legal or arbitration proceedings that may have a material effect on the Company's business, financial position or profitability.

None of the members of the Board of Directors and executive officers of the Company is involved in any material criminal, bankruptcy or insolvency investigations or proceedings.

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

The following items were submitted to a vote of security holders for the year:

1. Approval of the Minutes of the Annual Stockholders' Meeting held on 20 June 2022

2. Approval of Annual Report and Financial Statements as of 31 December 2022

3. Ratification of All Acts and Resolutions of the Board of Directors and Management during the preceding year

4. Amendment of Articles of Incorporation

5. Election of Directors

6. Appointment of External Auditors

PART II. OPERATIONAL AND FINANCIAL INFORMATION

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

Wilcon Depot, Inc.'s common shares have been trading in the Philippine Stock Exchange (PSE) starting March 31, 2017. The high and low market prices of the Company's shares for each quarter of 2023 as reported by the PSE are shown below:

2023	High	Low
4th quarter	23.05	19.8
3rd quarter	25.85	20.55
2nd quarter	30.40	23.85
1st Quarter	34.45	26.40

The market capitalization of the Company's common shares at the end of 2023 based on the closing market price of ₱20.9 per share totaled to ₱85 Billion.

Item 6. Management's Discussion and Analysis

Results of Operations for year Ended December 31, 2023 compared with the year ended December 31, 2022

The Company recorded net income of ₱3,483 million for the year 2023, lower by ₱365 million or 9.5% from the ₱3,848 million reported in 2022 with net margins of 10.1% and 11.5%, respectively. Despite higher net sales and other income and improvement in the gross profit, net income was adversely affected by the increase in operating expenses.

Net Sales

Net sales for the year 2023, amounted to ₱34,604 million, an increase of ₱1,033 million or 3.1% from last year, driven by new store sales as comparable sales declined by 3.4%.

The Company ended the year with 90 stores, opening nine (9) new stores during the year. Seven (7) new depots were opened, six (6) of which were located in Luzon and one (1) in Mindanao. Two (2) new Home Essentials were opened during the year, one (1) each in Luzon and Mindanao with one closure and another being replaced with the larger-format depot store.

On a per format basis, the depots, contributing 96.3% of total net sales, grew by ₱708 million or 2.2% to ₱33,323 million from the ₱32,615 million net sales in 2022. The increase was accounted for by sales from new depots as same store sales declined by 4.1%.

The Home Essentials format, recorded net sales of ₱741 million, a ₱100 million or 15.7% increase year-on-year, contributed mainly by new Home Essentials stores. Same store sales for this smaller store format declined by 4.8%.

The remaining 1.6% of total net sales was accounted for by project sales or sales to major institutional accounts, amounting to ₱540 million, increasing by ₱224 million or 71.0% year-on-year.

Gross Profit

Gross profit grew by ₱568 million or 4.3% from the 2022 level of ₱13,126 million to close at ₱13,694 million for the year for a gross profit margin of 39.6%. The increase was traced mainly to higher sales for the period and the expansion in gross profit margin which grew by 50 basis points year-on-year. The improvement in gross profit margin is traced mainly to higher gross profit margin rates of exclusive and in-house brands classification, which resulted in a higher overall margin for the class with a slight increase in their contribution to total net sales at 51.2% from 51.1% in 2022.

Operating Expenses

Operating expenses increased to ₱8,940 million for the year, up ₱1,061 million or 13.5% from the prior year's ₱7,879 million. The increase is attributable mainly to expansion-related expenses, particularly in depreciation and amortization, outsourced services, trucking and salaries.
Rent expense increased by ₱62 million or 55.9% to ₱172 million mainly due to re-classification of renewed leases with lease term changes.

Interest Expense

Interest expense increased by ₱96 million or 17.7%, to total ₱641 million for the year from the prior year's ₱544 million, attributable to the increase in lease liabilities for new stores. All interest expense represents non-cash interest charged on lease liability recognized for the period in relation to the adoption by the Company of PFRS 16 on leases.

Other Income (Charges)

Other income (charges) for the year ended December 31, 2023 amounted to ₱526 million, increased by ₱103 million or 24.3% from prior year's ₱423 million traced mainly to a one-off rebate from supplier and higher collection of rent income due to additional stores opened. Meanwhile, non-operating interest income declined by ₱3 million.

Earnings Before Interest and Tax (EBIT) / Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

Adjusting the 2023 and 2022 depreciation and amortization to exclude depreciation for the right-of-use (ROU) assets and interest expense on lease liability and consider these as rent expense, EBITDA and EBIT are as follows:

1) EBITDA as of December 31, 2023 reached ₱5,908 million, or 17.1% of net sales, declining by 5.6% from the ₱6,256 million, or 18.6% of net sales, recorded as of December 31, 2022.
2) EBIT for the year 2023 is ₱4,625 million or 13.4% of net sales, decreasing by 9.5% from ₱5,108 million, or 15.2% of net sales, year-on-year.

The decline in both EBITDA and EBIT was driven by the increase in operating expenses partly offset by improved sales performance and expansion of gross profit and other income.

Income Tax Expense

The Company's income tax expense decreased by ₱121 million or 9.5% to end at ₱1,156 million for the year 2023 from the ₱1,277 million incurred during the same period last year. The decline is due mainly to lower taxable income.

Financial Condition as at December 31, 2023

Liquidity

Net cash provided by operating activities decreased by ₱285 million or 5.4% in 2023 compared to 2022, primarily driven by the decline in net income. Cash used in investing activities went down by ₱973 million or 37.4% in 2023 compared to 2022, primarily resulting from reduced capital expenditures spending. Cash used in financing activities reflected ₱1,765 million lease payments and ₱1,517 million dividend payments. Current ratio slightly declined from 2.27:1.00 to 2.17 :1.00.

Cash and cash equivalents and short-term investments totaled P1,865 million, a ₱667 million or 26.3% decrease from the balance as at December 31, 2022. The decline is mainly due to continued investment in new stores from internally generated funds and payment of dividends.

Capital Expenditure

The Company's capital expenditure totaled ₱2,358 million during the year 2023, the bulk of which was spent on the construction of new stores and warehouses.

Capital Resources

The Company continues to have easy access to the debt markets for both its working capital and long-term funding requirements having remained bank debt-free and with preferential lines with the Philippines' top banks.

The company's liabilities consist mostly of trade payables and lease liabilities recognized pursuant to the adoption of PFRS 16 – Leases. The company has no existing lease or other contracts with material contingent liability that will adversely affect the company's operations or the implementation of its strategic initiatives.

Key Financial Performance Indicators

Key Performance Indicators	As at December 31, 2023	As at December 31, 2022
Sales	34,603,965,512	33,570,825,431
EBIT – Adjusted / Treating Interest on Lease Liability as Rent Expense[1]	4,625,082,255	5,108,334,422
EBITDA – Adjusted / Treating ROU Depreciation and Interest on Lease Liability as Rent Expense[2]	5,907,960,277	6,256,482,756
EBIT Margin - Treating Interest on Lease Liability as Rent Expense[3]	13.37%	15.22%
EBITDA Margin- Treating ROU Depreciation and Interest on Lease Liability as Rent Expense[4]	17.07%	18.64%
	As at December 31, 2023	**As at December 31, 2022**
Return on Equity Ratio[5]	15.47%	18.73%
Current Ratio[6]	2.17	2.27
Debt to Equity Ratio[7]	0.77	0.74

1 *Income before tax add net interest expense less lease interest expense*
2 *Income before tax add net interest expense and depreciation and amortization less lease interest expense and depreciation on ROU assets*
3 *EBIT / Net Sales*
4 *EBITDA / Net Sales*
5 *Net Income / Total Equity*
6 *Current Assets / Current Liabilities*
7 *Total Liabilities / Total Equity*

MATERIAL CHANGES (+/-5%) IN THE FINANCIAL STATEMENTS

Statement of Financial Position as at December 31, 2023 and December 31, 2022

1. Aggregate cash and short-term investments decreased by ₱667 million or 26.3% from ₱2,532 million at the close of 2022 to ₱1,865 million as at December 31, 2023, traceable primarily to net cash flow used for acquisition of property and equipment, lease payments as well as payment of dividends.

2. Trade and other receivables totaled ₱414 million as at December 31, 2023, ₱126 million or 43.7% higher than the ₱288 million balance as at December 31, 2022. The increase was mainly due to the increase in trade receivables as a result of higher project sales.

3. Advance payments to suppliers, comprising of advance payments to trade and non-trade suppliers, decreased by ₱98 million or 22.0% from ₱444 million balance as at December 31, 2023 due to timely delivery of merchandise inventories from suppliers.

4. Merchandise Inventories increased by ₱2,534 million or 19.1% from ₱13,243 million at the close of 2022 to ₱15,777 million as at December 31, 2023 due mainly to store network expansion.

5. Other current assets increased by ₱469 million or 53.4% from ₱878 million at the close of 2022 to ₱1,346 million as at December 31, 2023 due mainly to increase in materials and supplies, and input tax from purchases.

6. Right of use Asset increased by ₱573 million or 7.3% from ₱7,905 million at the close of 2022 to ₱8,478 million as at December 31, 2023 due mainly to contract renewals and new stores.

7. Property and equipment increased by ₱1,072 million or 11.4% from ₱9,412 million at the close of 2022 to ₱10,484 million as at December 31, 2023 due mainly to capital expenditures related to store network expansion.

8. Net deferred tax assets increased by ₱86 million or 17.4% from ₱497 million at the close of 2022 to ₱583 million as at December 31, 2023 due to the impact of PFRS16 accounting and increase in unearned revenue from loyalty program.

9. Other Noncurrent Assets increased by ₱42 million or 9.4% from ₱444 million at the close of 2022 to ₱486 million as at December 31, 2023 due mainly to increase in advances related to construction and security deposits to lessors.

10. Trade and Other Payables increased by ₱1,325 million or 23.0% from ₱5,763 million at the close of 2022 to ₱7,088 million as at December 31, 2023 due mainly to higher purchases and expenses on credit.

11. Income tax payable decreased by ₱42 million or 14.8% from ₱282 million at the close of 2022 to ₱240 million as at December 31, 2023 mainly due to lower taxable income.

12. The current portion of lease liability increased by ₱155 million or 9.6% from ₱1,614 million at the close of 2022 to ₱1,769 million as at December 31, 2023 due mainly to contract renewals and new stores.

13. The non-current portion of lease liability increased by ₱758 million or 10.3% from ₱7,359 million at the close of 2022 to ₱8,117 million as at December 31, 2023 due mainly to contract renewals and new stores.

14. Net retirement liability decreased by ₱25 million or 30.3% from ₱82 million at the close of 2022 to ₱57 million as at December 31, 2023 due mainly to higher interest income and lower retirement expense recognized.

Income Statement Items

1. Operating expenses increased to ₱8,940 million for the year, up ₱1,061 million or 13.5% from the prior year's ₱7,879 million. The increase is attributable mainly to expansion-related expenses, particularly in depreciation and amortization, outsourced services, trucking and salaries.

2. Interest expense increased by ₱96 million or 17.7%, to total ₱641 million for the year from the prior year's ₱544 million, attributable to the increase in lease liabilities pertaining to new stores. All interest expense represents non-cash interest charged on lease liability recognized for the period in relation to the adoption by the Company of PFRS 16 on leases.

3. Other income (charges) for the year ended December 31, 2023 amounted to ₱526 million, increased by ₱103 million or 24.3% from prior year's ₱423 million traced mainly to a one-off rebate from supplier and higher collection of rent income due to additional stores opened. Meanwhile, non-operating interest income declined by ₱3 million due to lower investible funds.

4. The Company's income tax expense decreased by ₱121 million or 9.5% to end at ₱1,156 million for the year 2023 from the ₱1,277 million incurred during the same period last year. The decline is due mainly to lower taxable income.

Results of Operations for the quarter ended December 31, 2023 compared with quarter ended December 31, 2022

The Company recorded net income of ₱757 million for the fourth quarter of 2023, lower by ₱131 million or 14.7% from the ₱888 million reported in 2022 with net margins of 8.7% and 10.0%, respectively. The decrease was mainly driven by the increase in operating expenses and decline in the gross profit margin.

Net Sales

The Company recorded net sales of ₱8,661 million for the three-month period ended December 31, 2023, ₱187 million or 2.1% lower than the ₱8,848 million for the same period in 2022. Total net sales slid even as new stores generated a 5.1% increase as comparable sales dropped 7.1%.

Sales from the depot-format stores contributed the majority of total net sales comprising ₱8,298 million or 95.8% for the fourth quarter of 2023, lower by ₱265 million or 3.1% from the ₱8,563 million net sales for the fourth quarter of 2022. The format's comparable sales declined by 7.9% offsetting the 4.9% increase in net sales generated by new depots.

The smaller format "Home Essentials", recording net sales of ₱192 million accounting for 2.2% of net sales, reported an increase of ₱12 million or 6.7% during the fourth quarter of 2023 from prior year's same period level of ₱180 million, mainly due to the contribution of new Home Essential branches.

The remaining 2.0% was accounted for by project sales or sales to major developers, amounting to ₱171 million, increasing by ₱65 million or 62.1% from prior year's same period level of 2022 of ₱106 million.

The Company opened two (2) new depots and one (1) new Home Essentials located in Luzon during the quarter.

Gross Profit

Gross profit decreased by ₱63 million or 1.8% year-on-year to total ₱3,446 million at the close of the quarter, traced mainly to the decline in net sales. The higher margin exclusive and in-house brands increased its contribution from 51.3% to 52.1% year-on-year resulting in an increase in gross profit margin rate to 39.8%.

Operating Expenses

Operating expenses increased to ₱2,378 million during the fourth quarter of 2023, up ₱87 million or 3.8% from the ₱2,291 million during the same period in 2022. The increase is attributable mainly to the higher volume of business and expansion-related expenses, particularly in outsourced services, trucking, depreciation and amortization.

Interest Expense

Interest expense during the fourth quarter of 2023 and 2022 amounted to ₱167 million and ₱150 million, respectively. The ₱17 million increase is attributable to added leases for new stores. All interest expense represents non-cash interest charged on lease liability recognized for the period in relation to the adoption by the Company of PFRS 16 on leases.

Other income (Charges)

Other income (charges) during the fourth quarter of 2023 amounted to ₱108 million, lower by ₱6 million or 4.9% from the ₱114 million generated in 2022 mainly due to lower collection of rent income.

Earnings Before Interest and Tax (EBIT) / Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

Adjusting the 2023 and 2022 depreciation and amortization to exclude right-of-use (ROU) depreciation and interest expense to exclude interest on lease liability and consider these as rent expense, EBITDA and EBIT are as follows:

1) EBITDA for the quarter ended December 31, 2023 totaled ₱1,329 million, or 15.3% of net sales, lower by ₱167 million or 11.2% from the 2022 balance of ₱1,496 million, or 16.9% of net sales.

2) EBIT for the fourth quarter of 2023 is ₱1,008 million or 11.6% of net sales, lower by ₱167 million or 14.3% from the prior year's same period level of ₱1,175 million, or 13.3% of net sales.

Income Tax Expense (Benefit)

The Company's income tax expense decreased by ₱42 million or 14.3% to end at ₱252 million in 2023, versus ₱294 million incurred during 2022.

MATERIAL CHANGES (+/-5%) IN THE FINANCIAL STATEMENTS

Income Statement for the quarter ended December 31, 2023 compared with quarter ended December 31, 2022

1. Interest expense during the fourth quarter of 2023 and 2022 amounted to ₱167 million and ₱150 million, respectively. The ₱17 million or 11.7% increase is attributable to added leases for new stores. All interest expense represents non-cash interest charged on lease liability recognized for the period in relation to the adoption by the Company of PFRS 16 on leases.

2. Income Tax for the quarter decreased by ₱42 million or 14.3% from the same period in 2022 to total ₱252 million attributed mainly to lower taxable income.

Any known trends, events, or uncertainties (material impact on liquidity)

There are no known trends or events that will trigger any direct or contingent financial obligation that is material to the Company, including any default or acceleration of an obligation.

There are also no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Company with unconsolidated entries or other persons that was created during the reporting period.

Description of any material commitments for capital expenditures, general purpose of such commitments for capital expenditure, expected sources for such expenditures.

There are no known regulatory or material contractual commitments of the Company for 2022.

The Company, pursuant to its expansion plans has allocated approximately ₱2.8B for additional stores/branches, warehouses, acquisition of vehicles and equipment, and renovations of select stores.

Any known trends, events, or uncertainties that will have material impact on sales and continuing operations

The continuing economic growth, not only of highly developed and urbanized regions of the Philippines but of emerging cities and provinces outside the national capital and its immediate surrounding regions has presented a vast potential for growth for the Company. Thus, the Company's growth plan is to expand in these locations, in which most Wilcon Depot has scarce to no presence yet.

In these emerging cities and provinces, the home improvement space more particularly the construction finishing materials niche is still dominated by traditional trade. As the economy of these areas develops and the purchasing power of the market strengthens, demand for more convenient and improved shopping experience, variety especially of higher quality products and overall better customer service are expected to continually grow. Entry and success of current and upcoming Wilcon stores in these growing areas coupled with the aforesaid continuous economic growth of these markets, it is expected that more modern trade channels for the home improvement space will gradually flourish, shifting the balance and the competitive landscape.

Seasonal Aspect that has material effect on the financial statements.

There is no seasonal aspect that has material effect on the financial statements.

Certification on Internal Controls

The reliability of the Company's financial statements as at and for the period ending December 31, 2023.

The Company made a representation through its filing of SEC Form 17A (Annual Report) which contains the audited financial statements, of its responsibility for the preparation and fair presentation of such financial statements in accordance with the Philippine Financial Reporting Standards. Management also assumes responsibility for internal control as it determines necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Company's external auditor, Reyes Tacandong & Co. provided an opinion that the Company's financial statements are presented fairly, in all material respect.

Company's compliance with financial and corporate governance regulatory requirements and reporting.

The Company, through its Compliance Officer made representation of the absence of significant breach of laws and regulations or involvement in any governmental, legal or arbitration proceedings that may have a material effect on the Company's business, financial position or profitability.

The Treasurer attested to the submission of all financial and reportorial requirements to pertinent institutions and agencies of government.

Sound internal control and compliance system are in place in the Company.

The Company had not noted or reported any significant control gaps or weaknesses that would imperil or materially affect the achievement of its goals and objectives.

The Company's Chief Audit Executive reported to the Audit Committee the results of its audits in 2022, including control and risk matters that are of financial, operational, and compliance in nature together with the corresponding actions implemented by the Company.

Dividend Policy

The Company is authorized under Philippine law to declare dividends, subject to certain requirements. The payment of dividends, either in the form of cash or shares, will depend upon the Company's earnings, cash flow and financial condition, among other factors. The Company may declare dividends only out of its unrestricted retained earnings. These represent the net accumulated earnings of the Company with its unimpaired capital, which are not appropriated for any other purpose. The Company may pay dividends in cash, by the distribution of property, or by the issue of shares. Dividends paid in cash or property are subject to the approval by the Board of Directors. Dividends paid in the form of additional shares are subject to approval by both the Board of Directors and at least two-thirds of the outstanding share capital of the shareholders at a shareholders' meeting called for such purpose.

The Company has approved a dividend policy of maintaining an annual cash and/or share dividend pay-out of up to 25% of its net profit after tax from the preceding year, subject to the requirements of applicable laws and regulations, the terms and conditions of its outstanding bonds and loan facilities, and the absence of circumstances that may restrict the payment of such dividends, such as where the Company undertakes major projects and developments. Dividends must be approved by the Board (and shareholders in case of a share dividend declaration) and may be declared only from the unrestricted retained earnings of the Company. The Company's Board of Directors may, at any time, modify the Company's dividend policy, depending upon the Company's capital expenditure plans and/or any terms of financing facilities entered into to fund its current and future operations and projects. The Company can give no assurance that it will pay any dividends in the future.

The Company has the following dividend history:

Date Approved	Record Date	Payment Date	Amount
May 9, 2018	May 24,2018	June 8, 2018	PhP0.08 regular PhP0.03 special **PhP0.11 total**
March 6, 2019	March 22, 2019	April 16, 2019	PhP0.11 regular PhP0.05 special **PhP0.16 total**
February 24, 2020	March 20, 2020	April 16, 2020	PhP0.12 regular PhP0.06 special

			PhP0.18 total
February 24, 2021	March 19, 2021	April 16, 2021	PhP0.10 regular PhP0.02 special **PhP0.12 total**
February 23, 2022	March 15, 2022	April 12, 2022	PhP0.15 regular PhP0.06 special **PhP0.21 total**
February 22, 2023	March 22, 2023	April 18, 2023	PhP0.23 regular PhP0.14 special **PhP0.37 total**

<u>Discussion on Compliance with Leading Practice on Corporate Governance</u>

On 22 May 2017, the Board of Directors approved the adoption of the Revised Manual on Corporate Governance in accordance with the SEC Memorandum Circular No. 19 Series of 2016.

The Company understands that it is paramount to set the kind of corporate governance needed in the attainment of the Company's corporate goals.

The Revised Manual on Corporate Governance was designed to define the framework of rules, systems and processes that governs the performance of the Board of Directors (the Board) and Management. It establishes the structure by which the Company executes and carries out its Corporate Governance. This serves as reference by all the members of the Board as well as its Management in the conduct of their duties and responsibilities.

The Board of Directors and Management, employees and shareholders, believe that good governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness thereof within the organization.

With the aid of its committees, the Board of Directors shall be primarily responsible for the governance of the Corporation and shall, hence, ensure compliance with the principles of good corporate governance.

To strictly observe and implement the provisions of this Manual, corresponding penalties shall be imposed, after notice and hearing, on the Corporation's directors, officers, staff, subsidiaries, and affiliates and their respective directors, officers, and staff in case of violation of any of the provisions of the Manual.

On 7 August 2019, in compliance with SEC Memorandum Circular No. 10 Series of 2019, Rules on Material Related Party Transactions for Publicly Listed Companies, the Board approved its Material Related Party Transactions Policy and accordingly revised its Related Party Transactions Committee Charter.

On May 6, 2020, the Board of Directors of the Corporation approved the amendments to its Corporate Governance Manual in compliance with the Revised Corporation Code and related issuances. The Board also approved the amendments to the By-laws of the Corporation in compliance with the Revised Corporation Code. The amendments to the By-laws were then ratified by the stockholders during the annual stockholders' meeting held on September 21, 2020. The Securities and Exchange Commission approved the said amendments on March 2, 2021.

Item 7. Financial Statements

The financial statements are incorporated in this report as Exhibit 1.

External Audit Fees

The aggregate fees billed by Reyes Tacandong & Co., (“RTCo.”) for the audit of the financial statements of the Company and other services in connection with the statutory and regulatory filings for 2023 is ₱2,300,000.00.

Audit Committee’s Approval Policies and Procedures

The nomination of the Company’s external auditor was endorsed to the stockholders based on the recommendation of the Audit Committee as well as the approval of the Board of Directors. Further, the quarterly reports and financial statements are reviewed and endorsed by the Audit Committee and approved by the Board of Directors prior to its release and submission to the SEC and PSE.

Item 8. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

The Company has engaged the services of RTCo. as its external auditors since its incorporation. There had not been any material disagreements on accounting and financial disclosures with RTCo. for the years ended December 31, 2023 and 2022.

PART III. CONTROL AND COMPENSATION INFORMATION

Item 9. Directors and Executive Officers of Registrant

The following are the Directors and Officers of the Company for the year 2023:

Name	Age	Nationality	Position
William T. Belo	78	Filipino	Chairman Emeritus
Bertram B. Lim	86	Filipino	Chairman
Lorraine Belo-Cincochan	44	Filipino	Director, President and Chief Executive Officer
Mark Andrew Y. Belo	41	Filipino	Director and EVP - Treasurer
Careen Y. Belo	40	Filipino	Director, EVP - Chief Product Officer, CIO and CRO
Ricardo S. Pascua	75	Filipino	Independent Director
Rolando S. Narciso	77	Filipino	Independent Director
Delfin L. Warren	73	Filipino	Independent Director
Arthur R. Ponsaran	80	Filipino	Corporate Secretary
Sheila Pasicolan-Camerino	37	Filipino	Asst. Corporate Secretary and Compliance Officer
Rosemarie B. Ong	65	Filipino	Senior Executive Vice President – Chief Operating Officer
Eden M. Godino	47	Filipino	SVP - Product Development
Grace A. Tiong	50	Filipino	SVP - Human Resources
Michael D. Tiong	50	Filipino	Vice President – Global Sourcing
Mary Jean G. Alger	53	Filipino	Vice President – Investor Relations
Lauro D.G Francisco	58	Filipino	Chief Audit Executive
Keith S. Chan	62	Filipino	Vice President – Information Technology

Jea S. Reyes	54	Filipino	Vice President – Finance
Jose Ruel J. Godino	48	Filipino	Vice President - Merchandising
Alen E. Alban	46	Filipino	Vice President – Project Sales

William T. Belo is the Chairman Emeritus of the Company. He is the founder of the Wilcon business and brand. He was Chairman and/or President of all Wilcon companies established and/or acquired from 1977 to 2016 including the parent, WC. Currently, he is involved in other business undertakings and serves as Director of Markeenlo Realty Inc., Lomarkeen Realty Inc.; the Chairman of Coral-Agri Venture Farm Inc., Coral Farms, WAJ Realty Development Inc.; and Treasurer of Crocodylus Porosus Philippines Inc. He also serves as the Chairman of Wilcon Builders Foundation Inc. He won the 2013 MVP Bossing Award, a distinction given to outstanding entrepreneurs of the country. In 2018, he was recognized as an Outstanding Thomasian Engineer, awarded as one of the People of the Year by People Asia and Patriarch of Home Building Retail by the Philippine Retailers Association. In 2019, he was given the UST Engineering Alumni Association Inc. Presidential Award and was recognized as The Manila Times Man of the Year of the Asia Leaders. Mr. Belo graduated from the University of Sto. Tomas in 1968 with a Bachelor of Science degree in Electronics and Communications Engineering.

Bertram B. Lim is the Chairman of the Company. He is also the Chairman of the United Neon Advertising, Inc., the largest outdoor advertising company in the Philippines and the Chairman of the Center for Community Transformation, a Christian non-government organization, ministering to the poor, with half a million beneficiaries. He was a former Board Treasurer of the Trinity University/St. Luke's Health Sciences Consortium and continues to be a Board member and a Bestselling Author.

Lorraine Belo-Cincochan is a Director, President and the Chief Executive Officer of Wilcon Depot, Inc. She has held various positions in the family business starting out as a trainee under her father who was then president of Wilcon. In 2000, she headed the company's IT department that resulted in the beginnings of the company's digital transformation journey of Wilcon's key processes. From 2003 to 2005, she was assigned to manage the daily operations of the first ever large format Wilcon Depot branch as a Manager-trainee where she gained real world experience in retail operations. She was then appointed as Executive Vice President for Operations in 2005 and in 2006 became the Company's Executive Financial Officer, holding the position until March, 2016. In 2018, she was recognized as one of the 2018 Forbes Asia Emergent Women Honorees.

Mark Andrew Y. Belo is a Director and EVP - Treasurer of the Company and the President and Chief Executive Officer of WC from March 2016 to the present. He served as the Chief Financial Officer of the Company from 2016 to March 2019. Under WC, he was Assistant Vice-President for Business Development from 2015 to March 2016 and Executive Project Management Head from January 2013 to March 2015. He was also assigned in various positions under Wilcon Builders Supply, Inc. from July 2004 to August 2007. He is currently the President of Coral-Agri Venture Farm Inc. He graduated from the University of Asia & the Pacific in 2004 with a Bachelor's Degree in Industrial Economics.

Careen Y. Belo is a Director and EVP - Chief Product Officer of the Company. She is concurrently a Director of WC, the Executive Vice President for Product Development of Coral-Agri Venture Farm Inc., Executive Officer of Crocodylus Porosus Phil Inc. and President of The Meatplace Inc. She held various positions in the business having been a Business Development Manager from 2004 to 2007 of WC, Marketing and Sales Assistant from 2007 to 2014 and Executive Financial Audit Manager from 2014 to March, 2016. Ms. Belo obtained her Bachelor of Science in Management from the University of Asia & the Pacific in 2005.

Ricardo S. Pascua is an Independent Director of the Company since September 2016. He was Vice Chairman of the Board and President and CEO of Metro Pacific Corporation from January 2000 until his retirement in December 2001, a position he held also from January 1993 to July 1995. In between, he was Vice Chairman and CEO of Fort Bonifacio Development Corporation. He was concurrently an Executive Director of First Pacific Company Ltd. from 1982 to 2001 and as such served in the boards of companies such as Smart Communications, Inc., United Commercial Bank in San Francisco, California, First Pacific Bank in Hong Kong and 1st eBank in Manila. Mr. Pascua started his career in Bancom Development Corporation as Asst. Vice President in 1972 and was assigned in Bancom International Ltd. in Hong Kong as Senior Manager in 1975. Currently, Mr. Pascua serves as an independent director in various corporations and foundations. He is likewise involved in several businesses as Chairman of the Board of Caelum Developers Inc., Facilities & Property Management Technologies, Inc., Ascension Phildevelopers, Inc.; Chairman of the Executive Committee of Phoenix Land Inc. and a Director in Boulevard Holdings, Inc., Central Luzon Doctor's Hospital, Costa de Madera Corp. and Quicksilver Satcom Ventures, Inc.; and the President of Bancom II Consultants, Inc. Mr. Pascua has a Master of Business Management from Asian Institute of Management obtained in 1971 and he finished his bachelor's degree majoring in Economics (Cum Laude) from the Ateneo de Manila University in 1969.

Rolando S. Narciso is an Independent Director of the Company since September 2016. He is currently the Vice President for Industry Affairs of Philippine Galvanizers and Coaters Association which is affiliated with the Philippine Iron and Steel Institute. He was a former Director and Chairman of St. Joseph Group from 2015 to 2019 and a former Director and Officer of New Kanlaon Construction, Inc. from 2004 to 2014. He was President and Chief Operating Officer of Steel Corporation of the Philippines from 1998 to 2004. Before the National Steel Corporation was privatized, Mr. Narciso was its President and Chief Operating Officer from 1989 to 1995 and, concurrently from 1989, was a Director of Refractories Corp. of the Phils. and Semirara Coal Corp. up to 1994 and Integrated Air Corp. up to 1993. From 1974 to 1988, he held various positions in National Steel and other subsidiaries of the National Development Company. He also held various positions in the Esso (now Exxon) Group of Companies in the Philippines and abroad from 1967 to 1974. Mr. Narciso is a member of professional organizations such as the Financial Executives Institute and the Management Association of the Philippines. He obtained his Master in Business Management and Bachelor of Science in Business Administration degrees from the Ateneo de Manila University in 1967 and 1965, respectively.

Delfin "Jing" L. Warren, is an Independent Director of the Company since May 2017. He is the founder, main principal, and current Chairman of the 1ISA Group, a leading loyalty management company in the country. He was the former CEO of PT Darya-Varia Laboratoria, a major publicly listed pharmaceutical company in Indonesia under the First Pacific Group. He also held senior positions in various international companies such as First Pacific Commodities Holdings, Ltd., The Hibernia Bank of San Francisco, PT Indo Ayala Leasing (Indonesia), and Bancom Philippine Holdings, Inc. Jing obtained his Bachelor of Science in Chemical Engineering degree at De La Salle College, Manila in 1971. He was a former member of the Board of Trustees of De La Salle University and a former president of the De La Salle Alumni Association.

Arthur R. Ponsaran, is the Corporate Secretary of the Company and of WC. He is a CPA-Lawyer with over 25 years' experience in corporate law, taxation, finance and related fields. He is the Managing Partner of Corporate Counsels, Philippines - Law Office and Director/Corporate Secretary of various corporate clients. He obtained his LLB from the University of the Philippines, BSBA from the University of the East and completed the MDP Program at the AIM. He is a member of the Philippine Institute of Certified Public Accountants, Integrated Bar of the Philippines, Philippine Bar Association and the New York (USA) Bar.

Sheila P. Pasicolan-Camerino is the Assistant Vice President - Corporate Lawyer of the Company and the Assistant Corporate Secretary of the Company and WC. In 2020, she was appointed Compliance Officer of the Company. She joined the Company in January 2016 after serving as a Senior Associate in Sycip Gorres Velayo and Co. from November 2014 to December 2015. Prior to her admission to the Philippine Bar in 2015, she served as a legal intern at the Office of the Solicitor General in 2013 and a technical assistant in the Office of the Presidential Assistant for Education of the Office of the President of the Philippines from 2009 to 2010. She completed her Bachelor of Arts in History from the University of the Philippines – Diliman (Cum Laude) and took up a Master's Degree in Philippine Studies in the same university. Atty. Pasicolan-Camerino is a certified compliance officer and she completed her Bachelor of Laws at San Beda University – Mendiola in 2014.

Rosemarie B. Ong is the Senior Executive Vice President and Chief Operating Officer of the Company. She held this position since 2007 initially under WC, immediately prior, she was Executive Vice President for Sales and Marketing, which she held from 1988 to 2007. She started out in the business as a Purchasing Manager under WBSI from 1983 to 1988. She is also the President of the Wilcon Builders Foundation Inc., which she has headed since 2008. She is a former Director of the Philippine Contractors Association, President of Philippine Retailers Association, a former Treasurer of the Philippine Association of National Advertisers (PANA) Foundation and one of the founding Directors of Proptech Consortium of the Philippines. She is a member of the Board of Trustees of Women Business Council of the Philippines, currently the Chairman of the Committee on Trade of the Philippine Chamber of Commerce and Industry, a regular columnist of The Philippine Star and she was one of the judges of The Final Pitch at CNN Philippines seasons 7 and 8. Ms. Bosch-Ong has recently completed the Programme of Strategy in the Age of Digital Disruption from INSEAD The Business School for the World. She also has a Master's degree in Business Administration from De La Salle University obtained in 2010 and she graduated from the University of the East in 1986 with a Bachelor's Degree in Economics.

Eden M. Godino is the Senior Vice President for Product Development. She joined the department in 2007, initially as the Asst. Vice President and was appointed Vice President of Product Development in 2011. Ms. Godino joined Wilcon in 1997 and was assigned in Accounting, Purchasing and later went on to become a Depot Manager in 2004, a position she held for three years prior to her promotion to AVP in Product Development in 2007. She graduated with a Bachelor of Science degree in Accountancy from the University of the Assumption in 1997 and obtained a post bacallaureate diploma (short course diploma program) from the De La Salle College of St. Benilde on Supply Chain Management major in Purchasing and Logistics Operations with merit award in 2015. She also has a Master's degree in Business Administration from Manuel L. Quezon University obtained in 2021. She recently completed her Executive Development Program on Supply Chain Management from the Ateneo De Manila University Graduate School of Business and a Director's Awardee for Academic Excellence. In 2021, she passed the Philippine Institute for Supply Management certification and now a Certified Professional on Purchasing.

Grace A. Tiong is the Senior Vice President for Human Resources. She was the VP for Human Resources from May 2008 – May 2022. She joined Wilcon in October 1994 and was assigned in Accounting. She was promoted to various positions within the branch and eventually became a Branch Manager in 2001. She joined the Human Resources department as an Asst. HR Manager after her stint in Operations in 2003. Ms. Tiong graduated from New Era University in 1994 with a bachelor's degree in Accountancy and obtained diploma courses in Human Capital Management and Organizational Development from the School of Professional and Continuing Education of the De La Salle College of St. Benilde from 2014 to 2016.

Michael D. Tiong is the Vice President for Global Sourcing. Prior to his appointment as Vice President in July 2016, he handled Sales and Operations as an Asst. Vice President since October 2009. Mr. Tiong joined Wilcon as a Salesman in 2000 and became Asst. Depot Manager in 2003 until 2009, when he was promoted to Asst. Vice President for Operations. Mr. Tiong took up Bachelor of Science in Architecture at the Far Eastern University in 1992.

Mary Jean G. Alger is the Vice President for Investor Relations. Prior to officially joining Wilcon, she was part of the advisory team for the public listing of the Company. She started her career with Petron Corporation in 1991 as a Credit Analyst. Concurrent to her various positions in different companies and on a consultancy basis, she was involved in project structuring, financial packaging, advisory and issue management for public offerings and corporate rehabilitations, among others. She served various positions in publicly listed mining and energy development companies. She was the Asst. Vice President on Corporate Planning and Budget/Deputy to the CFO on Corporate Finance from January 2013 to August 2016 in Benguet Corporation and Asst. Vice President for Corporate Planning in Basic Energy Corporation from July 2007 to January 2013. After her stint with Benguet, she was appointed Vice President for Project Development and Planning in Marcventures Mining Development Corporation. Ms. Alger graduated from the University of the Philippines – Diliman with a Bachelor Degree in Business Economics and a Master in Business Administration Candidate (academic requirements completed in 2007) at De La Salle University – Taft.

Lauro D.G. Francisco is the Chief Audit Executive. He has an extensive experience as an internal audit executive. He built his internal audit professional career with the Manila Electric Company (MERALCO), previously managing the audit of the company's subsidiaries and affiliates and simultaneously delegated as the Internal Audit Head/ Assistant Vice-President for Internal Audit of subsidiary Meralco Industrial Engineering Services Corporation (MIESCOR). He also had an internal audit management tenure with GT Capital Holdings Incorporated. He is a Certified Public Accountant, Certified Internal Auditor, and with Certification in Risk Management Assurance. Mr. Francisco graduated from the University of the East with a degree in Business Administration major in Accounting (Cum Laude). He obtained his Master in Business Administration degree from the Ateneo Graduate School of Business (Gold Medal Honors). He is actively affiliated with the Institute of Internal Auditors - Philippines and previously held various officership positions in the organization, foremost of which as Vice-Chairman of its Board of Trustees.

Keith S. Chan is the Vice President for IT. He is the incoming President of the Business Continuity Association of the Philippines (BCMAP) for 2023 and a certified Associate Business Continuity Professional (ABCP) from the Disaster Recovery Institute, International (DRII). He was First Vice President for Information Technology, IT Head and Vice Chairman of the IT Steering Committee at the Philippine Business Bank from January 2003 until his retirement in July 2015. He was also involved in an advisory capacity for the Zesto Group of Companies in the airline, hotel and convenience store IT operations. In May 2000 he managed a US internet service provider franchise start up, Quik Internet, in the Philippines as the Chief Operating Officer of Q Communications Corporation. From 1991 to 1996, he was the Assistant Vice President for Management Information System of Guoco Holdings Phils., Inc., a member of the Hong Leong Group of Malaysia. In 1986, he joined a computer service start-up company, Dataworld Computer Corporation, as Vice President for Application Development and became Executive Vice President. As a business management degree holder, he started his career as a banker in Equitable Banking Corporation in 1982 and held finance positions in Seaoil Petroleum Corporation in 1997. Mr. Chan is a recipient of the 2022 CIO100 Asia, Hongkong and Wider Region Award from CIO.com, a part of the Boston-based International Data Group's (IDG) enterprise publications business. He graduated with a Masters of Business Management from the Asian Institute of Management in 1986 and had further studies in a Master's program in Computer Science from the Ateneo de Manila University. He finished his bachelor's degree in Business Management from the Ateneo de Manila University in 1982.

Jose Ruel J. Godino is the Vice - President for Merchandising. He was the AVP for Merchandising from 2020 - 2022. He joined Wilcon in 2001 as Sales Consultant and eventually became the AVP – Logistics in 2009 and AVP – Sales Operations in 2014. Mr. Godino graduated from the University of the Visayas with a bachelor degree in Mechanical Engineering in 1997.

Jea S. Reyes is the Vice-President for Finance at Wilcon Depot, Inc. She is a highly experienced and results-oriented Certified Public Accountant (CPA) with about 3 decades of diverse expertise in finance, financial planning, budgeting, corporate finance, business development, accounting, and auditing. She holds a degree in Bachelor of Science in Business Administration major in Accounting from Silliman University and has completed her academic courses for the De La Salle University Graduate School of Business Master in Business Administration program. Her notable professional experiences include serving as the Chief Finance Officer for Global Officium Limited Inc. and Honeycomb Builders, Inc., the roles encompassing leadership in accounting, treasury, fundraising, financial analysis, controls, taxation, and accounting systems implementation. She was also an investment management executive of the Joy-Nostalg group and served as Assistant Vice-President at SM Development Corporation and The Philippine American Life and General Insurance Company from 2011 to 2017. Her earlier experiences (1990 to 2011) included sixteen (16) years in various roles with Ayala Land Inc., three (3) years as Finance Manager of the Amicassa Process Solutions Inc., the residential shared services arm of the Ayala Land Group of Companies, and a brief stint at the auditing firm of Sycip, Gorres, Velayo, CPAs (SGV).

Alen E. Alban is the Vice President for Project Sales at Wilcon Depot, Inc. Alen has close to 20 year experience in the construction supply industry, holding positions from Head of Marketing (American Standard Philippines, Ltd., Co.), Projects Director (Grohe Philippines, Inc.) to eventually Country Manager (Lixil Philippines, Inc.). The foundation of his career was spent doing Marketing and customer centric work, as his first 9-year experience was in brand management for Splash Corporation and account management for an advertising company. He is a graduate of De La Salle University Manila with a degree in Marketing Management. He also completed the BMP with Ateneo Graduate School of Business, Center for Continuing Education.

Attendance of Directors in 2023 Board Meetings

Board	Name	Date of Election	No. of Meetings Held During the Year 2023	No. of Meetings Attended	%
Chairman	Bertram B. Lim	May 22, 2017	12	12	100%
Independent Director	Rolando S. Narciso	September 13, 2016	12	12	100%
Independent Director	Ricardo S. Pascua	September 13, 2016	12	12	100%
Independent Director	Delfin L. Warren	May 22, 2017	12	11	92%
Member	Lorraine Belo - Cincochan	March 30, 2016	12	12	100%
Member	Mark Andrew Y. Belo	March 30, 2016	12	12	100%
Member	Careen Y. Belo	March 30, 2016	12	12	100%

Directors' Compensation

All directors attending physically in a board meeting receive a per diem of Forty Thousand Pesos (₱40,000.00) per meeting.

Total compensation received by the members of the Board in 2023 amounted to ₱3.2M.

Significant Employees

The Company does not believe that its business is dependent on the services of any particular employee.

Family Relationships

As of December 31, 2023, family relationships (by consanguinity or affinity within the fourth civil degree) between Directors and Officers of the Company are as follows:

Ms. Lorraine Belo-Cincochan, Mr. Mark Andrew Y. Belo and Ms. Careen Y. Belo are the children of Mr. William T. Belo and Ms. Rosy Chua Belo.

Mr. Michael D. Tiong is the husband of Ms. Grace A. Tiong.

Mr. Jose Ruel J. Godino is the husband of Ms. Eden M. Godino

Involvement in Certain Legal Proceedings of Directors and Executive Officers

None of the Company's directors, nominees for election as director, or executive officers have in the five-year period prior to the date of this report: (1) had any petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within a two-year period of that time, (2) have been convicted by final judgment in a criminal proceeding, domestic or foreign, or have been subjected to a pending judicial proceeding of a criminal nature, domestic or foreign, excluding traffic violations and other minor offenses, (3) have been the subject of any order, judgment, or decree, not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting their involvement in any type of business, securities, commodities or banking activities, or (4) have been found by a domestic or foreign court of competent jurisdiction (in a civil action), the SEC or comparable foreign body, or a domestic or foreign exchange or other organized trading market or self-regulatory organization, to have violated a securities or commodities law or regulation, such judgment having not been reversed, suspended, or vacated.

Item 10. Executive Compensation

Summary of Compensation Table

The following table sets out the summary of compensation of the top 5 officers including the Chairman Emeritus.

Name	Position
William T. Belo	Chairman Emeritus
Lorraine Belo-Cincochan	Director and Chief Executive Officer
Rosemarie Bosch-Ong	SEVP - Chief Operating Officer
Mark Andrew Y. Belo	Director and EVP - Treasurer
Careen Y. Belo	Director and EVP - Chief Product Officer

Below is the aggregate compensation of executive officers and directors of the Company for the year 2023 and projected for the year 2024:

Actual

Key Management Officers	Year	Compensation	Bonuses
Top 5 Officers	2023	₱51M	₱54M
Other officers as a group	2023	₱101M	₱6M

Projected for 2024

Key Management Officers	Year	Compensation	Bonuses
Top 5 Officers	2024	₱54M	₱54M
Other officers as a group	2024	₱109M	₱8M

Standard Arrangements

Other than payment of reasonable per diem as may be determined by the Board for every meeting, there are no standard arrangements pursuant to which directors of the Company are compensated, or were compensated, directly or indirectly, for any services provided as a director and for their committee participation or special assignments.

Other Arrangements

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

Employment Contracts and Termination of Employment and Change-in-Control Arrangements

The Company has no special employment contracts with the named executive officers.

Warrants and Options

There are no outstanding warrants or options held by the President - CEO, executive officers, directors and all officers and directors as a group.

Item 11. Security Ownership of Certain Record and Beneficial Owners and Management

All shareholders of record are likewise the beneficial owners of the shares they hold.

Title of Class	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner	Citizenship	Number of Shares Held	% of Total Outstanding Shares
Common	William T. Belo 90 E. Rodriguez, Jr. Avenue, Ugong Norte, Quezon City Chairman Emeritus	William T. Belo	Filipino	5,099,995	0.12%
Common	Bertram B. Lim 60 Sen. Gil Puyat Ave., Makati City Chairman/ Independent Director	Bertram B. Lim	Filipino	1	0.00%
Common	Lorraine Belo-Cincochan 90 E. Rodriguez, Jr. Avenue, Ugong Norte, Quezon City Director	Lorraine Belo-Cincochan	Filipino	5,100,000	0.12%
Common	Mark Andrew Y. Belo 90 E. Rodriguez, Jr. Avenue, Ugong Norte, Quezon City Director	Mark Andrew Y. Belo	Filipino	5,100,000	0.12%
Common	Careen Y. Belo 90 E. Rodriguez, Jr. Avenue, Ugong Norte, Quezon City Director	Careen Y. Belo	Filipino	5,100,000	0.12%
Common	Rolando S. Narciso Lexington Garden Village, San Joaquin, Pasig City Independent Director	Rolando S. Narciso	Filipino	1	0.00%

Common	Ricardo S. Pascua 3 Pebblewood cor. Fairwood McKinley Hill Village, Taguig City Independent Director	Ricardo S. Pascua	Filipino	1	0.00%
Common	Delfin L. Warren 2 Sineguelas St., Valle Verde 1, Pasig City Independent Director	Delfin L. Warren	Filipino	1	0.00%
Common	Arthur R. Ponsaran 5 Aurelio St., BFRV, Las Piñas City Corporate Secretary	Arthur R. Ponsaran	Filipino	10,000	0.00%
Common	Sheila P. Pasicolan-Camerino 90 E. Rodriguez, Jr. Avenue, Ugong Norte, Quezon City Asst. Corporate Secretary/Compliance Officer	Sheila P. Pasicolan-Camerino	Filipino	19,900	0.00%
Common	Rosemarie B. Ong 90 E. Rodriguez, Jr. Avenue, Ugong Norte, Quezon City SEVP-COO	Rosemarie B. Ong	Filipino	1,369,401	0.03%
Common	Eden M. Godino 90 E. Rodriguez, Jr. Avenue, Ugong Norte, Quezon City SVP - Product Development	Eden M. Godino	Filipino	267,500	0.00%
Common	Grace A. Tiong 90 E. Rodriguez, Jr. Avenue, Ugong Norte, Quezon City SVP - HR	Grace A. Tiong	Filipino	148,700	0.00%
Common	Michael D. Tiong 90 E. Rodriguez, Jr. Avenue, Ugong Norte, Quezon City VP – Global Sourcing	Michael D. Tiong	Filipino	148,700	0.00%
Common	Keith S. Chan 90 E. Rodriguez, Jr. Avenue, Ugong Norte, Quezon City VP – IT	Keith S. Chan	Filipino	3,000	0.00%
Common	Jose Ruel J. Godino 90 E. Rodriguez, Jr. Avenue, Ugong Norte, Quezon City VP – Merchandising	Jose Ruel J. Godino	Filipino	69,400	0.00%
Common	Wilcon Corporation	Wilcon Corporation	Filipino	2,680,317,916	65.38%

None of the shareholders of record hold any share for and on behalf of another, or beneficial owner. Neither is any shareholder acting on behalf of a beneficial owner who is non-Filipino. The table below sets forth the security ownership of certain record and beneficial owners of more than 5% of the Company's voting securities as of December 31, 2023:

Name and Address of Record Owners	Name of Beneficial Owner and Relationship with Record Owner	Citizenship	No. of Common Shares Held	% of Total Outstanding Shares
Wilcon Corporation	Record Owner	Filipino	2,680,317,916	65.38%

SECURITY OWNERSHIP OF DIRECTORS AND MANAGEMENT

The following table sets forth the ownership of Directors and Management of the Company's common shares as of December 31, 2023.

Title of Class	Name of Beneficial Owner	Amount and Nature of Beneficial Ownership (₱)	Citizenship	% of Total Outstanding Shares
Common	William T. Belo	5,099,995.00(Direct)	Filipino	0.12%
Common	Bertram B. Lim	1.00 (Direct)	Filipino	0.00%
Common	Lorraine Belo-Cincochan	5,100,000.00 (Direct)	Filipino	0.12%
Common	Mark Andrew Y. Belo	5,100,000.00(Direct)	Filipino	0.12%
Common	Careen Y. Belo	5,100,000.00(Direct)	Filipino	0.12%
Common	Rosemarie B. Ong	1,369,401.00 (Direct)	Filipino	0.03%
Common	Rolando S. Narciso	1.00 (Direct)	Filipino	0.00%
Common	Ricardo S. Pascua	1.00 (Direct)	Filipino	0.00%
Common	Delfin L.Warren	1.00 (Direct)	Filipino	0.00%
Common	Arthur R. Ponsaran	10,000.00 (Indirect)	Filipino	0.00%
Common	Sheila P. Pasicolan-Camerino	19,900.00 (Direct)	Filipino	0.00%
Common	Grace A. Tiong	148,700.00 (Direct)	Filipino	0.00%
Common	Michael D. Tiong	148,700.00 (Direct)	Filipino	0.00%
Common	Eden M. Godino	267,500.00 (Direct)	Filipino	0.00%
Common	Keith S. Chan	3,000 (Direct)	Filipino	0.00%
Common	Jose Ruel J. Godino	69,400 (Direct)	Filipino	0.00%

The following table sets forth ownership of directors and executive officers as a group:

Title of Class	Beneficial Owner	Amount and Nature of Beneficial Ownership (₱)	Citizenship	% of Total Outstanding Shares
Common	Directors and Executive Officers	22,436,600.00 (Direct and Indirect)	Filipino	0.55%

Voting Trust Holders of 5% or more

There were no persons holding more than 5% of a class of shares of the Company under a voting trust or similar agreement as of December 31, 2023.

Change in Control

There are no arrangements which may result in a change in control of the Company as of December 31, 2023.

Item 12. Certain Relationships and Related Transactions

The Company in the ordinary course of business, engages in various transactions with related parties, particularly with its parent company, WC.

For a detailed discussion of the material related party transactions of the Company, please see Note 19 - Related Party Transactions and Balances of the attached Audited Financial Statements of the Company.

PART IV. CORPORATE GOVERNANCE

Item 13. Corporate Governance

The Company understands that it is paramount to set the kind of corporate governance needed in the attainment of the Company's corporate goals and ensures compliance with the leading practices in corporate governance. Consequently, the Company has revised its Corporate Governance Manual which was approved by the Board on May 22, 2017. The Manual was designed to define the framework of rules, systems and processes that governs the performance of the Board and Management. It establishes the structure by which the Company executes and carries out its Corporate Governance. This serves as reference by all the members of the Board as well as its Management in the conduct of their duties and responsibilities.

The Board and Management, employees and shareholders, believe that good governance is a necessary component of what constitutes sound strategic business management and will therefore undertake every effort necessary to create awareness thereof within the organization.

On May 6, 2020, the Board of Directors of the Corporation approved the amendments to the Corporate Governance Manual in compliance with the Revised Corporation Code and related issuances.

Further, on June 19, 2023, the members of the Board as well as officers of the Company attended the corporate governance seminar via Zoom conducted by Good Governance Advocates and Practitioners of the Philippines (GGAPP). This is in compliance with SEC Memorandum Circulars No. 20-2013 and 2-2015 of the Securities and Exchange Commission.

In 2023, the Company has issued several company policies including the "*Anti – Discrimination Policy*", the objective is to promote and support the well-being of the employees of the Company as well as their rights regardless of their sexual orientation. This Policy aims to strengthen the rights of every individual and mitigate or reduce factors that would restrict, curb or create limitation on their expression. And "*Social Media Policy*", this is created to guide everyone in handling the official social media accounts of the Company and to promote responsibility, accountability and respect in using their own personal account.

The Company will submit its Integrated Annual Corporate Governance Report (I-ACGR) for the year ended December 31, 2023 on or before May 30, 2024, in compliance with SEC Memorandum Circular No.15, Series of 2017.

PART V. EXHIBITS AND SCHEDULES

Item 14. Exhibits and Reports on SEC Form 17-C

SEC FORM 17 – C

Date of Filing	Reports
February 23, 2023	Notice of Annual Meeting of the Stockholders of the Corporation to be held on 19 June 2023
June 19, 2023	Results of Annual Stockholders' Meeting held on 19 June 2023
June 19, 2023	Results of Organizational Meeting of the Board held on 19 June 2023

SIGNATURES

Pursuant to the requirements of Section 17 of the Code and Section 141 of the Corporation Code, this report is signed on behalf of the Issuer by the undersigned, thereunto duly authorized, in the City of Quezon City on APR 03 2024

By:

Bertram B. Lim
Chairman

Lorraine Belo-Cincochan
President-CEO

Mark Andrew Y. Belo
Treasurer

Atty. Arthur R. Ponsaran
Corporate Secretary

Atty. Sheila Pasicolan - Camerino
Compliance Officer

SUBSCRIBED AND SWORN to before me this APR 03 2024 in Quezon City affiants exhibiting to me their Passport IDs, as follows:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Wilcon Depot, Inc.	TIN 009-192-878		
Bertram B. Lim	P3561043A	04 Jul 2017	DFA Manila
Lorraine Belo-Cincochan	P6354419B	22 Feb 2021	DFA Manila
Mark Andrew Y. Belo	P7611238A	20 June 2018	DFA Manila
Arthur R. Ponsaran	P7038917A	04 May 2018	DFA NCR South
Sheila Pasicolan – Camerino	P6537537A	23 March 2018	DFA NCR East

Doc No. 271;
Page No. 56;
Book No. XV;
Series of 2024.

ATTY. RIZAL JOSE F. VALMORES
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ADM MATTER NO. 158
PTR NO. 5091934D / 01-02-2024 / Q.C.
IBP NO. 329024 / 12-15-2023 / Q.C.
ROLL NO. 28435
MCLE NO. VI-0022267
Add.: Room 201 Margarita Bldg. No. 28
Matalino St., Cor. Masikap Ext., Central Dist., Q.C.

ANNEX B

C O V E R   S H E E T
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

CS201524712

COMPANY NAME

WILCON DEPOT, INC. DOING BUSINESS UNDER THE NAME AND STYLE OF WILCON DEPOT, WILCON HOME ESSENTIALS, DO IT WILCON AND BARGAIN CENTER BY:WILCON DEPOT

PRINCIPAL OFFICE *(No./Street/Barangay/City/Town/Province)*

NO. 90 E. RODRIGUEZ JR. AVENUE, UGONG NORTE, QUEZON CITY

Form Type	Department requiring the report	Secondary License Type, If Applicable
AAFS	CRMD	N/A

COMPANY INFORMATION

Company's Email Address	Company's Telephone Number/s	Mobile Number
wilcon2@wilcon.com.ph	(02) 8 634-8387	09190771878

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
158	June 19	December 31

CONTACT PERSON INFORMATION

The designated contact person ***MUST*** be an Officer of the Corporation

Name of Contact Person	Email Address	Telephone Number/s	Mobile Number
Atty. Sheila Pasicolan - Camerino	compliance_wdi@wilcon.com.ph	(02) 8 634 - 8387	09190771878

CONTACT PERSON'S ADDRESS

90. E. Rodriguez Jr. Avenue, Ugong Norte, Quezon City

NOTE 1: *In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.*

2: *All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt shall not excuse the corporation from liability for its deficiencies.*

WILCON

90 E. Rodriguez Jr. Ave., Ugong Norte Libis, Quezon City
Tel. No.: (+632) 8634-8381 to 87
Email: wilcon@wilcon.com.ph
Website: www.wilcon.com.ph

"STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR ANNUAL INCOME TAX RETURN"

The management of WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT, WILCON HOME ESSENTIALS, DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT (the Company), a subsidiary of WILCON CORPORATION Doing Business under the Name and Style of WILCON CITY CENTER, is responsible for all information and representations contained in the Annual Income Tax Return as at and for the year ended December 31, 2023. Management is likewise responsible for all information and representations contained in the financial statements accompanying the Annual Income Tax Return covering the same reporting period. Furthermore, the management is responsible for all information and representations contained in all the other tax returns filed for the reporting period, including, but not limited, to the value added tax and/or percentage tax returns, withholding tax returns, documentary stamp tax returns, and any and all other tax returns.

In this regard, the management affirms that the attached audited financial statements as at and for the year ended December 31, 2023 and the accompanying Annual Income Tax Return are in accordance with the books and records of the Company, complete and correct in all material respects. Management likewise affirms that:

(a) the Annual Income Tax Return has been prepared in accordance with the provisions of the National Internal Revenue Code, as amended, and pertinent tax regulations and other issuances of the Department of Finance and the Bureau of Internal Revenue;

(b) any disparity of figures in the submitted reports arising from the preparation of financial statements pursuant to Philippine Financial Reporting Standards and the preparation of the income tax return pursuant to tax accounting rules has been reported as reconciling items and maintained in the Company's books and records in accordance with the requirements of Revenue Regulations No. 8-2007 and other relevant issuances;

(c) the Company has filed all applicable tax returns, reports and statements required to be filed under Philippine tax laws for the reporting period, and all taxes and other impositions shown thereon to be due and payable have been paid for the reporting period, except those contested in good faith.

Signature: ____________________
Bertram B. Lim
Chairman

Signature: ____________________
Lorraine Belo-Cincochan
President-CEO

Signature: ____________________
Mark Andrew Y. Belo
Treasurer

Signed this 3rd day of April 2024

WILCON

90 E. Rodriguez Jr. Ave., Ugong Norte Libis, Quezon City
Tel. No.: (+632) 8634-8381 to 87
Email: wilcon@wilcon.com.ph
Website: www.wilcon.com.ph

SUBSCRIBED AND SWORN to before me this _____ day of APR 0 3 2024 20__ affiant(s) exhibiting to me their Passport, as follows:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Bertram B. Lim	P3561043A	04 Jul 2017	DFA Manila
Lorraine Belo-Cincochan	P6354419B	22 Feb 2021	DFA Manila
Mark Andrew Y. Belo	P7611238A	20 June 2018	DFA Manila

Doc. No. 272;
Page No. 56;
Book No. XV;
Series of 2024;

ATTY. RIZAL JOSE F. VALMORES
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ADM MATTER NO. 153
PTR NO. 5091994D / 01-02-2024 / Q.C.
IBP NO. 329024 / 12-15-2023 / Q.C.
ROLL NO. 28435
MCLE NO. VI-0022267
Add.: Room 201 Margarita Bldg. No. 28
Matalino St., Cor. Masikap Ext., Central Dist., Q.C.

-------- Forwarded Message --------

Subject:	Your BIR AFS eSubmission uploads were received
Date:	Wed, 3 Apr 2024 18:06:39 +0800 (PST)
From:	eafs@bir.gov.ph
To:	
CC:	

Hi WILCON DEPOT, INC.,

Valid files

- EAFS009192878RPTTY122023.pdf
- EAFS009192878AFSTY122023.pdf
- EAFS009192878ITRTY122023.pdf

Invalid file

- <None>

Transaction Code: **AFS-0-42XTNTW1077AF9FJJN333Z3TZ0688FHH8G**
Submission Date/Time: **Apr 03, 2024 06:06 PM**
Company TIN: **009-192-878**

Please be reminded that you accepted the terms and conditions for the use of this portal and expressly agree, warrant and certify that:

- The submitted forms, documents and attachments are complete, truthful and correct based on the personal knowledge and the same are from authentic records;
- The submission is without prejudice to the right of the BIR to require additional document, if any, for completion and verification purposes;
- The hard copies of the documents submitted through this facility shall be submitted when required by the BIR in the event of audit/investigation and/or for any other legal purpose.

This is a system-generated e-mail. Please do not reply.

WILCON

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Email: wilcon@wilcon.com.ph
Website: www.wilcon.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT, WILCON HOME ESSENTIALS, DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT (the Company), a subsidiary of WILCON CORPORATION Doing Business under the Name and Style of WILCON CITY CENTER, is responsible for the preparation and fair presentation of the financial statements for the years ended December 31, 2023, 2022 and 2021, in accordance with the prescribed financial reporting framework indicated therein. This responsibility includes designing and implementing internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies, and making accounting estimates that are reasonable in the circumstances.

The Board of Directors or Trustees reviews and approves the financial statements and submit the same to the stockholders or members.

Reyes Tacandong & Co., the independent auditors, appointed by the stockholders has examined the financial statements of the company in accordance with Philippine Standards on Auditing, and in its report to the stockholders or members, has expressed its opinion on the fairness of presentation upon completion of such examination.

Signature ______________________
Bertram B. Lim
Chairman

Signature ______________________
Lorraine Belo-Cincochan
President-CEO

Signature ______________________
Mark Andrew Y. Belo
Treasurer

Signed this 3rd day of April 2024

WILCON

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Email: wilcon@wilcon.com.ph
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SUBSCRIBED AND SWORN to before me this APR day of 03 2024 20__ affiant(s) exhibiting to me their Passport, as follows:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
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Email: wilcon@wilcon.com.ph
Website: www.wilcon.com.ph

STATEMENT OF MANAGEMENT'S RESPONSIBILITY
FOR FINANCIAL STATEMENTS

The management of WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT, WILCON HOME ESSENTIALS, DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT (the Company), a subsidiary of WILCON CORPORATION Doing Business under the Name and Style of WILCON CITY CENTER, is responsible for the preparation and fair presentation of the financial statements as at and for the years ended December 31, 2023, 2022 and 2021, including the schedules attached therein, in accordance with Philippine Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Signature: ____________________
Bertram B. Lim
Chairman

Signature: ____________________
Lorraine Belo-Cincochan
President/ Chief Executive Officer

Signature: ____________________
Mark Andrew Y. Belo
Treasurer

Signed this 3rd day of April 2024

90 E. Rodriguez Jr. Ave., Ugong Norte Libis, Quezon City
Tel. No.: (+632) 8634-8381 to 87
Email: wilcon@wilcon.com.ph
Website: www.wilcon.com.ph

SUBSCRIBED AND SWORN to before me this _____ day of APR 0 3 2024 20__ affiant(s) exhibiting to me their Passport, as follows:

NAMES	PASSPORT NO.	DATE OF ISSUE	PLACE OF ISSUE
Bertram B. Lim	P3561043A	04 Jul 2017	DFA Manila
Lorraine Belo-Cincochan	P6354419B	22 Feb 2021	DFA Manila
Mark Andrew Y. Belo	P7611238A	20 June 2018	DFA Manila

Doc. No. 273;
Page No. 56;
Book No. XV;
Series of 2024;

ATTY. RIZAL JOSE F. VALMORES
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ADM MATTER NO. 153
PTR NO. 5091994D / 01-02-2024 / Q.C.
IBP NO. 329024 / 12-15-2023 / Q.C.
ROLL NO. 28435
MCLE NO. VI-0022267
Add.: Room 201 Margarita Bldg. No. 28
Matalino St., Cor. Masikap Ext., Central Dist., Q.C.

BOA/PRC Accreditation No. 4782
August 16, 2021, valid until April 13, 2024
SEC Registration No. PP201007009

BDO Towers Valero
8741 Paseo de Roxas
Makati City 1226 Philippines
Phone : +632 8 982 9100
Fax : +632 8 982 9111
Website : www.reyestacandong.com

**REPORT OF INDEPENDENT AUDITORS
TO ACCOMPANY FINANCIAL STATEMENTS FOR FILING WITH THE
BUREAU OF INTERNAL REVENUE**

The Stockholders and the Board of Directors
WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT, WILCON HOME ESSENTIALS
DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT
No. 90 E. Rodriguez Jr. Avenue
Brgy. Ugong Norte, Quezon City

We have audited the accompanying financial statements of WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT, WILCON HOME ESSENTIALS, DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT (the Company), a subsidiary of WILCON CORPORATION Doing Business under the Name and Style of WILCON CITY CENTER, as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, on which we have rendered our report dated March 20, 2024.

In compliance with Revenue Regulations V-20, we are stating that no partner of our Firm is related by consanguinity or affinity to the president, manager or principal stockholders of the Company.

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-007-2022
Valid until October 16, 2025
PTR No. 10072409
Issued January 2, 2024, Makati City

March 20, 2024
Makati City, Metro Manila

INDEPENDENT AUDITORS' REPORT

The Stockholders and the Board of Directors
WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT, WILCON HOME ESSENTIALS
DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT
No. 90 E. Rodriguez Jr. Avenue
Brgy. Ugong Norte, Quezon City

Opinion

We have audited the financial statements of WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT, WILCON HOME ESSENTIALS, DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT (the Company), a subsidiary of WILCON CORPORATION Doing Business under the Name and Style of WILCON CITY CENTER, which comprise the statements of financial position as at December 31, 2023 and 2022, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2023, 2022 and 2021, and notes to financial statements, including a summary of material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2023 and 2022, and its financial performance and its cash flows for the years ended December 31, 2023, 2022 and 2021, in accordance with Philippine Financial Reporting Standards (PFRS).

Basis for Opinion

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

Key Audit Matters

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

Completeness of Recording and Proper Valuation of Merchandise Inventories

Merchandise inventories, net of allowance for inventory write-down and losses, amounted to ₱15,776.7 million as at December 31, 2023. The accounting for the complete recording and valuation of merchandise inventories is significant to our audit because merchandise inventories represent 40% of the total assets. Moreover, the Company maintains thousands of stock keeping units (SKU). Due to the significant number of SKU, establishing the existence and completeness and determining the proper valuation of merchandise inventories require an extensive monitoring and high degree of judgment and estimation.

Our procedures included, among others, review of the design and implementation of key controls on inventory management, the observation of the conduct of the inventory count, test of inventory summarization, review of intervening transactions from date of inventory count to financial reporting date, review and test of inventory costing and the determination of the lower of cost or net realizable value of merchandise inventories.

We also reviewed the related disclosures in Note 3, *Significant Accounting Judgments, Estimates and Assumptions,* and Note 7, *Merchandise Inventories*.

Recognition and Measurement of Right-of-Use Assets and Lease Liabilities

Right-of-use (ROU) assets and lease liabilities amounted to ₱8,478.5 million and ₱9,886.2 million, respectively, as at December 31, 2023. The accounting for the recognition and measurement of ROU assets and lease liabilities is significant to our audit because ROU assets and lease liabilities represent 21% of total assets and 57% of total liabilities, respectively. There were also significant additions in 2023 amounting to ₱2,046.4 million and ₱1,986.7 million for ROU assets and lease liabilities, respectively, resulting from the Company's store network expansion. In addition, the recognition and measurement of ROU assets and lease liabilities involve the exercise of significant management judgment and estimate that include, among others, (a) assessing whether a contract contains a lease; (b) determining the lease term taking into consideration the renewal option; and (c) determining the appropriate discount rate.

Our procedures include, among others, review of newly executed and amended lease agreements to assess whether the arrangement contains a lease to be recognized as additional or remeasurement of ROU assets and lease liabilities and assessing the compliance of the Company with the required disclosures in the financial statements. We performed an assessment of the significant management judgment and estimates used in determining the ROU assets and lease liabilities through review of the significant provisions of the lease agreements. We assessed the reliability of the data used in the computation of the ROU assets and lease liabilities through inspection of the source documents. We assessed the reasonableness of incremental borrowing rates used if it approximates the rate that the Company would have to pay to borrow funds for purchase of similar asset with similar term and security. On a test basis, we also performed recalculation of the ROU assets and lease liabilities and assessed reasonableness of amortization on ROU assets and interest expense on lease liabilities.

We also reviewed the related disclosures in Note 2, *Summary of Material Accounting Policy Information,* Note 3, *Significant Accounting Judgments, Estimates and Assumptions,* and Note 10, *Lease Commitments.*

Other Information

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

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

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

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

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

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

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

Auditors' Responsibilities for the Audit of Financial Statements

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

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

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

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

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

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

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

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

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

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

The engagement partner on the audit resulting in this independent auditor's report is Carolina P. Angeles.

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-007-2022
Valid until October 16, 2025
PTR No. 10072409
Issued January 2, 2024, Makati City

March 20, 2024
Makati City, Metro Manila

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT, WILCON HOME ESSENTIALS,
DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2023**	2022
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱1,865,160,075**	₱1,781,338,481
Short-term investments	5	**–**	750,500,000
Trade and other receivables	6	**414,373,764**	288,334,258
Advance payments to suppliers	6	**346,489,490**	444,186,683
Merchandise inventories	7	**15,776,748,743**	13,242,857,275
Other current assets	8	**1,346,213,721**	877,586,353
Total Current Assets		**19,748,985,793**	17,384,803,050
Noncurrent Assets			
Property and equipment	9	**10,484,232,829**	9,412,353,119
Right-of-use (ROU) assets	10	**8,478,487,577**	7,904,738,891
Net deferred tax assets	17	**583,196,473**	496,858,291
Other noncurrent assets	11	**486,190,658**	444,247,853
Total Noncurrent Assets		**20,032,107,537**	18,258,198,154
		₱39,781,093,330	₱35,643,001,204
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	12	**₱7,088,218,136**	₱5,763,028,529
Income tax payable		**239,858,443**	281,544,342
Current portion of lease liabilities	10	**1,768,920,622**	1,614,033,349
Total Current Liabilities		**9,096,997,201**	7,658,606,220
Noncurrent Liabilities			
Lease liabilities - net of current portion	10	**8,117,298,123**	7,358,989,633
Net retirement liability	13	**57,315,132**	82,220,153
Total Noncurrent Liabilities		**8,174,613,255**	7,441,209,786
Total Liabilities		**17,271,610,456**	15,099,816,006
Equity			
Capital stock	14	**4,099,724,116**	4,099,724,116
Additional paid-in capital	14	**5,373,738,427**	5,373,738,427
Other comprehensive income		**177,178,885**	177,178,885
Retained earnings		**12,858,841,446**	10,892,543,770
Total Equity		**22,509,482,874**	20,543,185,198
		₱39,781,093,330	₱35,643,001,204

See accompanying Notes to Financial Statements.

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT, WILCON HOME ESSENTIALS,
DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

STATEMENTS OF COMPREHENSIVE INCOME

			Years Ended December 31	
	Note	**2023**	2022	2021
NET SALES		**₱34,603,965,512**	₱33,570,825,431	₱27,513,328,310
COST OF SALES	7	**(20,910,043,722)**	(20,444,826,936)	(17,237,597,985)
GROSS INCOME		**13,693,921,790**	13,125,998,495	10,275,730,325
OPERATING EXPENSES	15	**(8,940,010,592)**	(7,879,337,131)	(6,731,570,788)
INTEREST EXPENSE	10	**(640,615,340)**	(544,466,762)	(470,071,898)
OTHER INCOME - Net	16	**526,170,313**	423,204,299	350,781,754
INCOME BEFORE INCOME TAX		**4,639,466,171**	5,125,398,901	3,424,869,393
INCOME TAX EXPENSE (BENEFIT)	17			
Current		**1,242,608,754**	1,425,076,387	856,849,114
Deferred		**(86,338,182)**	(147,992,787)	6,540,072
		1,156,270,572	1,277,083,600	863,389,186
NET INCOME		**3,483,195,599**	3,848,315,301	2,561,480,207
OTHER COMPREHENSIVE INCOME				
Item not to be reclassified to profit or loss -				
Remeasurement gain on retirement				
liability, net of deferred income tax	13	**–**	77,407,915	99,197,428
TOTAL COMPREHENSIVE INCOME		**₱3,483,195,599**	₱3,925,723,216	₱2,660,677,635
BASIC AND DILUTED EARNINGS PER SHARE	20	**₱0.85**	₱0.94	₱0.62

See accompanying Notes to Financial Statements.

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT, WILCON HOME ESSENTIALS,
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Doing Business under the Name and Style of WILCON CITY CENTER)

STATEMENTS OF CHANGES IN EQUITY

			Years Ended December 31	
	Note	**2023**	2022	2021
CAPITAL STOCK	14	**₱4,099,724,116**	₱4,099,724,116	₱4,099,724,116
ADDITIONAL PAID-IN CAPITAL		**5,373,738,427**	5,373,738,427	5,373,738,427
OTHER COMPREHENSIVE INCOME				
Cumulative Remeasurement Gains on Retirement Liability	13			
Balance at beginning of year		**177,178,885**	99,770,970	573,542
Remeasurement gain, net of deferred income tax		**–**	77,407,915	99,156,461
Effect of change in income tax rate		**–**	–	40,967
Balance at end of year		**177,178,885**	177,178,885	99,770,970
RETAINED EARNINGS				
Unappropriated				
Balance at beginning of year		**10,892,543,770**	7,905,170,532	5,835,657,219
Net income		**3,483,195,599**	3,848,315,301	2,561,480,207
Appropriation	14	**(2,100,000,000)**	–	–
Cash dividends	14	**(1,516,897,923)**	(860,942,063)	(491,966,894)
Balance at end of year		**10,758,841,446**	10,892,543,770	7,905,170,532
Appropriated				
Balance at beginning of year		**–**	–	–
Appropriation	14	**2,100,000,000**	–	–
Balance at end of year		**2,100,000,000**	–	–
		12,858,841,446	10,892,543,770	7,905,170,532
		₱22,509,482,874	₱20,543,185,198	₱17,478,404,045

See accompanying Notes to Financial Statements.

WILCON DEPOT, INC.
Doing Business under the Name and Style of
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STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	**2023**	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱4,639,466,171**	₱5,125,398,901	₱3,424,869,393
Adjustments for:				
Depreciation and amortization	9	**2,755,497,757**	2,501,306,848	2,146,944,463
Interest expense	10	**640,615,340**	544,466,762	470,071,898
Provision for (reversal of):				
Allowance for expected credit loss on receivables	6	**(5,356,444)**	7,575,016	(8,125,620)
Inventory write-down and losses	7	**–**	135,877,579	28,813,123
Retirement benefits	13	**29,764,566**	41,001,348	55,838,714
Interest income	4	**(14,383,915)**	(17,064,479)	(28,862,925)
Gain on sale of property and equipment		**(832,862)**	(163,081)	(217,204)
Rent concession	10	**–**	–	(1,863,170)
Operating income before working capital changes		**8,044,770,613**	8,338,398,894	6,087,468,672
Decrease (increase) in:				
Advance payments to suppliers		**97,697,193**	1,446,903,328	(1,790,003,793)
Merchandise inventories		**(2,533,891,468)**	(1,502,772,236)	(3,212,648,126)
Trade and other receivables		**(125,401,370)**	(123,277,718)	153,295,410
Other current assets		**(532,071,635)**	(19,671,244)	(305,802,765)
Increase (decrease) in trade and other payables		**1,325,189,607**	(1,497,087,779)	1,681,838,440
Net cash generated from operations		**6,276,292,940**	6,642,493,245	2,614,147,838
Income tax paid		**(1,229,363,917)**	(1,310,022,133)	(795,069,130)
Contributions to retirement plan	13	**(54,669,587)**	(54,669,586)	(61,089,848)
Interest received from cash in banks		**879,528**	959,717	976,038
Retirement benefits paid	13	**–**	(854,264)	–
Net cash provided by operating activities		**4,993,138,964**	5,277,906,979	1,758,964,898
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property and equipment	9	**(2,317,576,471)**	(2,597,219,026)	(2,115,836,969)
Computer software	11	**(41,505,989)**	(51,086,164)	(44,739,501)
Decrease (increase) in:				
Short-term investments	5	**750,500,000**	48,969,125	1,956,500,642
Advances to contractors	11	**(25,263,968)**	(7,768,738)	5,627,520
Other noncurrent assets	11	**(12,862,674)**	(6,196,950)	(1,249,515)
Interest received from investments		**18,406,986**	9,799,662	31,502,959
Net proceeds from disposal of property and equipment		**1,157,137**	3,809,580	549,960
Net cash used in investing activities		**(1,627,144,979)**	(2,599,692,511)	(167,644,904)

(Forward)

	Note	2023	2022	2021
		Years Ended December 31		
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Lease liabilities	10	**(₱1,765,274,468)**	(₱1,578,724,489)	(₱1,411,435,484)
Cash dividends	14	**(1,516,897,923)**	(860,942,063)	(491,966,894)
Long-term debt before interest		**–**	–	(20,000)
Interest on long-term debt	10	**–**	–	(462)
Cash used in financing activities		**(3,282,172,391)**	(2,439,666,552)	(1,903,422,840)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**83,821,594**	238,547,916	(312,102,846)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,781,338,481**	1,542,790,565	1,854,893,411
CASH AND CASH EQUIVALENTS AT END OF YEAR	4	**₱1,865,160,075**	₱1,781,338,481	₱1,542,790,565

See accompanying Notes to Financial Statements.

WILCON DEPOT, INC.
Doing Business under the Name and Style of
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DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT
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Doing Business under the Name and Style of WILCON CITY CENTER)

NOTES TO FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2023 AND 2022 AND
FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 and 2021

1. Corporate Information

WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT, WILCON HOME ESSENTIALS, DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on December 17, 2015. The Company is engaged in buying and selling of all kinds of goods, commodities, wares and merchandise at wholesale and retail.

The Company is a subsidiary of WILCON CORPORATION Doing Business under the Name and Style of WILCON CITY CENTER (the Parent Company), a holding company incorporated in the Philippines. The ultimate parent company is LIAM ROS HOLDINGS INC., a holding company incorporated in the Philippines.

On November 17, 2023, the Company amended its articles of incorporation and by-laws to reflect the change in its business name from “WILCON DEPOT, INC. Doing business under the name and style of WILCON DEPOT and WILCON HOME ESSENTIALS” to “WILCON DEPOT, INC. Doing business under the name and style of WILCON DEPOT, WILCON HOME ESSENTIALS, DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT.”

On March 31, 2017, the 1,393,906,200 common shares of the Company were listed in the Philippine Stock Exchange (PSE) at an offer price of ₱5.05 a share. Net proceeds from the Initial Public Offering (IPO) amounted to ₱6,749.3 million, net of offer expenses of ₱289.9 million (see Note 14).

The registered office address of the Company is at No. 90 E. Rodriguez Jr. Avenue, Brgy. Ugong Norte, Quezon City.

The financial statements of the Company as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 were approved and authorized for issue by the Board of Directors (BOD) on March 20, 2024 as reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Material Accounting Policy Information

Basis of Preparation and Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including the SEC pronouncements.

The material accounting policies used in the preparation of the financial statements have been consistently applied to all the years presented, unless otherwise stated.

Measurement Bases

The financial statements have been presented in Philippine Peso, which is the functional currency of the Company. All amounts are in absolute values, unless otherwise stated.

The financial statements of the Company have been prepared on the historical cost basis of accounting, except for the following:

- Net retirement liability which is carried at the present value of the defined benefit obligation less the fair value of plan assets; and

- Lease liabilities that are initially carried at the present value of future lease payments.

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 − Quoted (unadjusted) market prices in active market for identical assets or liabilities.

Level 2 − Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 − Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as discussed in the foregoing.

Further information about the assumptions made in measuring fair value is included in the following notes:

- Note 5, *Short-term Investments*
- Note 13, *Retirement Plan*
- Note 22, *Fair Value of Financial Instruments*

<u>Adoption of Amended PFRS</u>

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS effective January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements,* and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) 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 (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that 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. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods.

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments.

The adoption of the amendments to PFRS did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

<u>Amended PFRS Issued But Not Yet Effective</u>
Relevant amended PFRS, which are not yet effective as at December 31, 2023 are not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

<u>Financial Instruments</u>

Financial Assets at Amortized Cost
A financial asset should be measured at amortized cost if both of the following conditions are met:

- the financial asset is held with a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process.

Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting year. Otherwise, these are classified as noncurrent assets.

As at December 31, 2023 and 2022, the cash and cash equivalents, short-term investments, trade and other receivables (excluding advances to officers and employees), container deposits (presented as part of "Other current assets"), security and electricity deposits and refundable cash bonds (presented as part of "Other noncurrent assets") are included under this category.

Cash and cash equivalents include cash on hand, cash in banks and cash equivalents. Cash equivalents are highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Impairment. The Company recognizes an allowance for expected credit loss (ECL) for all debt instruments not measured at FVPL and financial assets at amortized cost. Expected credit loss is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Company has applied the simplified approach in measuring ECL. Simplified approach requires that ECL should always be based on the lifetime expected credit losses.

The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment 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.

For other financial instruments measured at amortized cost, the ECL is based on the 12-month expected credit loss, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;

- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities at Amortized Cost
Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at December 31, 2023 and 2022, the trade and other payables (excluding statutory payables and unearned revenue) and lease liabilities are included in this category.

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in profit or loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Instruments

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Merchandise Inventories

Merchandise inventories are valued at the lower of cost and net realizable value (NRV). Cost, which includes all costs directly attributable to acquisition such as purchase price and freight-in, is determined using the moving average method. NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to complete the sale.

When inventories are sold, the carrying amount of those inventories is recognized to profit or loss in the year when the related revenue is recognized.

When the NRV of inventories is lower than the cost, a write-down is charged to cost of sales at the year in which it occurred. The amount due to any reversals of write-down of inventories arising from an increase in net realizable value is recognized as reduction in the amount of inventories recognized as cost of sales in the year in which the reversal occurs.

Other Current Assets

Other current assets mainly consist of materials and supplies, deferred input value-added tax (VAT), input VAT, prepaid expenses, and container deposits.

Materials and Supplies. Materials and supplies are carried at cost and are recognized as expense upon consummation.

Deferred Input VAT. Under section 4.110-3 (c) of the Revenue regulation 13-2018, the amortization of the input VAT shall only be allowed until December 31, 2021, after which taxpayers with unutilized input VAT on capital goods purchased or imported shall be allowed to apply the same as schedules until fully utilized.

The input VAT on the purchases or imports of capital goods exceeding ₱1.0 million subsequent to December 31, 2021 may be claimed outright.

VAT. Revenue, expenses, and assets are recognized, net of the amount of VAT, except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority; or
- receivables and payables that are stated with the amount of tax included.

The net amount of VAT recoverable from the taxation authority is included as part of "Other current assets" account in the statements of financial position.

Prepaid Expenses. Prepaid expenses are expenses paid in advance and recorded as asset before these are utilized. Prepaid expenses are apportioned over the period covered by the payment and charged to appropriate expense accounts in profit or loss when incurred. Prepaid expenses that are expected to be realized for no more than 12 months after the financial reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Container Deposits. Container deposits qualify as financial assets and are disclosed under financial instruments. These are measured at cost less any impairment in value. Container deposits are refunded upon return of the empty containers to the shipping companies.

Property and Equipment

Property and equipment, excluding construction in progress, are stated at cost less accumulated depreciation, amortization and any impairment in value.

The initial cost of property and equipment comprises of its purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the asset has been put into operations, such as repairs and maintenance, are normally recognized as expense in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have improved the condition of the asset beyond the originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Construction in progress represents structures under construction and is stated at cost. Cost includes costs of construction, labor and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are ready for use.

Depreciation and amortization are computed using the straight-line basis over the estimated useful lives of the assets as follows:

Asset Type	Number of Years
Buildings and improvements	15 to 20 or term of lease, whichever is shorter
Furniture and equipment	5
Leasehold improvements	5 or term of lease, whichever is shorter
Transportation equipment	5

The estimated useful life of solar panels recognized as part of "Building and Leasehold improvements" installed in the leased and owned buildings is 15 years.

The estimated useful lives and depreciation and amortization are reviewed and adjusted, if appropriate, at each reporting date to ensure that such years and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated assets are retained in the accounts until these are no longer being used and no further depreciation and amortization are credited or charged to profit or loss.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

Other Noncurrent Assets

Other noncurrent assets comprise of security deposits, computer software, electricity deposits, advances to contractors and refundable cash bonds.

Security Deposits. Security deposits represent deposits made in relation to lease agreements entered into by the Company and are carried at cost less any impairment in value. These will be returned at the end of the lease term.

Computer Software. Computer software acquired is measured on initial recognition at cost. Subsequent to initial recognition, computer software is carried at cost less accumulated amortization and any impairment losses. Internally generated computer software, excluding development costs, is not capitalized and expenditure is charged against profit or loss in the year in which the expenditure is incurred.

Computer software is amortized over the economic useful life of eight (8) years and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortization period and method for computer software are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Gains or losses arising from disposition of computer software measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss in the period when the asset is derecognized.

Electricity Deposits. Electricity deposits are carried at cost less any impairment in value, and will be refunded upon termination of the contract.

Advances to Contractors. Advances to contractors represent advance payments made in relation to purchase of materials and services for the construction of stores and are carried at cost less any impairment in value. These will be applied against future billings.

Impairment of Nonfinancial Assets
At each reporting date, nonfinancial assets are reviewed to determine whether there is any indication that those assets may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset (or group of related assets) is estimated and compared with its carrying amount.

An asset's (or group of assets') recoverable amount is the higher of an asset's fair value less cost to sell and its value in use, and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior year. A reversal of an impairment loss is recognized immediately in profit or loss.

Equity

Capital Stock and Additional Paid-in Capital. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds, net of tax. The excess of proceeds from the issuance of shares over the par value of shares is credited to additional paid-in capital.

Other Comprehensive Income. Other comprehensive income comprises items of income and expenses (including items previously presented under the statements of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income pertains to cumulative remeasurement gains on retirement liability.

Retained Earnings. Retained earnings represent the cumulative balance of net income or loss net of dividend distributions and other capital adjustments. Unappropriated retained earnings represent the portion which can be declared as dividends to stockholders. Appropriated retained earnings represent the portion which has been restricted and therefore is not available for any dividend declaration.

Dividend Distribution. Dividend distribution to the Company's stockholders is recognized as a liability and deducted from equity in the year in which the dividends are declared as approved by the Company's BOD. Dividends that are approved after the reporting year are dealt with as an event after the reporting year.

Revenue Recognition
The Company assessed that it acts as principal in all of its revenue sources.

Revenue within the scope of PFRS 15, *Revenue from Contracts with Customers* is recognized as follows:

Net Sales. Revenue is recognized when the control of the goods is transferred to the buyer, which is normally upon delivery or pick up of goods, and measured at the fair value of the consideration received or receivable, net of returns, trade discounts and unearned revenue from loyalty program.

The award credits from the loyalty program are identifiable component of sale transactions in which these are granted. The fair value of the consideration received or receivable in respect to the sale is allocated between the award credits and the other components of the sale. The Company recognizes the consideration received allocated to award credits as sale when award credits are redeemed and it fulfills its obligations to supply the award credits.

The amount of revenue recognized is based on the number of award credits that have been redeemed in exchange for awards, relative to the total number that are expected to be redeemed. Any unredeemed award credits as at reporting date are recognized as unearned revenue included under "Trade and other payables" account in the statements of financial position.

Other Income. Revenue is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Company through an increase in asset or reduction in liability and that can be measured reliably.

Revenue outside scope of PFRS 15 is recognized as follows:

Interest Income. Revenue is recognized as the interest accrues, taking into account the effective yield of the asset, net of final tax.

Rent Income. Revenue arising from rent of property is recognized on a straight-line basis over the lease term.

Cost and Expense Recognition

Costs and expenses are recognized in profit or loss when the related goods are sold, upon utilization of services or at the date the costs and expenses are incurred.

Operating Expenses. Operating expenses constitute cost of administering the business and cost incurred to sell and market the goods. These include advertising and freight and handling, among others. Operating expenses are expensed as incurred.

Interest Expense. Expense is recognized as the interest accrues, taking into account the effective yield of the asset.

Employee Benefits

Short-term Employee Benefits. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the year. A liability is also recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. Retirement benefit costs are actuarially determined using the projected unit credit method, which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit obligation) are recognized immediately in other comprehensive income in the year in which these arise. Remeasurements are not reclassified to profit or loss in subsequent year.

The net retirement liability is the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly.

The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Leases

The Company as a Lessee

Right-of-use (ROU) assets. ROU assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The ROU assets are measured subsequently at cost less amortization and any impairment losses. Additionally, the cost is subsequently adjusted for any remeasurement of the lease liabilities resulting from reassessments or lease modifications.

Lease Liabilities. Lease liabilities are measured at the present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees; and
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

After the initial recognition, the measurement of a lease liability is affected by:

- accruing interest on the lease liability;
- lease payments made; and
- remeasurements reflecting any reassessment or lease modifications.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liabilities are measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise an extension or termination option.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis of accounting as rent expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Company as a Lessor
Leases where a significant portion of the risks and rewards of ownership over the asset are retained by the lessor, are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis of accounting over the period of the lease.

Income Taxes
Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at end of the reporting year.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences.

Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at the end of reporting year.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in relation to the underlying transaction either in other comprehensive income or directly in equity.

Earnings per Share

The Company presents basic and diluted earnings per share. Basic earnings per share are calculated by dividing the net income by the weighted average number of common shares outstanding during the year. Diluted earnings per share are calculated in the same manner, adjusted for the effects of all dilutive potential common shares.

The Company has no dilutive potential common shares.

Related Party Relationship and Transactions

Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties.

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

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

Segment Reporting

Operating segments are components of the Company: (a) that engage in business activities from which this may earn revenue and incur expenses, including revenue and expenses relating to transactions with other components of the Company; (b) whose operating results are regularly reviewed by the Company's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

Provisions

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Contingencies

Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Events after the Reporting Date

Events after the reporting date that provide additional information about the Company's financial position at the end of the reporting year (adjusting events) are reflected in the financial statements. Events after the reporting date that are non-adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires the Company to exercise judgment, make estimates and use assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments and estimates are based on management's evaluation of relevant facts and circumstances as of the date of the comparative financial statements. Actual results could differ from these estimates, and as such estimates will be adjusted accordingly when the effects become determinable.

Judgments

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

Determining the Operating Segments. Determination of operating segments is based on the information about components of the Company that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Company's chief operating decision maker, which is defined to be the Company's BOD, in order to allocate resources to the segment and assess its performance. The Company reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) the assets of the segment are 10% or more of the combined assets of all operating segments.

The Company has only one (1) reportable operating segment which is the trading business and one (1) geographical segment as all of the assets are located in the Philippines. The Company operates and derives all its revenue from domestic operations. Thus, no further disclosures of operating and geographical segments are necessary.

Determining the Classification of Financial Assets. Classification of financial assets depends on the results of the business model test and sole payment of principal and interest (SPPI) test performed by the Company.

The Company exercises judgment in determining the business model to be used in managing its financial instruments to achieve its business objectives. Below are the key factors considered by the Company in its business model assessment:

- Specific business objectives in holding the financial assets,
- Policies in managing the risks of the financial assets,
- Expected frequency, value and timing of sales, and
- Key performance indicators of the financial assets.

The Company also determines whether the contractual terms of debt instruments classified and measured as financial assets at amortized cost give rise to specified dates to cash flows that are solely payments for principal and interest, with interest representing time value of money and credit risk associated with the outstanding principal amount. Any other contractual term that changes the timing or amount of cash flows does not meet the SPPI test.

Determining the Classification of Lease Arrangements and Appropriate Lease Term and Discount Rates. The Company, as a lessee, has various lease agreements with related parties and third parties for land, buildings, and retail and office units.

The Company has exercised significant judgment in determining the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or in any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

All the existing Company leases, except for short-term lease on transportation equipment and leases on land and buildings with less than 12 months term qualify as leases under PFRS 16.

Lease liabilities and ROU assets were recognized for the remaining lease agreements. Payments of lease liabilities are allocated over the principal liability and finance costs. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each year. The ROU assets are amortized over the lease term on a straight-line basis.

The leases on land, buildings, and retail and office units are renewable upon mutual agreement by both parties (as amended for certain lease agreements) to be covered by a separate and new lease agreement. Accordingly, the renewal option was not considered in the lease term for purposes of the recognition of ROU assets and lease liabilities.

Significant management judgment was likewise exercised by the Company in determining the discount rate, whether implicit rate, if readily available or incremental rate, to be used in calculating the present value of ROU assets and lease liabilities. The discount rate ranges from 4.28% to 8.56% which are the incremental borrowing rates as obtained from the banks.

Reassessments are made on a continuing basis whether changes should be reflected on the amount of lease liabilities due to circumstances affecting lease payments.

The details of the interest expense on lease liabilities, and amortization on ROU assets are disclosed in Note 10 to the financial statements.

Rent expense on short-term lease on transportation equipment and leases on land and buildings with less than 12 months' term is disclosed in Note 10 to the financial statements.

The carrying amount of ROU assets and lease liabilities are disclosed in Note 10 to the financial statements.

The Company, as a lessor, has existing lease agreements on commercial spaces, gondola lightings, facade billboards, window displays and street banners. The Company has determined that the significant risks and benefits of ownership over the leased properties remain with the Company. Accordingly, the Company accounts for the lease agreements as operating leases.

Rental income is disclosed in Note 10 to the financial statements.

Evaluating Contingencies. The Company is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Company's management and legal counsel believe that the eventual liabilities or claims under these lawsuits will not have a material effect on the financial statements.

Estimates and Assumptions

The key estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances of the financial statements. Actual results could differ from those estimates. Presented below are the relevant significant estimates performed by management in preparing the financial statements.

Assessing the Impairment of Trade and Other Receivables. The Company is using the simplified approach in measuring ECL based on lifetime and 12-month expected credit losses on its trade and other receivables, respectively. The Company has established a provision matrix that uses historical credit loss experience adjusted for forward-looking factors, as appropriate.

Net provision (reversal) for allowance for ECL is disclosed in Note 6 to the financial statements.

Based on management assessment, the allowance for ECL of trade and other receivables as at December 31, 2023 and 2022 is adequate to cover for possible losses.

The carrying amount of trade and other receivables and allowance for ECL are disclosed in Note 6 to the financial statements.

Assessing the Impairment Losses on Other Financial Assets at Amortized Cost. In assessing ECL for other financial asset at amortized cost, the Company uses historical credit loss experience adjusted for forward-looking factors, as appropriate. The Company, except for refundable cash bonds, has no history of actual losses.

No provision for impairment losses on other financial assets at amortized cost were recognized in 2023, 2022 and 2021.

The carrying amounts of other financial assets are disclosed in Notes 4, 5, 8 and 11 to the financial statements.

Other financial assets at amortized cost also include refundable cash bonds, which were fully provided with allowance for impairment losses since 2016 (see Note 11).

Determining the NRV of Merchandise Inventories. The Company recognizes inventory write down and losses whenever NRV becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

Estimates of NRV are based on the most reliable evidence available at the time the estimates are made of the amount the inventories that are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at reporting date. The adequacy of allowance for inventory write-down and losses is reviewed periodically to reflect the accurate valuation in the financial statements.

The carrying amount of merchandise inventories and net provision for inventory write-down and losses are disclosed in Note 7 to the financial statements.

The details of the allowance for inventory write-down and losses is disclosed in Note 7 to the financial statements.

Estimating the Useful Lives of Property and Equipment and Computer Software. The Company estimates the useful lives of property and equipment and computer software based on the years over which the assets are expected to be available for use. The estimated useful lives of property and equipment and computer software 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. As at December 31, 2023 and 2022, there are no changes in the estimated useful lives of property and equipment and computer software.

The carrying amounts of depreciable property and equipment and computer software are disclosed in Notes 9 and 11 to the financial statements.

Assessing the Impairment of Nonfinancial Assets. The Company assesses any impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of assets or group of assets may not be recoverable. Factors that the Company considered in deciding when to perform impairment review includes the following among others:

- significant under-performance of a business in relation to expectations;
- significant negative industry or economic trends; and
- significant changes or planned changes in the use of the assets.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The estimated recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction. Recoverable amount represents the value in use, determined as the present value of estimated future cash flow expected to be generated from the continued use of the assets.

The estimated cash flow is projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash generating unit to which the assets belong.

There were no indications that the carrying amount of nonfinancial assets may be impaired. Accordingly, no impairment loss was recognized in 2023, 2022 and 2021.

The carrying amount of nonfinancial assets assessed for possible impairment are disclosed in Notes 6, 8, 9, 10 and 11 to the financial statements.

Determining the Retirement Liability. The determination of the obligation and cost of retirement benefits is dependent on the assumptions determined by management and used by the actuary in calculating such amounts. These assumptions are described in Note 13 to the financial statements and include, among others, discount rate and salary increase rate. Actual results that differ from the Company's assumptions are accumulated and recognized in other comprehensive income, therefore, generally affect the recognized expense and recorded obligation in such future periods.

The details of the Company's retirement expense and net retirement liability are disclosed in Note 13 to the financial statements.

Assessing the Realizability of Deferred Tax Assets. The Company reviews the carrying amount of deferred tax assets at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. The Company's recognized deferred tax assets is disclosed in Note 17 to the financial statements.

4. Cash and Cash Equivalents

Details of this account are as follows:

	2023	2022
Cash on hand	**₱15,366,295**	₱11,258,361
Cash in banks	**1,099,793,780**	1,770,080,120
Cash equivalents	**750,000,000**	–
	₱1,865,160,075	₱1,781,338,481

Cash in banks earn interest at prevailing bank deposit rates. Cash equivalents represent money market placements with interest rate of 6.0% per annum.

Details of interest income are as follows:

	Note	**2023**	2022	2021
Short-term investments	5	**₱11,659,387**	₱10,493,237	₱24,283,686
Cash and cash equivalents		**2,724,528**	6,571,242	4,579,239
	16	**₱14,383,915**	₱17,064,479	₱28,862,925

5. Short-term Investments

Short-term investments amounting to nil and ₱750.5 million as at December 31, 2023 and 2022, respectively, represent money market placements, which bear interest from 2.9% to 5.6% per annum.

Interest income from these investments amounted to ₱11.7 million, ₱10.5 million and ₱24.3 million in 2023, 2022 and 2021, respectively (see Note 4).

6. **Trade and Other Receivables and Advance Payments to Suppliers**

Details of this trade and other receivables are as follows:

	Note	**2023**	2022
Trade:			
Third parties		**₱323,732,764**	₱224,384,462
Related parties	19	**5,705,937**	1,120,250
Suppliers support and other fees		**76,487,034**	90,480,124
Advances to officers and employees		**47,395,705**	19,700,316
Rent receivables	10	**7,481,125**	4,549,029
Delivery fees and other customer charges		**4,266,180**	2,502,544
Accrued interest		**1,600,000**	6,502,599
Others		**6,405,541**	3,151,900
		473,074,286	352,391,224
Allowance for ECL		**(58,700,522)**	(64,056,966)
		₱414,373,764	₱288,334,258

Trade receivables are unsecured, noninterest-bearing and have credit terms of 30 to 60 days.

Supplier support and other fees pertains to incentives and other fees received from supplier which have terms of 30 to 60 days.

Advances to officers and employees are noninterest-bearing advances and are normally settled through salary deduction. This account also includes cash advances to employees and officers for store operations which are for liquidation.

Rent receivables, which are collectible within one (1) year, include receivables from the lease of gondola lightings, facade billboards, window displays and street banners.

Accrued interest pertains to interest receivable on the Company's cash in banks, cash equivalents and short-term investments.

Others mainly pertain to income from incidental services rendered, including income from related parties amounting to ₱0.9 million and ₱0.1 million in 2023 and 2022, respectively (see Note 19).

Movements of allowance for ECL on receivables are as follows:

	2023	2022	2021
Balance at beginning of year	**₱64,056,966**	₱56,481,950	₱64,607,570
Provision (reversal):	**(5,356,444)**	7,575,016	(8,125,620)
Balance at end of year	**₱58,700,522**	₱64,056,966	₱56,481,950

Based on management assessment, the allowance for ECL on receivables as at December 31, 2023 and 2022 is adequate to cover for possible losses.

Advance Payments to Suppliers

Advance payments to suppliers which pertain to advance payments on purchases of merchandise inventories and other goods and services amounted to ₱346.5 million and ₱444.2 million as at December 31, 2023 and 2022, respectively. Corresponding goods will be substantially delivered on the first quarter of the following year.

7. **Merchandise Inventories**

Merchandise inventories are stated at cost and NRV. Details are as follows:

	2023	2022
At cost	**₱15,703,084,573**	₱13,206,312,899
At NRV	**73,664,170**	36,544,376
	₱15,776,748,743	₱13,242,857,275

Merchandise inventories pertain to goods being traded under the normal course of business, which include construction supplies, bathroom and kitchen supplies and equipment and furniture among others, sold on wholesale and retail basis.

The cost of merchandise inventories stated at NRV amounted to ₱269.5 million and ₱298.7 million as at December 31, 2023 and 2022, respectively.

Movements of allowance for inventory write-down and losses are as follows:

	2023	2022	2021
Balance at beginning of year	**₱262,179,853**	₱126,302,274	₱97,489,151
Provision	**–**	135,877,579	28,813,123
Write off	**(66,375,077)**	–	–
Balance at end of year	**₱195,804,776**	₱262,179,853	₱126,302,274

Based on management assessment, the allowance for inventory write-down and losses is adequate to cover for possible losses.

Inventories charged to cost of sales amounted to ₱20,910.0 million, ₱20,444.8 million and ₱17,237.6 million in 2023, 2022 and 2021, respectively, including any reversal of allowance and provision for inventory write-down and losses.

8. **Other Current Assets**

Details of this account are as follows:

	2023	2022
Materials and supplies	**₱715,184,002**	₱384,617,925
Current deferred input VAT	**374,150,345**	291,385,266
Input VAT	**144,096,648**	67,126,932
Prepaid expenses	**100,729,473**	121,595,616
Container deposits	**12,053,253**	12,860,614
	₱1,346,213,721	₱877,586,353

Materials and supplies pertain to consumable construction materials, office supplies and uniforms.

Deferred input VAT pertains to unamortized portion of input VAT on property and equipment, and consigned goods already sold.

Prepaid expenses pertain to payment of insurance, advertising, membership dues, rent and taxes by the Company which are being amortized over a year. This includes advance rent for short-term leases with related parties amounting to ₱2.3 million and ₱16.5 million as at December 31, 2023 and 2022, respectively (see Note 19).

Container deposits pertain to monetary deposits for containers used for imported goods. Container deposits will be refunded upon return of the empty containers to the shipping companies.

9. Property and Equipment

Details and movements of this account are as follows:

	2023					
	Buildings and Improvements	**Furniture and Equipment**	**Leasehold Improvements**	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost						
Balances at beginning of year	**₱8,458,185,265**	**₱2,321,107,967**	**₱1,455,827,094**	**₱45,946,376**	**₱598,307,200**	**₱12,879,373,902**
Additions	**–**	**514,568,427**	**–**	**10,565,477**	**1,792,442,567**	**2,317,576,471**
Reclassifications	**1,147,687,432**	**–**	**142,471,291**	**–**	**(1,290,158,723)**	**–**
Disposal	**–**	**–**	**–**	**(4,592,768)**	**–**	**(4,592,768)**
Balances at end of year	**9,605,872,697**	**2,835,676,394**	**1,598,298,385**	**51,919,085**	**1,100,591,044**	**15,192,357,605**
Accumulated Depreciation and Amortization						
Balances at beginning of year	**1,301,861,152**	**1,217,274,369**	**911,109,287**	**36,775,976**	**–**	**3,467,020,784**
Depreciation and amortization	**598,840,068**	**395,257,424**	**246,067,021**	**5,023,680**	**–**	**1,245,188,193**
Disposal	**–**	**–**	**–**	**(4,084,201)**	**–**	**(4,084,201)**
Balances at end of year	**1,900,701,220**	**1,612,531,793**	**1,157,176,308**	**37,715,455**	**–**	**4,708,124,776**
Carrying Amounts	**₱7,705,171,477**	**₱1,223,144,601**	**₱441,122,077**	**₱14,203,630**	**₱1,100,591,044**	**₱10,484,232,829**

	2022					
	Buildings and Improvements	Furniture and Equipment	Leasehold Improvements	Transportation Equipment	Construction in Progress	Total
Cost						
Balances at beginning of year	₱6,570,512,037	₱1,659,656,813	₱1,287,149,018	₱46,586,339	₱723,657,732	₱10,287,561,939
Additions	–	661,500,086	–	4,718,168	1,931,000,772	2,597,219,026
Reclassifications	1,887,673,228	–	168,678,076	–	(2,056,351,304)	–
Disposal	–	(48,932)	–	(5,358,130)	–	(5,407,062)
Balances at end of year	8,458,185,265	2,321,107,967	1,455,827,094	45,946,377	598,307,200	12,879,373,903
Accumulated Depreciation and Amortization						
Balances at beginning of year	826,025,963	906,709,947	579,935,500	32,584,632	–	2,345,256,042
Depreciation and amortization	475,835,189	310,588,886	331,173,787	5,927,442	–	1,123,525,304
Disposal	–	(24,464)	–	(1,736,098)	–	(1,760,562)
Balances at end of year	1,301,861,152	1,217,274,369	911,109,287	36,775,976	–	3,467,020,784
Carrying Amounts	₱7,156,324,113	₱1,103,833,598	₱544,717,807	₱9,170,401	₱598,307,200	₱9,412,353,119

Construction in progress pertains to costs incurred for constructing new stores in various strategic locations within the Philippines and are expected to be completed in 2024.

As at December 31, 2023 and 2022, the amount of contractual commitment related to the construction in progress amounted to ₱680.6 million and ₱443.8 million, respectively.

Depreciation and amortization are summarized below:

	Note	2023	2022	2021
ROU assets	10	**₱1,472,619,736**	₱1,353,158,514	₱1,203,777,100
Property and equipment		**1,245,188,193**	1,123,525,304	930,549,320
Computer software	11	**37,689,828**	24,623,030	12,618,043
	15	**₱2,755,497,757**	₱2,501,306,848	₱2,146,944,463

The acquisition costs of fully depreciated assets still in use amounted to ₱1,488.5 million, ₱988.8 million and ₱376.0 million in 2023, 2022, and 2021, respectively.

10. Lease Commitments

The Company as a Lessee

The Company has various lease agreements with related parties and third parties for the use of land, buildings, retail and office units, transportation equipment and computer software for a period of one to 15 years. The leases are renewable upon mutual agreement by both parties to be covered by a separate and new lease agreement upon renewal. The annual rent of most contracts of lease is subject to escalation of 5.00%.

Security deposits amounted to ₱183.4 million and ₱167.6 million as at December 31, 2023 and 2022, respectively (see Note 11).

Amounts recognized in profit and loss:

	Note	2023	2022	2021
Amortization on ROU assets	9	**₱1,472,619,736**	₱1,353,158,514	₱1,203,777,100
Interest on lease liabilities		**640,615,340**	544,466,762	470,071,458
Rent expense	15	**172,370,620**	105,193,272	147,069,899
Rent concession	16	**–**	–	(1,863,170)
		₱2,285,605,696	₱2,002,818,548	₱1,819,055,287

Rent expense in 2023, 2022 and 2021 pertains to variable lease payments on leased properties from related parties, and short-term leases.

Movements in the ROU assets are presented below:

		2023				
	Note	**Land**	**Land and Buildings**	**Buildings**	**Retail and Office Units**	**Total**
Cost						
Balances at beginning of year		**₱7,201,485,049**	**₱4,329,754,306**	**₱569,726,687**	**₱164,467,112**	**₱12,265,433,154**
Additions		**1,157,038,560**	**717,180,472**	**55,273,877**	**116,875,513**	**2,046,368,422**
Balances as at end of year		**8,358,523,609**	**5,046,934,778**	**625,000,564**	**281,342,625**	**14,311,801,576**
Amortization						
Balances at beginning of year		**1,377,489,039**	**2,495,410,122**	**346,157,870**	**141,637,232**	**4,360,694,263**
Amortization	9	**563,466,191**	**765,478,948**	**105,186,757**	**38,487,840**	**1,472,619,736**
Balances as at end of year		**1,940,955,230**	**3,260,889,070**	**451,344,627**	**180,125,072**	**5,833,313,999**
Carrying Amounts		**₱6,417,568,379**	**₱1,786,045,708**	**₱173,655,937**	**₱101,217,553**	**₱8,478,487,577**

		2022				
	Note	Land	Land and Buildings	Buildings	Retail and Office Units	Total
Cost						
Balances at beginning of year		₱6,033,141,813	₱2,878,166,558	₱361,379,636	₱162,704,797	₱9,435,392,804
Additions		1,168,343,236	1,451,587,748	208,347,051	1,762,315	2,830,040,350
Balances as at end of year		7,201,485,049	4,329,754,306	569,726,687	164,467,112	12,265,433,154
Amortization						
Balances at beginning of year		909,861,974	1,742,582,802	246,749,619	108,341,354	3,007,535,749
Amortization	9	467,627,065	752,827,320	99,408,251	33,295,878	1,353,158,514
Balances as at end of the year		1,377,489,039	2,495,410,122	346,157,870	141,637,232	4,360,694,263
Carrying Amounts		₱5,823,996,010	₱1,834,344,184	₱223,568,817	₱22,829,880	₱7,904,738,891

The noncash transactions related to ROU assets amounted to ₱2,046.4 million, ₱2,830.0 million and ₱1,351.5 million in 2023, 2022 and 2021, respectively.

Movements in the lease liabilities are presented below:

	2023	2022
Balance at beginning of year	**₱8,973,022,982**	₱7,180,988,167
Additions	**1,986,732,246**	2,744,928,754
Payments	**(1,714,151,823)**	(1,497,360,701)
Interest expense	**640,615,340**	544,466,762
Balance at end of year	**9,886,218,745**	8,973,022,982
Current portion	**1,768,920,622**	1,614,033,349
Noncurrent portion	**₱8,117,298,123**	₱7,358,989,633

As at December 31, 2023 and 2022, the future minimum lease payments are as follows:

	2023	2022
Less than one (1) year	**₱1,920,545,588**	₱1,428,828,377
Between one (1) and five (5) years	**4,607,812,958**	4,306,158,541
More than five (5) years	**7,890,192,805**	7,193,942,407
	₱14,418,551,351	₱12,928,929,325

Details of interest expense follows:

	2023	2022	2021
Lease liabilities	**₱640,615,340**	₱544,466,762	₱470,071,458
Long-term debt	**–**	–	440
	₱640,615,340	₱544,466,762	₱470,071,898

Advance rentals paid for new leases amounted to ₱51.1 million and ₱81.3 million in 2023 and 2022, respectively.

The Company as a Lessor

The Company has existing lease agreements on commercial spaces, gondola lightings, facade billboards, window displays and street banners with lease terms of less than a year. The leases are renewable upon mutual agreement by the parties.

Rent income amounted to ₱74.9 million, ₱61.1 million and ₱61.0 million in 2023, 2022 and 2021, respectively (see Note 16). Rent receivables amounted to ₱7.5 million and ₱4.5 million as at December 31, 2023 and 2022, respectively (see Note 6).

Cash Flows from Financing Activities
The reconciliation of movements of liabilities arising from financing activities is presented below:

	2022	**Noncash**	**Cash Payments**	**2023**
Lease liabilities	**₱8,973,022,982**	**₱2,627,347,586**	**(₱1,714,151,823)**	**₱9,886,218,745**
Advance rental for new leases	**–**	**51,122,645**	**(51,122,645)**	**–**
Cash dividends	**–**	**1,516,897,923**	**(1,516,897,923)**	**–**
	₱8,973,022,982	**₱4,195,368,154**	**(₱3,282,172,391)**	**₱9,886,218,745**

	2021	Noncash	Cash Payments	2022
Lease liabilities	₱7,180,988,167	₱3,289,395,516	(₱1,497,360,701)	₱8,973,022,982
Advance rental for new leases	–	81,363,788	(81,363,788)	–
Cash dividends	–	860,942,063	(860,942,063)	–
	₱7,180,988,167	₱4,231,701,367	(₱2,439,666,552)	₱8,973,022,982

	2020	Noncash	Cash Payments	2021
Lease liabilities	₱6,786,892,546	₱1,805,531,105	(₱1,411,435,484)	₱7,180,988,167
Cash dividends	–	491,966,894	(491,966,894)	–
Interest on long-term debt	–	462	(462)	–
	₱6,786,892,546	₱2,297,498,461	(₱1,903,402,840)	₱7,180,988,167

11. Other Noncurrent Assets

Details of this account are as follows:

	Note	**2023**	2022
Security deposits	10	**₱183,389,469**	₱167,595,254
Computer software		**176,338,963**	172,522,802
Electricity deposits		**78,720,920**	70,672,239
Advances to contractors		**40,113,711**	14,849,743
Noncurrent deferred input VAT		**7,627,595**	18,607,815
		₱486,190,658	₱444,247,853

Security deposits include deposits to related parties amounting to ₱137.7 million and ₱126.2 million in 2023 and 2022, respectively (see Note 19).

Movements of computer software are as follows:

	Note	**2023**	2022
Cost			
Balance at beginning of year		**₱236,634,232**	₱185,548,068
Additions		**41,505,989**	51,086,164
Balance at end of year		**278,140,221**	236,634,232
Accumulated Amortization			
Balance at beginning of year		**64,111,430**	39,488,400
Amortization	9	**37,689,828**	24,623,030
Balance at end of year		**101,801,258**	64,111,430
Carrying Amount		**₱176,338,963**	₱172,522,802

Electricity deposits pertain to noninterest-bearing refundable deposits to various electric companies. These are to be refunded upon termination of the contract.

Advances to contractors pertain to payments for purchase of materials and services for the constructions of assets to be classified as property and equipment. The advances will be applied against the future billings of the contractors.

The Company has refundable cash bonds amounting to ₱83.4 million. These refer to payments made to the Bureau of Customs (BOC) for the release of imported goods purchased by the Parent Company with no established and published values covering importations as required in Republic Act No. 8181, *Transaction Value Act*. The amount of cash bonds to be paid by the Parent Company is determined by the BOC. The amount is refundable once the correct dutiable value or values for the importation have been established. As at December 31, 2023 and 2022, the refund of cash bonds is still pending with the BOC. Accordingly, this has been fully provided with allowance since 2016.

12. Trade and Other Payables

Details of this account are as follows:

	Note	**2023**	2022
Trade:			
Third parties		**₱5,042,448,068**	₱4,264,512,317
Related parties	19	**11,305**	3,032
Nontrade:			
Third parties		**635,175,911**	397,991,835
Related parties	19	**475,434,869**	361,020
Advances from customers		**377,915,631**	421,919,790
Accrued expenses:			
Salaries and wages		**141,005,253**	222,490,187
Construction costs		**120,684,045**	149,797,496
Utilities		**64,765,642**	44,639,908
Outside services		**21,987,930**	34,644,204
Others		**9,695,320**	58,019,236
Statutory payables		**104,050,728**	89,963,840
Unearned revenue		**95,043,434**	78,685,664
		₱7,088,218,136	₱5,763,028,529

Trade payables and accrued expenses are generally settled in varying periods depending on arrangement with suppliers, normally within 30 to 90 days.

Nontrade payables pertain to unpaid advertising and promotions, rent, utilities, construction and transportation and travel, which are payable in the succeeding month.

Advances from customers pertain to payments and deposits made by the customers, which are to be applied against future purchases. This includes advances from related parties amounting to ₱0.5 million and ₱0.7 million as at December 31, 2023 and 2022, respectively.

Statutory payables pertain to withholding taxes and obligatory contributions as mandated by the government. These are paid within 12 months.

Unearned revenues pertain to unearned revenue on loyalty program and unredeemed gift certificates.

13. **Retirement Plan**

The Company is a participant of the Wilcon Depot Multiemployer Retirement Plan together with the Parent Company. The plan is non-contributory and provides a retirement benefit equal to 100% of plan salary for every year of credited service.

The plan is exposed to interest rate risks and changes in the life expectancy of qualified employees but is not exposed to significant concentrations of risk on the plan assets.

Actuarial valuations are made periodically to update the retirement benefit liabilities and the amount of contributions. The latest actuarial valuation report was dated as at December 31, 2022. The management assessed that the retirement liability as at December 31, 2023 is a reasonable approximation of the retirement benefits despite the absence of an updated actuarial valuation report.

Details of retirement benefits recognized in profit or loss are as follows:

	2023	2022	2021
Current service cost	**₱23,680,274**	₱30,503,804	₱43,665,337
Interest expense	**27,995,595**	23,463,071	20,388,796
Interest income	**(21,911,303)**	(12,965,527)	(8,215,419)
	₱29,764,566	₱41,001,348	₱55,838,714

The cumulative remeasurement gains recognized in other comprehensive income follows:

	2023		
	Cumulative Remeasurement Gains	**Deferred Tax (see Note 17)**	**Net**
Balance at beginning and end of year	**₱236,238,514**	**₱59,059,629**	**₱177,178,885**

	2022		
	Cumulative Remeasurement Gains	Deferred Tax (see Note 17)	Net
Balance at beginning of year	₱133,027,960	₱33,256,990	₱99,770,970
Remeasurement gain	103,210,554	25,802,639	77,407,915
Balance at end of year	₱236,238,514	₱59,059,629	₱177,178,885

	2021		
	Cumulative Remeasurement Gains	Deferred Tax (see Note 17)	Net
Balance at beginning of year	₱819,347	₱245,805	₱573,542
Remeasurement gain	132,208,613	33,052,152	99,156,461
Effect of change in income tax rate	–	(40,967)	40,967
Balance at end of year	₱133,027,960	₱33,256,990	₱99,770,970

The amounts of net retirement liability recognized in the statements of financial position are as follows:

	2023	2022
Present value of defined benefit obligation	**₱421,257,446**	₱378,318,846
Fair value of plan assets	**(363,942,314)**	(296,098,693)
	₱57,315,132	₱82,220,153

The present value of the retirement liability was determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability. The discount rate assumption is based on market yields as at December 31, 2022.

The changes in the present value of the defined benefit obligation are as follows:

	2023	2022
Balance at beginning of year	**₱378,318,846**	₱446,915,632
Interest expense	**27,995,595**	23,463,071
Current service cost	**23,680,274**	30,503,804
Benefits paid from plan assets	**(8,737,269)**	(7,393,976)
Remeasurement loss (gain):		
Changes in financial assumptions	**–**	(118,041,467)
Experience	**–**	3,726,046
Benefits shouldered by the Company	**–**	(854,264)
Balance at end of year	**₱421,257,446**	₱378,318,846

The changes in the fair value of plan assets are presented below:

	2023	2022
Balance at beginning of year	**₱296,098,693**	₱246,962,423
Contributions to retirement plan	**54,669,587**	54,669,586
Interest income	**21,911,303**	12,965,527
Benefits paid from plan assets	**(8,737,269)**	(7,393,976)
Contributions for benefits shouldered by the Company	**–**	854,264
Remeasurement loss	**–**	(11,104,867)
Benefits shouldered by the Company	**–**	(854,264)
Balance at end of year	**₱363,942,314**	₱296,098,693

Details of plan assets are as follows:

	2023	2022
Cash and cash equivalents	**0.96%**	4.63%
Time deposits	**11.07%**	–
Debt instruments	**62.01%**	56.07%
Equity instruments	**11.94%**	15.43%
Loans	**–**	0.08%
Mutual funds	**–**	0.27%
Unit investment trust funds	**–**	10.37%
Others	**14.02%**	13.15%
	100.00%	100.00%

The principal actuarial assumptions used to determine the retirement liability are as follows:

	2023	2022
Discount rate	**7.40%**	7.40%
Annual salary increase rate	**4.00%**	4.00%

Sensitivity analysis on retirement liabilities is as follows:

	Basis Points	Amount
Discount rate	+100	(₱41,031,511)
	-100	49,098,669
Salary rate	+100	47,766,735
	-100	(40,544,472)

As at December 31, 2023 and 2022, the expected future benefits payments are as follows:

Year	Amount
1 year	₱69,931,439
2 years	7,575,057
3 years	12,180,532
4 years	13,307,749
5 years	7,468,345
6 -10 years	112,299,666
	₱222,762,788

The weighted average duration of the defined benefit obligation at the end of the reporting period is 15 years.

14. **Equity**

Details of capital stock as at December 31, 2023 and 2022 are as follows:

	Number of Shares	Amount
Authorized - at ₱1 a share	5,000,000,000	₱5,000,000,000
Issued and outstanding	4,099,724,116	₱4,099,724,116

On March 31, 2017, the 1,393,906,200 common shares of the Company were listed in the PSE at an offer price of ₱5.05 a share. Net proceeds from the IPO amounted to ₱6,749.3 million, net of offer expenses of ₱289.9 million (see Note 1). Net additional paid-in capital amounted to ₱5,373.7 million.

As at December 31, 2023 and 2022, the Company has 4,099,724,116 listed shares.

On December 13, 2023, the BOD approved the appropriation of retained earnings as at December 31, 2023 amounting to ₱2,100.0 million for the construction of new stores and warehouses until December 31, 2024.

Cash Dividends

The BOD of the Company approved the declaration and payment of the following cash dividends to stockholders as follows:

Date of Declaration	Date of Record	Date of Payment	Dividend per share	Total Cash dividends
March 20, 2024	**April 18, 2024**	**May 8, 2024**	**₱0.26**	**₱1,065,928,270**
February 23, 2023	March 22, 2023	April 18, 2023	0.37	1,516,897,923
February 23, 2022	March 18, 2022	April 12, 2022	0.21	860,942,063

15. **Operating Expenses**

Details of this account are as follows:

	Note	2023	2022	2021
Depreciation and amortization	9	**₱2,755,497,757**	₱2,501,306,848	₱2,146,944,463
Salaries, wages and employee benefits		**1,531,047,694**	1,437,492,005	1,369,296,922
Outsourced services		**1,357,735,672**	1,143,809,409	963,813,732
Trucking services		**921,522,563**	722,365,203	586,566,083
Utilities		**780,352,282**	721,264,514	535,291,426
Taxes and licenses		**417,906,619**	355,499,765	298,352,320
Credit card charges		**274,012,209**	259,127,136	209,014,407
Repairs and maintenance		**202,450,173**	136,818,118	136,823,558
Rent	10	**172,370,620**	105,193,272	147,069,899
Supplies		**155,829,865**	134,895,150	111,162,284
Advertising and promotions		**111,142,725**	139,441,898	70,685,508
Fuel and oil		**55,957,391**	56,340,175	36,418,745
Sponsorships and events		**44,087,506**	33,529,213	12,809,231
Transportation and travel		**37,358,084**	25,538,799	12,840,557
Communications and postage		**35,784,846**	48,670,603	37,675,591
Insurance		**30,871,738**	18,946,762	17,163,948
Professional fees		**17,601,857**	13,539,422	15,395,075
Donations and contributions		**12,733,837**	6,204,661	20,550,474
Others		**25,747,154**	19,354,178	3,696,565
		₱8,940,010,592	₱7,879,337,131	₱6,731,570,788

Other expenses include director's fees, insurance expense, net provision for impairment losses on receivables, and other operating costs.

16. Other Income

Details of this account are as follows:

	Note	**2023**	2022	2021
Supplier support and other fees		**₱328,637,116**	₱244,407,469	₱186,791,110
Delivery fees and other customer charges		**108,199,677**	100,604,487	72,249,769
Rent income	10	**74,949,605**	61,127,864	61,014,780
Interest income	4	**14,383,915**	17,064,479	28,862,925
Rent concession	10	**–**	–	1,863,170
		₱526,170,313	₱423,204,299	₱350,781,754

Supplier support and other fees pertains to incentives and other fees received from supplier.

Delivery fees and other customer charges pertains to fees received from customers for the delivery and other services rendered.

Rent income pertains to lease of gondola lightings, facade billboards, window displays and street banners.

Rent concession in 2021 pertains to discounts received from lessors of land and buildings due to the impact of the Covid-19 pandemic.

17. Income Tax

The Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act was signed into law on March 26, 2021 and took effect on April 11, 2021 which reduced the regular corporate income tax (RCIT) rate from 30% to 25% or 20% depending on the amount of total assets or total amount of taxable income. In addition, the minimum corporate income tax rate (MCIT) was changed from 2% to 1% of gross income for a period of three years starting July 1, 2020.

The current income tax expense represents RCIT. The income tax rate used in 2023, 2022, and 2021 is 25%.

The reconciliation between income tax expense at statutory tax rate and as presented in the statements of comprehensive income is as follows:

	2023	2022	2021
Income tax expense at statutory rate	**₱1,159,866,550**	₱1,281,349,720	₱856,217,348
Income tax effects of interest income already subjected to final tax	**(3,595,978)**	(4,266,120)	(7,215,731)
Adjustment due to change in tax rate	**–**	–	14,387,569
	₱1,156,270,572	₱1,277,083,600	₱863,389,186

The effect of the reduction of income tax rates in 2020 as a result of CREATE Act was recognized in 2021. Details are as follows:

	Amount
Current income tax expense in 2021	₱911,539,079
Effect of change in income tax rate	(54,689,965)
Current income tax expense as presented in the statements of comprehensive income	₱856,849,114

In addition, net deferred tax assets as at December 31, 2021 were reduced by ₱69.1 million as a result of the change in income tax rate.

Net deferred tax assets relate to the tax effect of the temporary differences as follows:

	2023	2022
Deferred tax assets:		
Effects of PFRS 16	**₱449,719,762**	₱347,463,187
Allowance for inventory write-down and losses	**48,951,195**	65,544,964
Retirement liability	**28,155,621**	30,050,933
Allowance for impairment of refundable cash bonds	**20,852,482**	20,852,483
Unearned revenue from loyalty program	**20,847,587**	16,799,516
Allowance for ECL on receivables	**14,675,130**	16,014,242
Unrealized foreign exchange loss	**7,887**	132,966
Deferred tax liability:		
Unrealized foreign exchange gain	**(13,191)**	–
	₱583,196,473	₱496,858,291

Deferred income expense (benefit) is recognized as follows:

	Note	**2023**	2022	2021
Through profit or loss		**₱642,256,102**	₱555,917,920	₱407,925,133
Through other comprehensive income	13	**(59,059,629)**	(59,059,629)	(33,256,990)
		₱583,196,473	₱496,858,291	₱374,668,143

18. Commitments and Contingencies

Agreements with Importing Suppliers

Purchases from certain importing suppliers are subject to rebates based on an agreed percentage of sales from goods purchased.

Contingencies

The Company is a party to certain lawsuits or claims in the normal course of business. The Company and its legal counsel believe that any eventual liabilities under these lawsuits or claims will not have a material effect on the financial statements.

Accordingly, no provision for probable losses arising from legal contingencies was recognized in the financial statements in 2023, 2022, and 2021.

19. **Related Party Transactions and Balances**

The Company has an approval policy on material related party transactions (RPT) wherein all individual material RPT shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the independent directors voting to approve the material RPT.

In case that a majority of the independent director's vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two thirds (2/3) of the outstanding capital stock.

The Company, in the normal course of business, has various transactions and balances with its related parties, as described below.

Related Party	Year	Revenue from Related Parties	Purchases of Inventories and Leases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties
Parent Company	**2023**	**₱2,720,983**	**₱894,128,544**	**₱255,595,707**	**₱199,537,294**
	2022	2,611,519	792,577,989	243,371,343	–
	2021	3,633,102	708,602,166	225,383,666	–
Entities under Common Control	**2023**	**20,651,290**	**1,001,166,193**	**227,469,729**	**267,195,786**
	2022	6,838,400	825,003,450	197,293,426	1,040,654
	2021	228,540	1,037,144,897	192,195,070	10,904,283
Stockholders and Officers	**2023**	**1,585,765**	**36,447,837**	**11,341,775**	**9,233,120**
	2022	2,450,398	33,850,149	11,538,123	–
	2021	1,064,963	54,999,457	10,181,764	33,381
	2023	**₱24,958,038**	**₱1,931,742,574**	**₱494,407,211**	**₱475,966,200**
	2022	11,900,317	1,651,431,588	452,202,892	1,040,654
	2021	4,926,605	1,800,746,520	427,760,500	10,937,664

Amounts owed by related parties consist mainly of trade and other receivables amounting to ₱6.6 million and ₱1.2 million as at December 31, 2023 and 2022, respectively and security deposits and advance rent (included as part of Other current assets, Other noncurrent assets or ROU Assets) aggregating ₱487.8 million and ₱451.0 million as at December 31, 2023 and 2022, respectively (see Notes 6 and 10). No impairment loss was recognized on trade and other receivables and security deposits in 2023, 2022 and 2021.

Amounts owed to related parties consist of trade and other payables aggregating ₱476.0 million and ₱1.0 million as at December 31, 2023 and 2022, respectively (see Note 12).

The following are the significant related party transactions of the Company:

a. Lease agreements with the Parent Company and related parties for the use of land and buildings for a period of 1 to 15 years (see Note 10).

   Interest expense on lease liabilities to related parties amounted to ₱510.9 million, ₱412.0 million and ₱446.8 million in 2023, 2022 and 2021, respectively, while amortization of ROU assets amounted to ₱1,215.5 million, ₱1,104.4 million and ₱1,139.3 million in 2023, 2022 and 2021, respectively. Total lease payments, including payments on lease liabilities, amounted to ₱1,763.5 million, ₱1,464.0 million and ₱1,401.8 million in 2023, 2022 and 2021, respectively.

   Rent expense from related parties amounted to ₱140.6 million, ₱78.8 million and ₱71.8 million in 2023, 2022 and 2021, respectively.

b. Purchases and sales of goods and services with Parent Company and entities under common control.

   Purchases of goods and services from related parties aggregated ₱42,882, ₱43,038 and ₱86.3 million in 2023, 2022 and 2021, respectively.

   Sale of goods and services to related parties aggregated ₱25.0 million, ₱11.9 million and ₱4.9 million in 2023, 2022 and 2021, respectively.

c. Reimbursement of certain expenses mainly pertain to taxes, power and electricity, water, communications and postage. Reimbursement of certain expenses from related parties amounted to ₱64.7 million, ₱56.2 million and ₱56.5 million in 2023, 2022 and 2021, respectively.

d. Certain loans of the Company are collateralized by the Parent Company's property and equipment and investment properties aggregating ₱564.0 million in 2021. These loans already matured as of August 2021 freeing the related collateral properties.

Balances are unsecured and are normally settled in cash. Lease payments are due within the first 10 days of the month. Reimbursement of expenses and purchases and sales of goods and services normally have a repayment term of 30 days.

No guarantees have been provided or received for these balances. Impairment review is undertaken each financial year. No impairment loss on amounts owed by related parties was recognized in 2023, 2022 and 2021.

Compensation of key management personnel by benefit type, are as follows:

	2023	2022	2021
Short-term employee benefits	**₱211,446,801**	₱186,703,472	₱203,577,216
Retirement benefits	**5,312,480**	8,922,137	10,236,392
	₱216,759,281	₱195,625,609	₱213,813,608

20. **Earnings per Share**

Basic and diluted earnings per share were computed as follows:

	2023	2022	2021
Net income	**₱3,483,195,599**	₱3,848,315,301	₱2,561,480,207
Divided by the weighted average number of outstanding shares	**4,099,724,116**	4,099,724,116	4,099,724,116
	₱0.85	₱0.94	₱0.62

21. **Financial Risk Management Objectives and Policies**

The Company's financial instruments consist of cash and cash equivalents, short-term investments, trade and other receivables (excluding advances to officers and employees), security, electricity and container deposits, refundable cash bonds, trade and other payables (excluding statutory payables and unearned revenue) and lease liabilities. The main purpose of these financial instruments is to fund the Company's operations.

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated with the BOD, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial market.

The main financial risks arising from the financial instruments are credit risk, liquidity risk and interest rate risk. The BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below.

Credit Risk. Credit risk is the risk that the Company will incur a loss when counterparties fail to discharge their contractual obligations. Receivables are monitored on an ongoing basis with the result that the Company's exposure to possible losses is not significant.

Maximum credit risk is equal to the gross amount of these instruments as follows:

	2023	2022
Cash in banks and cash equivalents	**₱1,849,793,780**	₱1,770,080,120
Short-term investments	**–**	750,500,000
Trade and other receivables*	**425,678,581**	332,690,908
Security deposits	**183,389,469**	167,595,254
Refundable cash bonds	**83,409,934**	83,409,934
Electricity deposits	**78,720,920**	70,672,239
Container deposits	**12,053,253**	12,860,614
	₱2,633,045,937	₱3,187,809,069

**Excluding advances to officers and employees amounting to ₱47.4 million and ₱19.7 million as at December 31, 2023 and 2022, respectively.*

The Company does not have major concentration of credit risk.

The table below summarizes the Company's financial assets based on aging:

	2023				
		Past Due but not Impaired			
	Neither Past Due Nor Impaired	**Less than One Year**	**One Year to Less Than Three Years**	**More Than Three Years**	**Total**
Cash in banks and cash equivalents	**₱1,849,793,780**	**₱–**	**₱–**	**₱–**	**₱1,849,793,780**
Trade and other receivables*	**104,494,252**	**242,379,957**	**39,807,912**	**38,996,460**	**425,678,581**
Security deposits	**183,389,469**	**–**	**–**	**–**	**183,389,469**
Refundable cash bonds	**–**	**–**	**–**	**83,409,934**	**83,409,934**
Electricity deposits	**78,720,920**	**–**	**–**	**–**	**78,720,920**
Container deposits	**12,053,253**	**–**	**–**	**–**	**12,053,253**
	₱2,228,451,674	**₱242,379,957**	**₱39,807,912**	**₱122,406,394**	**₱2,633,045,937**

**Excluding advances to officers and employees aggregating ₱47.4 million.*

	2022				
		Past Due but not Impaired			
	Neither Past Due Nor Impaired	Less than One Year	One Year to Less Than Three Years	More Than Three Years	Total
Cash in banks and cash equivalents	₱1,770,080,120	₱–	₱–	₱–	₱1,770,080,120
Short-term investments	750,500,000	–	–	–	750,500,000
Trade and other receivables*	115,933,419	163,228,015	8,802,623	44,726,851	332,690,908
Security deposits	167,595,254	–	–	–	167,595,254
Refundable cash bonds	–	–	–	83,409,934	83,409,934
Electricity deposits	70,672,239	–	–	–	70,672,239
Container deposits	12,860,614	–	–	–	12,860,614
	₱2,887,641,646	₱163,228,015	₱8,802,623	₱128,136,785	₱3,187,809,069

**Excluding advances to officers and employees aggregating ₱19.7 million.*

"Past due but not impaired" are accounts with history of frequent defaults, nevertheless, the amounts are still collectible, while "More than three years" are items that are fully covered by allowance.

Liquidity Risk. Liquidity risk is the risk that the Company will not be able to settle its obligations when these fall due. The Company monitors and maintains a level of cash deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

	2023				
	On Demand	**Within Three Months**	**More than Three Months to One Year**	**More than One Year but Less than Five Years**	**Total**
Trade and other payables*	**₱–**	**₱5,151,883,820**	**₱1,395,517,346**	**₱341,722,808**	**₱6,889,123,974**
Lease liabilities	**–**	**471,044,563**	**1,449,501,024**	**4,435,469,916**	**6,356,015,503**
	₱–	**₱5,622,928,383**	**₱2,845,018,370**	**₱4,777,192,724**	**₱13,245,139,477**

****Excluding statutory payables and unearned revenue aggregating ₱199.1 million.***

	2022				
	On Demand	Within Three Months	More than Three Months to One Year	More than One Year but Less than Five Years	Total
Trade and other payables*	₱–	₱5,065,529,620	₱442,976,482	₱85,872,923	₱5,594,379,025
Lease liabilities	–	405,273,526	1,140,401,840	4,189,311,552	5,734,986,918
	₱–	₱5,470,803,146	₱1,583,378,322	₱4,275,184,475	₱11,329,365,943

****Excluding statutory payables and unearned revenue aggregating ₱168.6 million.***

As at December 31, 2023 and 2022, the Company's cash and cash equivalents and net operating cash flows that will be generated are sufficient to cover payments due on its financial liabilities and the cost of all firm orders due in the next financial year.

Capital Management

The Company monitors its debt-to-equity ratio. The primary objective of the Company's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The debt-to-equity ratio is as follows:

	2023	2022
Total debt	**₱17,271,610,456**	₱15,099,816,006
Total equity	**22,509,482,874**	20,543,185,198
Debt-to-equity ratio	**0.77:1**	0.74:1

Equity includes capital stock, additional paid-in capital, other comprehensive income and retained earnings.

The Company has no externally imposed capital requirements.

22. **Fair Value of Financial Instruments**

The table below presents a comparison by category of carrying amounts and fair values of the financial instruments:

	2023		2022	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**₱1,865,160,075**	**₱1,865,160,075**	₱1,781,338,481	₱1,781,338,481
Short-term investments	**–**	**–**	750,500,000	750,500,000
Trade and other receivables*	**366,978,059**	**366,978,059**	268,633,943	268,633,943
Security deposits	**183,389,469**	**115,651,139**	167,595,254	116,385,244
Electricity deposits	**78,720,920**	**78,720,920**	70,672,239	70,672,239
Container deposits	**12,053,253**	**12,053,253**	12,860,614	12,860,614
	₱2,506,301,776	**₱2,438,563,446**	₱3,051,600,531	₱3,000,390,521
Financial Liabilities				
Trade and other payables**	**₱6,889,123,974**	**₱6,889,123,974**	₱5,594,379,025	₱5,594,379,025
Lease liabilities	**9,886,218,745**	**9,427,559,175**	8,973,022,982	8,273,098,040
	₱16,775,342,719	**₱16,316,683,149**	₱14,567,402,007	₱13,867,477,065

**Excluding advances to officers and employees aggregating ₱47.4 million and ₱19.7 million as at December 31, 2023 and 2022, respectively.*
***Excluding statutory payables and unearned revenue aggregating ₱199.1 million and ₱168.6 million as at December 31, 2023 and, 2022, respectively.*

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Short-term Investments, Trade and Other Receivables, Container Deposits, Refundable Cash Bonds, and Trade and Other Payables. The carrying amounts of cash and cash equivalents, short-term investments, trade and other receivables, container deposits, refundable cash bonds, and trade and other payables approximate their fair values primarily due to the relatively short-term maturity of these financial instruments. Container deposits are under Level 2 of the fair value measurements hierarchy for financial instruments.

Security Deposits. Fair values of security deposits are based on the present value of the expected future cash flows. These are categorized under Level 2 of the fair value measurements hierarchy for financial instruments.

Electricity Deposits. Management estimates that the carrying amount of the electricity deposits approximate their fair values. These are categorized under Level 2 of the fair value measurements hierarchy for financial instruments.

Lease Liabilities. The carrying amount of lease liabilities approximate its fair value because the initial recognition of lease liability is based on the discounted value of lease rentals and expected payments at the end of the lease.

In 2023 and 2022, there were no transfers among Level 1, Level 2 and Level 3 fair value measurements.

**REPORT OF INDEPENDENT AUDITORS
ON SUPPLEMENTARY SCHEDULE**

The Stockholders and the Board of Directors
WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT, WILCON HOME ESSENTIALS
DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT
No. 90 E. Rodriguez Jr. Avenue
Brgy. Ugong Norte, Quezon City

We have audited in accordance with Philippine Standards in Auditing, the financial statements of WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT, WILCON HOME ESSENTIALS, DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT (the Company) as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021, and have issued our report thereon dated March 20, 2024. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying Supplementary Schedules for submission to the Securities and Exchange Commission (SEC) are the responsibility of the Company's management.

These supplementary schedules include the following:

- Schedule of Retained Earnings Available for Dividend Declaration for the year ended December 31, 2023
- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2023 and 2022
- Schedules Required under Annex 68-J of the Revised Securities Regulation Code (SRC) Rule 68 as at and for the year ended December 31, 2023
- Corporate Structure as at December 31, 2023

The financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2023 and 2022 and for the years ended December 31, 2023, 2022 and 2021 and no material exceptions were noted.

The supplementary schedules are presented for purposes of complying with the Revised SRC Rule 68 issued by the SEC, and are not part of the basic financial statements. The supplementary schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly state, in all material respects, the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

REYES TACANDONG & CO.

CAROLINA P. ANGELES
Partner
CPA Certificate No. 86981
Tax Identification No. 205-067-976-000
BOA Accreditation No. 4782; Valid until April 13, 2024
BIR Accreditation No. 08-005144-007-2022
Valid until October 16, 2025
PTR No. 10072409
Issued January 2, 2024, Makati City

March 20, 2024
Makati City, Metro Manila

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT, WILCON HOME ESSENTIALS,
DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE YEAR ENDED DECEMBER 31, 2023

	Amount
Unappropriated retained earnings, beginning of reporting period	₱10,892,543,770
Less: Dividend declaration during the reporting period	(1,516,897,923)
Appropriations of retained earnings during the reporting period	(2,100,000,000)
Unappropriated retained earnings, as adjusted	7,275,645,847
Add: Net income for the current year	3,483,195,599
Less: Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(583,196,473)
Total retained earnings, end of the reporting period available for dividend	**₱10,175,644,973**

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT, WILCON HOME ESSENTIALS,
DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

Schedules Required under Annex 68-J of the Revised Securities Regulation Code Rule 68
As at and For the Year Ended December 31, 2023

Table of Contents

N/A - Not applicable

SCHEDULE B

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT, WILCON HOME ESSENTIALS,
DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES, RELATED PARTIES AND PRINCIPAL STOCKHOLDERS (OTHER THAN RELATED PARTIES)
DECEMBER 31, 2023
Amounts in Thousands

Name and Designation of Debtor	Balance at Beginning of Year	Additions	Amounts Collected	Amounts Written Off	Current	Non-current	Balance at End of Year
Advances to officers and employees	₱19,700	₱122,200	(₱94,504)	₱–	₱47,396	₱–	₱47,396

SCHEDULE G

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT, WILCON HOME ESSENTIALS,
DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

CAPITAL STOCK
DECEMBER 31, 2023

Title of Issue	Number of Shares Authorized	Number of Shares Issued and Outstanding as shown under related Statement of Financial Position	Number of Shares Reserved for Options, Warrants, Conversion, and other Rights	Number of Shares held by Related Parties	Number of Shares held by Directors and Officers	Number of Shares held by Others
Common shares - at ₱1 par value	5,000,000,000	4,099,724,116	–	2,685,417,916	22,436,600	1,391,869,600

WILCON DEPOT, INC.
Doing Business under the Name and Style of
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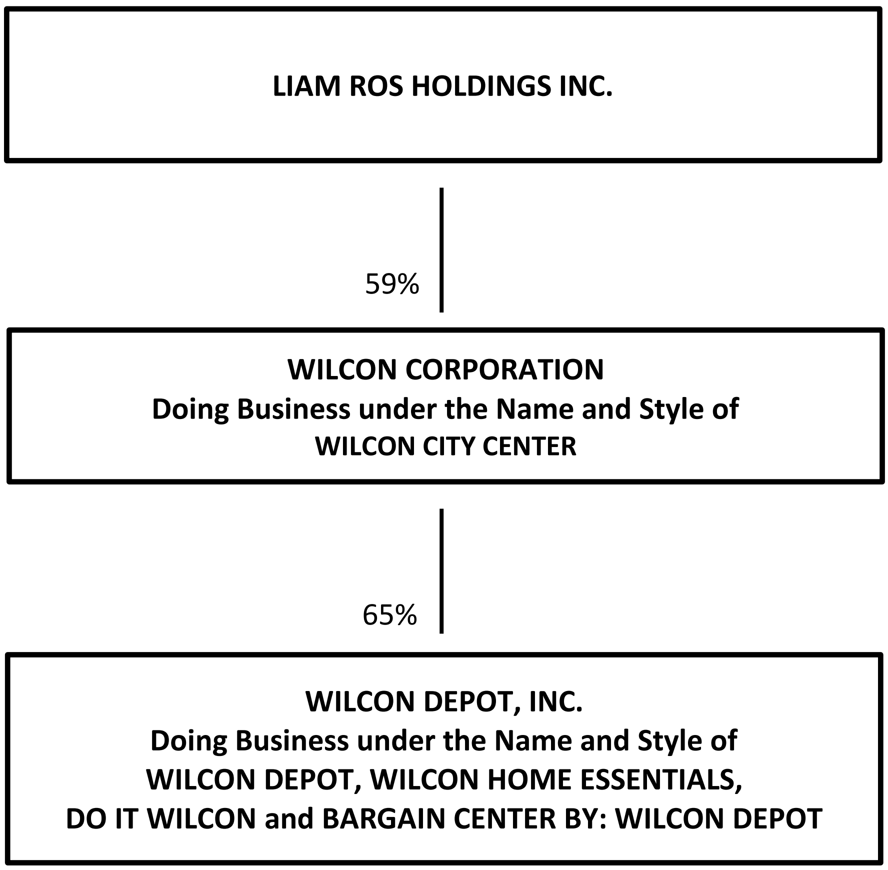
DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

CORPORATE STRUCTURE
AS AT DECEMBER 31, 2023



WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT, WILCON HOME ESSENTIALS,
DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

SUPPLEMENTARY SCHEDULE OF APPLICATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING
AS AT DECEMBER 31, 2023

	Allocation based on Prospectus	Allocation based on Actual Net Proceeds	Actual Disbursements
Gross Proceeds	**₱7,039,226,310**	**₱7,039,226,310**	**₱7,039,226,310**
Offer expenses	(289,132,001)	(289,897,803)	(289,897,803)
Net Proceeds	**6,750,094,309**	**6,749,328,507**	**6,749,328,507**
Use of the Proceeds			
Debt repayment	(428,100,000)	(428,100,000)	(428,100,000)
General corporate purposes	(200,000,000)	(200,000,000)	(200,000,000)
Store network expansion	(6,121,994,309)	(6,121,228,507)	(6,121,228,507)
	(6,750,094,309)	**(6,749,328,507)**	**(6,749,328,507)**
Unapplied Proceeds	**₱–**	**₱–**	**₱–**

The actual offer expenses are less than the estimated amount. Accordingly, the Company allocated the proceeds amounting to ₱9.5 million to store network expansion based on the Prospectus.

WILCON DEPOT, INC.
Doing Business under the Name and Style of
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(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

	Formula		2023	2022
Liquidity ratio				
Current ratio	Total Current Assets	₱19,748,985,793	**2.17: 1**	2.27: 1
	Divided by: Total Current Liabilities	9,096,997,201		
	Current ratio	2.17		
Acid test ratio	Total Current Assets	₱19,748,985,793	**0.29 : 1**	0.43 : 1
	Less: Merchandise Inventories	15,776,748,743		
	Other Current Assets	1,346,213,721		
	Quick Assets	2,626,023,329		
	Divided by: Total Current Liabilities	9,096,997,201		
	Acid test ratio	0.29		
Solvency ratio				
Debt to equity ratio	Total Liabilities	₱17,271,610,456	**0.77 : 1**	0.74 : 1
	Divided by: Total Equity	22,509,482,874		
	Debt to equity ratio	0.77		
Asset to equity ratio	Total Assets	₱39,781,093,330	**1.77**	1.74
	Divided by: Total Equity	22,509,482,874		
	Asset to equity ratio	1.77		
Profitability ratio				
Return on assets	Net Income	₱3,483,195,599	**8.76%**	10.80%
	Divided by: Total Assets	39,781,093,330		
	Return on assets	8.76%		
Return on equity	Net Income	₱3,483,195,599	**15.47%**	18.73%
	Divided by: Total Equity	22,509,482,874		
	Return on equity	15.47%		
Book value per share	Total Equity	₱22,509,482,874	**₱5.49**	₱5.01
	Divided by: Number of outstanding Shares	4,099,724,116		
		₱5.49		

	Formula		2023	2022
Gross income	Gross income	₱13,693,921,790	**39.57%**	39.10%
	Divided by: Net Sales	34,603,965,512		
	Gross income	39.57%		
EBITDA margin	Income before Income Tax	₱4,639,466,171	**23.18%**	24.29%
	Add: Depreciation and Amortization	2,755,497,757		
	Net Interest Expense	626,231,425		
	Earnings Before Interest, Tax, Depreciation, and Amortization	8,021,195,353		
	Divided by: Net Sales	34,603,965,512		
	EBITDA margin	23.18%		
Net income margin	Net Income	₱3,483,195,599	**10.07%**	11.46%
	Divided by: Net Sales	34,603,965,512		
	Net income margin	10.07%		

ANNEX C

CERTIFICATION

I, **ATTY. ARTHUR R. PONSARAN**, Filipino, of legal age and with office address at 3104 Antel Global Corporate Center, Julia Vargas Avenue, Pasig City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am the duly elected Corporate Secretary of WILCON DEPOT, INC., ("Corporation") a corporation duly organized and existing under Philippine law with principal office address at 90 E. Rodriguez Jr. Avenue, Ugong Norte, Quezon City for the year and until the election and qualification of my successor.

2. All incumbent directors and officers of the Corporation are not connected with any government agency or instrumentality.

3. I executed this Certification to comply with the requirements of the Securities and Exchange Commission.

Done this ____ day of MAY 08 2024 at QUEZON CITY.

ATTY. ARTHUR R. PONSARAN
Affiant

MAY 08 2024

SUBSCRIBED AND SWORN TO before me, this _________ day of __________, _______ at QUEZON CITY, Affiant exhibited to me his Passport No. P7038917A, issued by DFA NCR South on 04 May 2018 valid until 03 May 2028.

Doc. No. 176;
Page No. 37;
Book No. XXVII;
Series of 2024.

Atty. RIZAL JOSE F. VALMORES
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ADM MATTER NO. 153
PTR NO. 5091994D 01-02-2024 / Q.C.
IBP NO. 329024 / 12-15-2023 / Q.C.
ROLL NO. 28435
MCLE NO. VII-0030835 / 09-08-2023
Add. Room 201 Margarita Bldg. No. 28
Matalino St. cor. Masikap Ext. Central Dist. Q.C.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, DELFIN L. WARREN, of legal age, Filipino and with postal address at No. 2 Sineguelas St., Valle Verde I, Pasig City, after being duly sworn in accordance with law, depose and state that:

1. I am a nominee for Independent Director of Wilcon Depot, Inc., and have been its Independent Director since May 22, 2017.

2. I am affiliated with the following companies or organizations (including Government Owed and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
One Incentive Systems Advocates (1ISA) Group	Founder, Principal, and current Chairman	1998 - Present
Warren and Nolasco Realty Corp.	Founder, Principal, and current Chairman	1991 - Present
Procuratio, Inc. (Bugsy's Bar and Bistro)	Major Principal and current Chairman	2014 – Present
Bancom II Consultants, Inc.	Director	2015 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Wilcon Depot, Inc., as provided for in Section 38 of the Securities Regulation Code and its implementing rules and regulations and other issuance of the Securities and Exchange Commission (the "SEC").

4. I am related to the following director/officer/substantial shareholder of Wilcon Depot Inc., or any of its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable).

Name of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject to any pending criminal or administrative investigation or proceeding.

Offense charged/investigated	Tribunal or agency involved	Status
N/A	N/A	N/A

6. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities an independent director under the Securities Regulation Code and its implementing rules and regulations, the Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Wilcon Depot, Inc., of any changes in the abovementioned information within five (5) days from its occurrence.

MAY 08 2024

Done this ________________ in QUEZON CITY.

Delfin L. Warren

MAY 08 2024

SUBSCRIBED AND SWORN to before me this __________________ in QUEZON CITY affiant exhibiting to me his competent evidence of identity as follows: Passport No. P914777OA issued on 16 October 2018 at DFA NCR Central valid until 15 October 2028.

Doc. No. 172;
Page No. 36;
Book No. XXVII;
Series of 2024

Atty. RIZAL JOSE F. VALMORES
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ADM MATTER NO. 153
PTR NO. 5091334D 01-02-2024 / Q.C.
IBP NO. 329024 / 12-15-2023 / Q.C.
ROLL NO. 28435
MCLE NO. VII-0030835 / 09-08-2023
Add. Room 201 Margarita Bldg. No. 28
Matalino St. cor. Masikap Ext. Central Dist. Q.C.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, RICARDO S. PASCUA, of legal age, Filipino and with postal address at 3 Pebblewood cor. Fairwood Mckinley Hill Village, Taguig City, after being duly sworn in accordance with law, depose and state that:

1. I am a nominee for Independent Director of Wilcon Depot, Inc., and has been its Independent Director since September 13, 2016.

2. I am affiliated with the following companies or organizations (including Government Owed and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Caelum Developers, Inc.	Chairman of the Board	2002-Present
Facilities & Property Mgmt Technologies, Inc.	Chairman of the Board	2002-Present
Bancom II Consultants, Inc.	President	2002-Present
Boulevard Holdings, Inc.	Director	2002-Present
Central Luzon Doctor's Hospital	Director	2002-Present
Quicksilver Satcom Ventures, Inc.	Director	2002-Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Wilcon Depot, Inc., as provided for in Section 38 of the Securities Regulation Code and its implementing rules and regulations and other issuance of the Securities and Exchange Commission (the "SEC").

4. I am related to the following director/officer/substantial shareholder of Wilcon Depot Inc., or any of its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable)

Name of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject to any pending criminal or administrative investigation or proceeding.

Offense charged/investigated	Tribunal or agency involved	Status
N/A	N/A	N/A

6. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities an independent director under the Securities Regulation Code and its implementing rules and regulations, the Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Wilcon Depot, Inc., of any changes in the above - mentioned information within five (5) days from its occurrence.

Done this MAY 0 8 2024 in QUEZON CITY

Ricardo S. Pascua

SUBSCRIBED AND SWORN to before me this MAY 0 8 2024 in QUEZON CITY affiant exhibiting to me his competent evidence of identity as follows: Passport No. P0352687B issued on 22 January 2019 at DFA Manila valid until 21 January 2029.

Doc. No. 171;
Page No. 36;
Book No. XXVII
Series of 2024

Atty. RIZAL JOSE F. VALMORES
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ADM MATTER NO. 153
PTR NO. 5091934D 01-02-2024 / Q.C.
IBP NO. [illegible]9024 / 12-15-2023 / Q.C.
ROLL NO. 28435
MCLE NO. VII-0030835 / 09-08-2023
Add. Room 201 Margarita Bldg. No. 28
Matalino St. cor. Masikap Ext. Central Dist. Q.C.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, BERTRAM B. LIM, of legal age, Filipino and with postal address at 60 Sen. Gil Puyat Ave., Makati City, after being duly sworn in accordance with law, depose and state that:

1. I am a nominee for Independent Director of Wilcon Depot, Inc., and have been its Independent Director since May 22, 2017.

2. I am affiliated with the following companies or organizations (including Government Owed and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
United Neon Advertising	Chairman	1971 – present
Center for Community Transformation	Chairman	1997 – present
Trinity University	Board Member	2000 - present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Wilcon Depot, Inc., as provided for in Section 38 of the Securities Regulation Code and its implementing rules and regulations and other issuance of the Securities and Exchange Commission (the "SEC").

4. I am related to the following director/officer/substantial shareholder of Wilcon Depot Inc., or any of its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable)

Name of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
William T. Belo	Wilcon Depot, Inc.	Brother-in-law
Lorraine Belo-Cincochan	Wilcon Depot, Inc.	Niece
Mark Andrew Y. Belo	Wilcon Depot, Inc.	Nephew
Careen Y. Belo	Wilcon Depot, Inc.	Niece

5. To the best of my knowledge, I am not the subject to any pending criminal or administrative investigation or proceeding.

Offense charged/investigated	Tribunal or agency involved	Status
N/A	N/A	N/A

6. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities an independent director under the Securities Regulation Code and its implementing rules and regulations, the Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Wilcon Depot, Inc., of any changes in the abovementioned information within five (5) days from its occurrence.

Done this MAY 0 8 2024 in QUEZON CITY.

Bertram B. Lim

SUBSCRIBED AND SWORN to before me this MAY 0 8 2024 in QUEZON CITY affiant exhibiting to me his competent evidence of identity as follows: Passport No. P9069696B issued on 24 February 2022 at DFA Manila valid until 23 February 2032.

Doc. No. 170;
Page No. 35;
Book No. XXVII
Series of 2024

Atty. RIZAL JOSE F. VALMORES
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ADM MATTER NO. 153
PTR NO. 5091994D 01-02-2024 / Q.C.
IBP NO. 329024 / 12-15-2023 / Q.C.
ROLL NO. 28435
MCLE NO. VII-0030835 / 09-08-2023
Add. Room 201 Margarita Bldg. No. 28
Matalino St. cor. Masikap Ext. Central Dist. Q.C.

CERTIFICATION OF INDEPENDENT DIRECTOR

I, ROLANDO S. NARCISO, of legal age, Filipino and with postal address at Lexington Garden, Village, San Joaquin, Pasig City after being duly sworn in accordance with law, depose and state that:

1. I am a nominee for Independent Director of Wilcon Depot, Inc., and have been its Independent Director since September 13, 2016.

2. I am affiliated with the following companies or organizations (including Government Owed and Controlled Corporations):

Company/Organization	Position/Relationship	Period of Service
Financial Executives Institute (FINEX)	Member	1987 – Present
Management Association of the Phil (MAP)	Member	1990 – Present
Valle Verde Country Club (VVCC	Member	1995 – Present
Rekom Manila Corp.	Chairman/Director	2010 – Present
Phil. Galvanizers and Coaters Association	Executive Advisor	2010 – Present
OmniVet Corp.	President – CEO	2022 – Present
OmniGuard Security Agency Inc.	President – CEO	2022 - Present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of Wilcon Depot, Inc., as provided for in Section 38 of the Securities Regulation Code and its implementing rules and regulations and other issuance of the Securities and Exchange Commission (the "SEC").

4. I am related to the following director/officer/substantial shareholder of Wilcon Depot Inc., or any of its subsidiaries and affiliates other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code (where applicable)

Name of Director/Officer/Substantial Shareholder	Company	Nature of Relationship
N/A	N/A	N/A

5. To the best of my knowledge, I am not the subject to any pending criminal or administrative investigation or proceeding.

Offense charged/investigated	Tribunal or agency involved	Status
N/A	N/A	N/A

6. To the best of my knowledge, I am neither an officer nor an employee of any government agency or government owned and controlled corporation.

7. I shall faithfully and diligently comply with my duties and responsibilities an independent director under the Securities Regulation Code and its implementing rules and regulations, the Code of Corporate Governance and other SEC issuances.

8. I shall inform the Corporate Secretary of Wilcon Depot, Inc., of any changes in the abovementioned information within five (5) days from its occurrence.

Done this MAY 08 2024 in QUEZON CITY.

Rolando S. Narciso

SUBSCRIBED AND SWORN to before me this MAY 08 2024 in QUEZON CITY affiant exhibiting to me his competent evidence of identity as follows: Passport No. P7518036A issued on 11 June 2018 at DFA NCR Central valid until 10 June 2028.

Doc. No. 169;
Page No. 35;
Book No. XXVII;
Series of 2024

Atty. RIZAL JOSE F. VALMORES
NOTARY PUBLIC
UNTIL DECEMBER 31, 2024
ADM MATTER NO. 153
PTR NO. 5091984D 01-02-2024 / Q.C.
IBP NO. 329024 / 12-15-2023 / Q.C.
ROLL NO. 28135
MCLE NO. VII-0030835 / 09-08-2023
Add. Room 201 Margarita Bldg. No. 28
Matalino St. cor. Masikap Ext. Central Dist. Q.C.

ANNEX D

WILCON

BUILDING BIG IDEAS *Better*

2023 SUSTAINABILITY REPORT

TABLE OF CONTENTS

ISSUE NO. 5
2023 WILCON SUSTAINABILITY REPORT

MESSAGE FROM THE CEO

We at Wilcon have always been committed to helping our customers achieve their dream homes for a sustainable and comfortable life. In so doing, we have nurtured our people to grow and develop a caring mindset and character toward our customers, our suppliers, communities and environment.

We have to be caring of the needs and wants of our customers to ensure that we deliver the excellent service and experience that they deserve.We have to be considerate of the strategic goals and missions of our partner-suppliers to ensure that we are aligned and moving in the same direction. We have to be caring of our communities to be the boon that they deserve for giving us the opportunity to serve their home improvement needs at the same time contributing to their economic upliftment by providing jobs and income to some of their members. We have to be caring of our environment to provide sustainable products and innovative, practical solutions that will shape the behavior of our customers for better environmental impacts of our business.

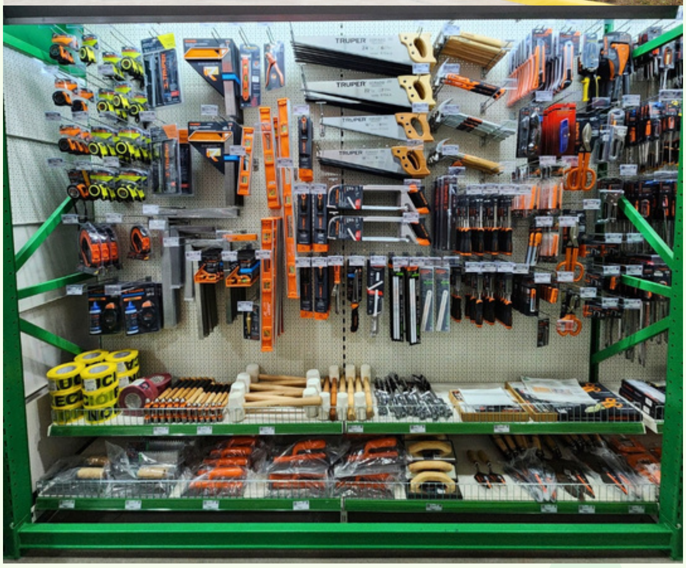
Our ESG journey is aimed to define, organize, enhance and amplify all these manifestations of our care and mission.

LORRAINE BELO-CINCOCHAN
President and Chief Executive Officer

LORRAINE BELO-CINCOCHAN
DIRECTOR, PRESIDENT AND CHIEF EXECUTIVE OFFICER

ABOUT OUR COMPANY

Wilcon Depot, Inc, is the Philippines' leading home improvement and finishing construction supplies retailer. We are a one-stop shop carrying the complete spectrum of home improvement products. We have the most extensive product selection of trusted local and international brands of tiles and flooring, plumbing and sanitary ware, building materials, paints, electrical and lighting, hardware and tools, furniture, houseware and appliances.



In business since 1977, we have built an extensive network of supplier-partners, and a wide customer base of homeowners, professionals and contractors, and property developers.

A pioneer in introducing modern trade in the construction supply industry in the Philippines, we revolutionized our sector by enhancing the customer's shopping experience, evolving our original traditional hardware chain into a network of depot format branches.

After our public listing in March, 2017, we embarked on an aggressive store network expansion program, more than doubling the number of our branches from 36 at the start of 2017 to 90 by the end of 2023.

COMPANY INFORMATION

COMPANY DETAILS

NAME OF ORGANIZATION	Wilcon Depot, Inc. (PSE: WLCON)
LOCATION OF HEADQUARTERS	No. 90 E. Rodriguez Jr. Avenue, Ugong Norte, Quezon City
LOCATION OF OPERATIONS	Location of Operations see list of locations in Appendix A
REPORT BOUNDARY: LEGAL ENTITIES INCLUDED IN THIS REPORT	Wilcon Depot, Inc.
BUSINESS MODEL SOURCE: HTTPS://EDGE.PSE.COM.PH/COMPANYINFORMATION/FORM.DO?CMPY_ID=665	2 retail formats – the depot store format and the home essentials store format, which are known under the trade names "Wilcon Depot" and "Wilcon Home Essentials", respectively.
REPORTING PERIOD	31 December 2023
HIGHEST RANKING PERSON FOR THIS REPORT	Lorraine Belo-Cincochan, President - CEO

INTRODUCTION

Sustainability is built into the business of Wilcon. We have been in the industry for 46 years, growing from a humble 60-square-meter shop into the Philippines' leading home improvement and construction supplies retailer. We achieved this because we understand that a sustainable and comfortable life is the dream of every Filipino family, and we made it our mission to support this aspiration.

With growth and development, dreams and aspirations get bigger. We are committed to contributing the best expertise, knowledge, resources, and skills to promote stronger, safer, and more sustainable homes and buildings for everyone as their lives improve through the long-lasting quality products and solutions we provide. We understand that as Wilcon continues to expand, we must manage our resources responsibly while sharing this growth with our different stakeholders, internal and external, and make sure these partnerships create value for everyone. Over these four decades, we have promoted the growth of our business and in effect cultivated the development and success of our employees within the company.

In 2023, to continue to advance our work in this area, we completed a carefully and thoughtfully crafted 5-year Sustainability Strategy, which outlines Wilcon's sustainability action plans and ambitions.

This Sustainability Strategy was also developed in consideration of the United Nation's Global Goals (the SDGs). These goals were created to help solve the world's toughest challenges such as poverty, inequality and climate change by the year 2030. Internal stocktaking of our operations and activities have enabled us to create positive synergies and conditions that can address several developmental challenges, such as responsible consumption and production, providing decent work, taking action on climate change, sustainably using natural resources, and addressing gender equality. We believe our Strategy is well aligned with the global goals and we will continue to innovate our operations to demonstrate our support for tackling these compelling issues.

UNDERSTANDING OUR SUSTAINABILITY CONTEXT AND IMPACTS

Initially, the Securities and Exchange Commission's sustainability reporting requirement among publicly listed companies was an opportunity for Wilcon to take stock of everything that we have done to deliver on our commitment and find ways to build our big ideas better. In 2019, we undertook a rigorous two-month materiality process, which now allows us to focus our energies and resources on a sustainability agenda that is strategic to the business, promotes its growth, manages impacts and minimizes risks, and contributes to sustainable development.

Being an industry leader, we wanted to have a more comprehensive view of the sustainability pressures and drivers that shape our business. To ensure this, we conducted a four-step materiality process that covered:

A desktop review of key global drivers, trends and risks identified by international development organizations, multilateral agencies, global sustainability surveys, and sustainability ratings agencies, as well as sector-specific sustainability issues, including benchmarking against the performance of three sustainability leaders in retail and real estate; and

Nine sets of stakeholder interviews, covering internal (permanent employees from different departments of the business and members of senior leadership/C-suite) and external stakeholders (suppliers of varying business size and nature of operations) in terms of their relevant issues with, impacts of, and expectations from Wilcon.

UNDERSTANDING OUR SUSTAINABILITY CONTEXT AND IMPACTS

To identify those topics most relevant to Wilcon out of a universe sustainability issues identified in the research, we analyzed them vis-a-vis the results of stakeholder engagement on Wilcon's overall strategic priorities, existing programs and initiatives, and investor queries regarding Wilcon's environmental, social and governance (ESG) agenda.

Step 1: Identify global issues, trends, risks affecting sustainability

Step 2: Understand ESG issues at the sector level

Step 3: Engage with stakeholders for relevance and prioritization

Step 4: Identify Wilcon's material sustainability topics

Toward the end of 2021, management saw the need to take stock of the Company's ESG progress in the light of the disruptions brought about by the Covid-19 pandemic. ESG material topics were likewise assessed, prioritized and updated by the first quarter of 2022.

Up to fifteen internal and external stakeholders' interviews were conducted to update and expand the 2019 materiality process results and findings to include current business targets as well as aligning with future business plans.

We recognize that as we achieve our short-term goals, our longer-term targets may evolve and as such our work plans will be constantly updated. We are confident that this new strategy will consistently provide Wilcon with a roadmap for success and will bring us all closer to Building Big Ideas Better and living in a sustainable world.

OUR MATERIAL ESG TOPICS AND MANAGEMENT ACTIONS

- **Business Expansion and creating shared value**
- **Impacts of climate change on business performance**
- **Impacts on local communities** (Job creation, CSR, Infrastructure Development)
- **Responsible Sourcing**
- **Emissions from energy used and transport & delivery**
- **Waste management**
- **People: Training, OHS & D&I**
- **Customer satisfaction and protection** (data privacy, H&S)
- **Technology strategy** big data, cyber security, and e-commerce
- **Meaningful communications and market shaping**
- **Ethics and compliance** (governance of ESG at Board level, anti corruption)

OUR MATERIAL ESG TOPICS AND MANAGEMENT ACTIONS

Wilcon's 2019 assessment process resulted in the above list of sustainability topics that are material to the business and where we create the most impact. All these present Wilcon with opportunities for better and long-term value creation. Conversely, we understand that they may pose risks to the business if we do not monitor and manage our performance on these issues.

Thus, our materiality process provided us with the opportunity to identify the necessary management actions to begin to address the risks and take advantage of the opportunities they present. These are:

- Monitor and analyze markets and macro data to successfully anticipate changes and sufficiently respond to any development on these material topics, while continuing to provide more and varied choices to our customers;

- Provide company leaders and managers with more opportunities to be exposed to the external environment concerning material ESG impacts, and receive proper training to use the information and knowledge in their decision-making during planning and day-to-day operations;

- Provide adequate support to the human resources department to be able to continuously recruit, train, and deploy excellent personnel;

- Strengthen relationships with a strong core of suppliers that can be relied on to deliver up-to-date, relevant, and specifications-compliant products cost-effectively; and

- Provide sufficient lead time in our construction projects.

We look forward to improving our understanding and responses as we further embed sustainability into our strategy and operations. Thus we commit to the following next steps for a fuller picture of our sustainability journey ahead:

- Include other stakeholder groups using existing touch points (e.g., customer management system) and separate engagements for a 360-degree view of our impacts, risks, and opportunities in time for the next report in 2023;

- Establish a regular materiality review every 2 to 3 years under the governance of senior management; and

- Develop internal capacity to apply learnings from the materiality assessment in areas of our business and begin to measure our performance on these material topics.

- The 2022 ESG materiality re-assessment exercise resulted in the additional focus areas under People on labor rights, gender equality and community development.

OUR MATERIAL ESG AND KEY FINDINGS

MATERIAL ESG TOPICS

RESPONSIBLE SOURCING	Wilcon must ensure the quality, safety, and sustainability of the products and solutions it offers to its customers. Addressing sustainability risks in products requires working with its suppliers in promoting a transparent, fair, and responsible supply chain.	• Non-availability of products that meet evolving customer preferences and Wilcon's quality standards • Inaccurate forecasting of trends in customer behavior and preference and to respond to them in a timely manner. • Unmanaged or unchecked increases in price of more sustainable products and make them unaffordable.	• Sustainability as a growing customer preference • Offer products that are suitable and relevant to the market's taste • Collaborations on innovations with suppliers to cast a wider sphere of positive impact.
CLIMATE CHANGE	Wilcon has demonstrate its resilience in the face of risks from climate change	• Impacts on physical assets (e.g., flooding or construction delays from extreme weather), construction schedule, workforce productivity, and customer behavior and shopping seasonality, which affect our financial performance	• Ability to offer superior, more durable, more sustainable products that can withstand harsh weather conditions • Position Wilcon as a partner in building and rebuilding • Shape the market and educate them on the benefits of sustainable products
LOCAL COMMUNITIES	Wilcon's expansion into key fast-growing cities in areas outside Metro Manila creates jobs and simulates infrastructure development and economic activities in these areas.	• Cultural difference can hamper acceptance of the brand and working relationship between management and locally hired personnel • Lack of acceptance for the communities in new store locations.	• Local employment spurring economic growth in emerging cities • Be recognized as an inclusive brand by the community through appropriate and meaningful marketing.
BUSINESS EXPANSION	Wilcon's economic growth relies on its ability to open new stores in strategic locations. This growth needs to create value not only for its shareholders but also for its employees, business partners, customers, and communities where we operate	• Cost of construction and development • Lack of qualified employees • Lack of available contractors or construction personnel • Securing government approvals, permits and licenses in a timely manner • Significant competition from other more established business in new markets.	• Increased profitability through new markets • Growing preference for sustainable products • Operational efficiencies and better use of resources like materials, energy, fuel, and water

LEGEND

STAKEHOLDER VIEW — ESG RISK — ESG OPPORTUNITY

OUR MATERIAL ESG AND KEY FINDINGS

MATERIAL ESG TOPICS

EMISIONS FROM ENERGY USE AND TRANSPORT AND DELIVERY	Wilcon's growth translate to more impacts on the environment, specifically emissions resulting from greater energy use and consumption of fuel for transport and delivery of products, while relying on external providers.	• Non availability of feasible/ reasonably-priced/ financially sensible fossil-fuel substitutes • Cost of technology, know-how and execution of efficiency and promoting logistical processes and programs.	• Use alternative power and fuel sources that are cost-effective in the long run • Reduce carbon footprint.
WASTE MANAGEMENT	Wilcon must be able to manage the waste it generates as it grows, specifically how it contributes to packaging waste, pollution and toxicity.	• Accelerated price increase of new technology that will improve waste management efficiency that will be prohibitive to use by the businesses. • Human resources skills available of reasonable cost to implement.	• Faster product innovation using waste as a possible raw material.
PEOPLE DEVELOPMENT	Wilcon must ensure the development and empowerment of its employees by providing them opportunities for professional growth and economic well-being and protecting their rights in the workplace, including occupational health and safety.	• Availability of trainable and skilled human resource • Cost of training • Cost of new technology	• Become the preferred employer for the incoming generation of workforce.
PEOPLE EMPOWERMENT	Wilcon recognizes that in order to successfully execute its growth strategies, its employees need to be empowered to maximize their contribution to the company's growth goals. Equitable opportunities should also be accorded to each of its employees pursuant to the basic labor right of fair and just treatment in the workplace	• Availability of suitable human resource of specific genders for specific functions and responsibilities • Cost of structure and process change to decentralize control and empower downlines • Cost of training	• More comprehensive talent pool critical for accelerated growth

LEGEND

STAKEHOLDER VIEW | ESG RISK | ESG OPPORTUNITY

OUR MATERIAL ESG AND KEY FINDINGS

MATERIAL ESG TOPICS

CUSTOMER SATISFACTION AND PROTECTION	As customer preferences and buying patterns evolve, Wilcon must be able to continue to deliver superior quality products and solutions while providing excellent and reliable service.	• Reputational damage from threats to customer wellness and safety.	• Leverage Wilcon's positioning for high quality customer shopping experience as differentiator.
TECHNOLOGY STRATEGY	With big data shaping the growth of retail, Wilcon needs to ensure its ability to optimize its information technology systems to make operations more efficient and reach more customers while remaining proactive against potential system failures and breaches of security	• Reputational damage from data breaches and system failures • Lags and operational delays from data breaches system failures	• Market expansion without need to put up brick & mortar stores, decreasing capital outlay. • Requires less energy to operate and generate less waste • Addresses possible shortfall in capable manpower.
MEANINGFUL COMMUNICATION AND MARKET SHAPING	As industry leader, Wilcon is in a position to shape the industry and the market towards the adoption of more sustainable products, services, and business practices.	• Resistance from consumers to see value for money in sustainable products and services.	• Address unmet needs through sustainable products and services • Enter new customer segments.
ETHICS AND COMPLIANCE	Increasing ESG regulation and greater expectations for business to contribute to sustainable development while ensuring value creation and long term resilience require responsible leadership and adoption of sustainability at the Board level.	• Subject to fines for non compliance to future regulations on ESG Governance	• Establish a governance structure and management approach towards sustainability • Ability to better respond to investor queries.

LEGEND

STAKEHOLDER VIEW | ESG RISK | ESG OPPORTUNITY

STRATEGIC AMBITION AND FRAMEWORK

We understand that as Wilcon continues to expand, we must manage our resources responsibly while sharing this growth with our different stakeholders, internal and external, and make sure these partnerships create value for everyone.

By integrating our long-standing mission of Building Big Ideas Better into our strategic sustainability ambition, we aim to lead our industry's evolution to genuine sustainability by helping our customers build, improve, and refine their homes for a more sustainable and comfortable life. As such, we are committed to contributing the best expertise, knowledge, resources, and skills that promote stronger, safer, and more sustainable spaces from the long- lasting, quality products and solutions we provide.

Our principles of integrity, true value, and doing the right thing all make this possible.

VISION

To become the preferred company in our industry for all our key stakeholders: our customers, our partners, our employees, our shareholders, the environment, and the society we live in.

VALUES

- Innovation
- Leadership
- Integrity to all Stakeholders
- Loyalty to our customers and company
- Excellence Customer service
- Customer Delight
- Collaboration

MISSION

To help people build, improve, and refine their homes for a sustainable and comfortable future.

STRATEGIC AMBITION AND FRAMEWORK

VISION FOR 2029

To lead our industry and continually enhance the customer experience by innovating to offer more sustainable products, reducing our footprint, and taking care of our people and communities.
All of which is underpinned by strong sustainability governance standards embedded across our operations.

STRATEGY FRAMEWORK

WILCON
BUILDING BIG IDEAS
BETTER

INNOVATE FOR MORE SUSTAINABLE PRODUCTS

Product innovation, design and life cycle management

Supply chain management and engagement

Product quantity and safety

TAKE CARE OF OUR PEOPLE AND COMMUNITIES

Employee training and development

Workplace culture, engagement and well-being

Labor rights and employee welfare

Community development

Employee health and safety

REDUCE OUR FOOTPRINT

Energy use and emissions management

Waste management

Water consumption and management

Climate change adaptation

EMBED SUSTAINABILITY

Business Ethics

Corporate Governance

STRATEGY FRAMEWORK

Innovate for More Sustainable Products – By 2028 we will...

Focus Areas

- Product quality and safety
- Supply chain management and engagement
- Product innovation, design and life cycle management

Commitments

- Ensure the best customer experience
- Provide employees with the knowledge they need to implement supply chain innovation efforts
- Expand availability of locally made, sustainable products
- Empower customers via transparent product information

Innovate and expand our offering to include more sustainable, ethically made and safe products for customers by nurturing supplier relationships and considering the full product lifecycle.

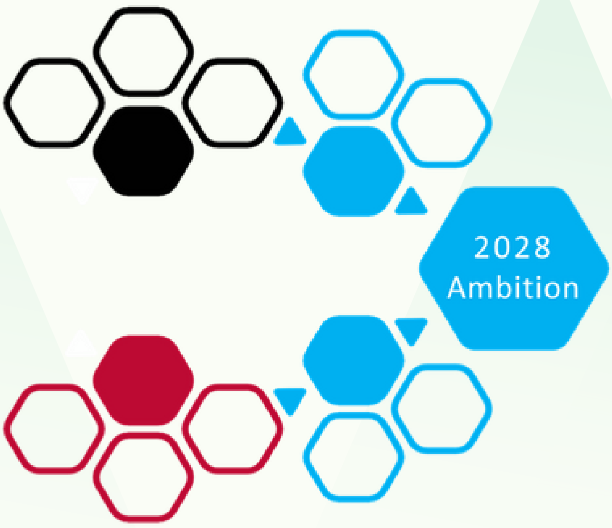
Take Care of our People and Communities – By 2028 we will...

Focus Areas

- Employee health and safety
- Employee training and development
- Workplace culture, engagement and wellbeing
- Labor rights and employee welfare
- Community development

Commitments

- Consistently instill a sense of psychological and physical safety and security for our team
- Continue to be the best by developing from within and nurturing the best talent
- Promote excellence in the workplace by sustaining a caring culture where safety comes first
- Meaningfully serve the local communities to which we belong



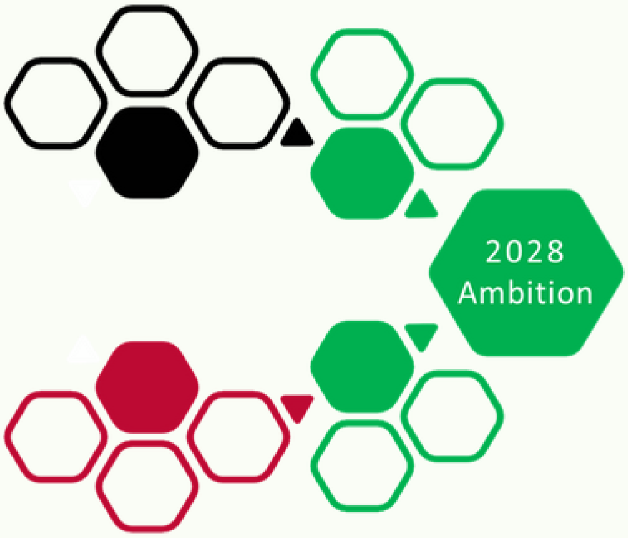
Enable our people to champion sustainability and community engagement with the confidence that comes from working in a safe, collaborative, and caring working environment.

STRATEGY FRAMEWORK

Reduce Our Footprint – By 2028 we will...

Focus Areas

- Climate change adaptation
- Energy use and emissions management
- Waste management
- Water consumption and management



Limit the ecological footprint of our operations by reducing our reliance on natural resources and decreasing waste and emissions.

Commitments

- Reduce the environmental impact of the products we sell
- Minimize our operational requirements for energy, water, and waste
- Reduce emissions across our operations and encourage the same across our value chain

Embed Sustainability – By 2028 we will...

Focus Areas

- Corporate Governance
- Business Ethics

Create a corporate culture of ethics, integrity, and sustainability by following sound corporate governance practices.

Commitments

- Ensure the highest levels of accountability across all staff and leadership levels
- Adhere to our principles of integrity, true value and doing the right thing

2023 ESG HIGHLIGHTS

PhP 2.4B
Taxes given to Government

PhP 1.52B
Dividends given to stockholders

PhP 24.2M
Investments to Community

20%
Reduction on Single-use Plastic Packaging in 2023

50
Branches with Solar Power Systems

378,156.50
Recyclable Papers, Plastic Packaging & Scraps (in kg)

100%
Covered by OHSAS

50,687.46
Energy consumption renewable resources (in GJ)

53,955
GHG Emission (in Tonnes CO2e)

0
Complaint on Customer Privacy

ECONOMIC DATA

Expanding Reach and Fulfilling Commitments

We marched on in 2023, keeping our focus on our strategic goals to expand our reach and help our customers build, improve and refine their homes for a sustainable and comfortable life. Notwithstanding cyclical trends unfavorably impacting demand in the markets that we serve, we remain customer-centric, consistently delivering excellent customer experience and product offerings.

As a management approach, we anchor our push for a broader geographic presence on the long-term, mutually beneficial relationships we have built with our partner suppliers, aligning our strategic goals to support the realization of our respective missions and visions.
Coming out of the pandemic achieving record earnings in 2022, we continued pursuing our expansion plans in 2023, adding nine new branches.

Economic Performance Direct economic value generated and distributed (in Php)		
	2022	2023
Direct economic value generated (Revenue)	33,994,029,730	35,130,135,825
Direct economic value distributed		
A. Operating costs	7,879,337,131	8,940,010,592
B. Employee wages and benefits	1,437,492,006	1,531,047,694
C. Payments to suppliers, other operating costs	31,508,131,854	32,901,219,642
D. Dividends given to stockholders and interest payments to loan providers	860,942,064	1,516,897,923
E. Taxes given to government	2,171,199,486	2,351,641,815
F. Investments to community	20,505,987	24,218,886

#1
HOME IMPROVEMENT/ CONSTRUCTION RETAIL SPACE

90
STORES NATIONWIDE

660
SUPPLIERS

828,249
MEMBERS OF WILCON'S LOYALTY & REWARDS PROGRAM

COLLABORATING WITH PARTNER-SUPPLIERS

Pursuant to our five-year sustainability strategy, we continued to engage with our partner-suppliers in various focus areas of product quality and safety, supply chain management and product innovation, design and life cycle management.

- We continued to provide dedicated store shelves for green products, engaged with a wider supplier-partner base to offer support and promote their development of sustainable products.
- We conducted product training and demonstrations to our sales experts to help our customers select home improvement and construction supply solutions that deliver environment-friendly benefits, which has become a customer priority.
- We have an automated and real-time synching of online and offline inventory with regular stock audits conducted to continuously monitor accuracy in order to implement improvements in the system and process.
- We have launched an ESG survey among our suppliers with a modest but encouraging response rate.
- We have finalized a Sustainable Procurement Policy and an ESG Criteria and Sustainable Choice Product Checklist, which will be for approval in 2024.
- We have drafted an ESG end-of-life cycle questionnaire as part of our initiative to work with our partner suppliers to embed product lifecycle considerations into product design.

ECONOMIC DATA

HIGHLIGHT:
THE PRODUCT END-OF-LIFE AUDIT TOOL

The audit tool consists of a questionnaire designed to obtain information on the life cycles of the various products to estimate their footprint in their respective full life cycles.

With the data, we will be able to offer responsible end-of-life product information to customers for an informed purchase, procure and offer products with responsible end-of-life including biodegradable or compostable products.

The scope of the questionnaire included:

GENERAL
overall approach of the manufacturing supplier concerning their product life cycle.

END-OF-LIFE PRODUCT
determines the efforts made by the manufacturing supplier for their products reaching end-of-life.

END-OF-LIFE PRODUCT DISPOSAL
explains the disposal process done by the manufacturing supplier for end-of-life products.

PRODUCT DESIGN
shows environmental considerations such as recyclability, and ease of disposal provided with information for proper disposal of the product.

PRODUCT TAKEBACK
provides the effective strategy of the supplier in mitigating product wastes from ending up in the landfill.

AUDIT/ASSESSMENT EFFORTS
this validates the environmental actions of the supplier and their compliance with international and/or local standards.

OTHERS
provides supplemental reports regarding supplier's corporate social responsibility, environmental policies, and other sustainability reports.

ENVIRONMENT DATA

Environment Performance Energy Consumption within the organization (in KwH)		
	2022	2023
Energy consumption (renewable sources)	53,489.97*	50,687.46*
Energy consumption (electricity)	70,725,240	74,279,561
Energy reduction of energy consumption (in KwH)		
Energy reduction (renewable resources)	14,858,324	14,079,849
Energy reduction (electricity)	70,725,240	74,279,561
Air emission disclosures (in Tonnes CO2e)		
Scope 1 GHG Emissions	897	1,053
Scope 2 GHG Emissions	50,371	52,902
Total GHG Emissions	51,267	53,955
Water consumption within the organization (in CBM)		
Water withdrawal	455,003	290,060
Water consumption	455,003	290,060
Water recycled and reused	0.00	0.00
Solid and hazardous waste generated (in kg)		
Recyclable (papers & scraps)	339,478	378,156.50
Landfilled	Not collected in 2022	Not collected in 2023
Hazardous waste generated	11,292	11,528
Hazardous waste transported	Not collected in 2022*	Not collected in 2023*
Environmental Compliance		
Monetary fines for non-compliance (Php)	300,000**	800,000**
No. of non-monetary sanctions for non-compliance	0	0
No. of cases resolved through dispute resolution mechanism	0	0

* In GJ
** late submission of supporting documents

DID YOU KNOW?
Wilcon designed their buildings to maximize natural light, only turning on lights in the afternoon.

53,955
GHG Emission

MITIGATION AMID EXPANSION

Expansion activities were pursued in 2023, opening nine branches, which expectedly will add to the environmental impacts of the company. Mindful of the collateral effects of expansion activities to the environment and pursuant to the aspirations and targets set forth in our five-year sustainability strategy, we have rolled out programs to mitigate such impacts.

While it was expected that power and water consumption will grow due to the increased number of stores and personnel, power consumption on an average per store basis dropped. Overall water consumption similarly declined as a result of the re-fitting of toilets in our stores and offices with water-saving toilet seats and motion sensor faucets. We rolled out a training course on behavior formation focusing on the application and practice of building positive habits to enhance personal and professional effectiveness that includes efficient use of energy.

Conversely, environmental fees and penalties increased as we continue with our housekeeping efforts, backtracking and correcting documentation and operational gaps on old store buildings for a smoother implementation of our planned programs and projects.

ENVIRONMENT DATA

HIGHLIGHT: SINGLE-USE PLASTIC PACKAGING REDUCTION CAMPAIGN

Single-use plastic packaging is ubiquitously present in our stores to prevent product damages of home improvement products such as plumbing products, hardware and tools, electrical and lighting, among others. In 2023, we launched an Extended Producer Responsibility (EPR) program in support of our climate change adaptation ambition and in compliance with Republic Act 11898 or the Extended Producer Responsibility Act of 2022.

Under this program, we committed to progressively recover, reuse and recycle our plastic waste footprint generated during the immediately preceding year.

Our commitment is as follows:

PERIOD	TARGET
December 31, 2023	Twenty percent (20%)
December 31, 2024	Forty percent (40%)
December 31, 2025	Fifty percent (50%)
December 31, 2026	Sixty percent (60%)
December 31, 2027	Seventy percent (70%)
December 31, 2028 and every year thereafter	Eighty percent (80%)

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

15 LIFE ON LAND

SINGLE-USE PLASTIC PACKAGING REDUCTION CAMPAIGN

Target

Single Use Plastic Packaging Reduction

80% YOY reduction starting 2028 and every year thereafter

We have outlined and started to implement programs and activities for the achievement of the above targets. Among others:

- We implemented a Return of Plastic Packaging campaign whereby we encourage to return the plastic packaging or blister packs of Wilcon products to the stores by providing booths or drop boxes in each store where they can drop their plastic packages or blister packs. We are developing additional incentive programs to be rolled out to increase the effectivity of the program. Plastic packages collected from this program shall be transferred to a waste recovery facility, donated to the LGUs or to partner recycling companies.

- Partnerships with Recycling Companies and/or Local Government Units to better facilitate the recycling of the recyclable plastic items collected from the exchange or collection programs implemented

- Part of our engagement with our partner suppliers is to initiate discussion and possible collaboration in reimagining product packaging and educating consumers on the downstream impact of packaging waste and what is Wilcon doing in response.

- Proper Labeling of Recyclable Packages to help instill awareness among our customers to recycle the recyclable plastic packaging for their own use or for return to the Company. Labels or information for proper disposal shall also be affixed on the products. Sustainable choice stickers will also be affixed on sustainable products of the Company to guide the customers and inform them of sustainable products that are available in store or online.

- Roll out an educational campaign among employees of the company for better understanding and appreciation of the features of sustainable products and sustainable packaging. Recorded videos will also be played on television that are placed or installed at ABCDE lounges or waiting area of each store to inform and guide customers about responsible consumption to minimize the generation of plastic waste and responsible management of plastic waste.

WASTE MANAGEMENT

With the rolling out of our EPR program, recyclable waste collected increased but these in turn are collected by partner recycling or upcycling companies or by local government units either for upcycling, co-processing and recycling. In particular, single use plastic packaging collected under the EPR program are sent to Republic Cement to be co-processed as a raw material for the production of cement.

SOCIAL DATA

Employee Data		
	Female	Male
Employees by gender	1,660	1935
Employee benefits (% who availed)	**Female**	**Male**
SSS	32.28	34.98
PhilHealth	4.40	1.86
Parental leaves:		
Maternity/ Paternity Leave	7.71	0.00
Solo Parent	2.09	0.15
Magna Carta	0.18	0.00
Vacation leaves	81.70	81.50
Sick leaves	3.80	3.98
Medical benefits (aside from PhilHealth)	27.07	18.50
Housing assistance (aside from Pag-ibig)	0.00	0.00
Retirement Fund (aside from SSS)	0.00	0.00
Further education support	0.00	0.00
Company stocks option	0.00	0.00
Telecommunicating	12.95	7.44
flexible-working hours	22.59	18.09
Employee training and development	**Female**	**Male**
Total training hours provided	234	316
Ave. training hours provided	6.15	5.5
Labor Management Relations		
% of employees covered in CBA	22.3	
Number of consultations conducted with employees concerning employee-related policies	2	

WORKPLACE CULTURE, ENGAGEMENT AND WELLBEING

Wilcon has long engaged with employees to strengthen corporate culture and identity. We have clearly-defined mission, vision and values, which are cascaded to all employees regularly as stand-alone subject matters and also embedded in various programs and activities we have undertaken.

We provide resources to support employee groups based on common backgrounds (e.g. LGBTQ+, single parents, mothers, etc.) to promote diversity and inclusion. We provided gender-neutral restrooms for employees, allowed parental leaves, allocated lactation rooms, among others.

SOCIAL DATA

PROMOTING DIVERSITY AND INCLUSION

We implemented an anti-discrimination policy in 2023. Our business as it is related to the construction industry has always been perceived as a male-dominated business. Our commitment to uphold our value of integrity to all stakeholders and its practical application of fair treatment in the workplace is manifested in the make of our leadership team. Our top management positions are now 54% (8 out of 15) occupied by women, which includes an all-female C-Suite with 50% of our senior officers are women. Meanwhile, our board of directors is composed of 28% women (2 out of 7), both of whom are executive directors.

46%
Female employees

54%
Male employees

8 DECENT WORK AND ECONOMIC GROWTH

All Female C-Suite

8:7
Female:Male
Top Management

50% vs 50%
Female Male
Senior Officers

SOCIAL DATA

HIGHLIGHT: DEVELOPING TALENT AND HARNESSING FULL POTENTIAL

Wilcon nurtures its employees from hiring and develops those with potential into future leaders. While we see the value of attracting compatible and highly-skilled talents externally, we are proud of the fact that 100% of store leadership grew organically from the ranks.

Aligned with our five-year sustainability strategy we aimed to:	Toward these ends, we have:
Increase number of employees in the Continuing Education Program through the development and implementation of policy and guidelines for eligibility requirements and increased budget allocation for the program.	Sponsored the advanced courses / studies of top employees
Accelerate manager development through leadership management trainee program	Continued to improve and implement modules in our Learning Management System and Career Management Program
Increase the Learning Network per department/unit	Continued to train representatives across to become Subject Matter Experts and Learning Development partner to facilitate trainings
Advance the careers of deserving employees	Conducted regular needs analysis for training across departments. Enhanced and implemented our performance management system with competencies identified and aligned for every function/position.
Improve training delivery and channels of engagement.	Increased employee access and use of digital platform for completion of training programs.

SOCIAL DATA

Workplace conditions, labor standards, and human rights	Female	Male
Safe Man-Hours	1,459	1,724
No. of work-related injuries*	205	29
No. of work-related fatalities	0	0
No. of work-related ill-health	0	1
No. of safety drills	4,393	
Labor Laws and Human Rights		
No. of legal actions or employee grievances involving forced or child labor	0	
Forced labor (y/n)	Y	
Child labor (y/n)	Y	
Human rights (y/n)	Y	
Supply Chain Management	**Does Wilcon consider the following when accrediting suppliers**	
Environmental Performance	Y	
Forced labor	Y	
Child labor	Y	
Human rights	Y	
Bribery and corruption	Y	

*Minor injuries requiring basic first aid treatment only. Zero hospitalized or confined incidences

Workplace conditions, labor standards, and human rights	Attrition Rate
2019	5.83%
2020	8.63%
2021	6.84%
2022	14.94%
2023	16.5%

100%
Covered by OHSAS

0
Employees from IP

KEEPING WORKPLACES SAFE

We remain to be committed to our mission of creating an environment that respects our employees' dignity as persons, cultivates knowledge and talent, and empowers them to be the best they can be through continuous career and development opportunities.

We have continuously invested in creating safe stores and working spaces.

Initiatives to keep our employees safe and healthy have been consistently implemented in Wilcon. We have long invested in a management information system that tracks and addresses incidents, reports and analyzes data and monitors feedback from leadership.

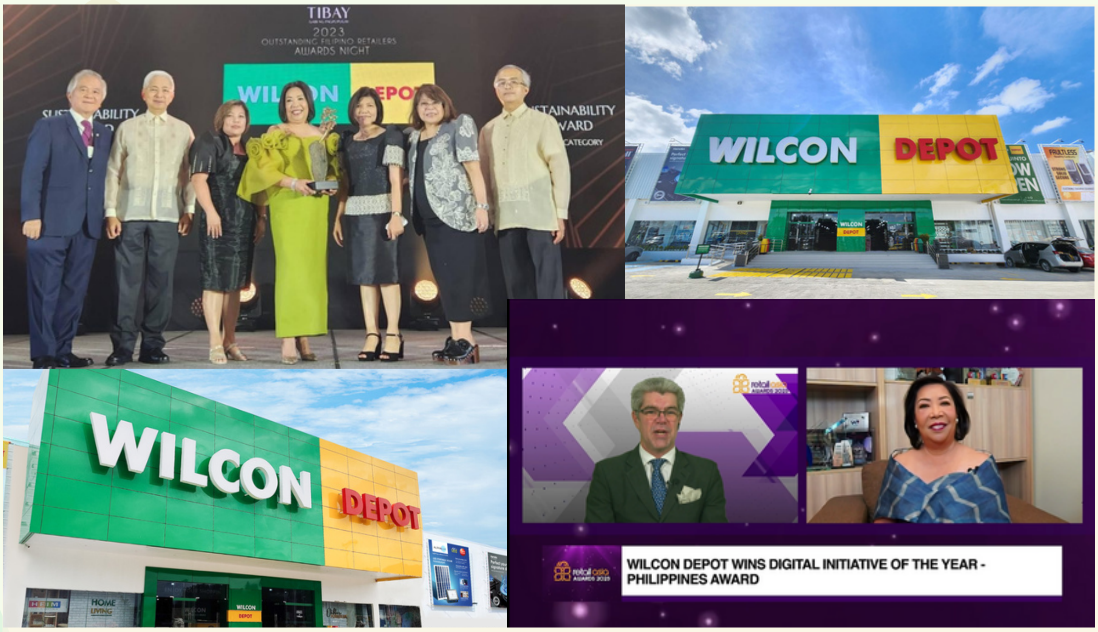
We are continuously improving employee communications and training around health and safety. We regularly communicate internally facts and statistics on the prevalence of safety concerns and strategies and programs to reduce risks through general assemblies, memos and the likes.

We have formalized emergency response plans across locations and provided training for all employees and appointed safety officers. In this regard, we have conducted several training and workshop sessions as part of the rollout of our Business Continuity Plan. We also conducted regular Emergency Response Training seminars and the corresponding drills.

EXEMPLARY CUSTOMER EXPERIENCE

Wilcon's ever evolving delivery of excellent customer experience to always be in-step with the changing customer shopping preferences is a landmark feature of Wilcon in its rise to and sustainability in the industry leadership position.

Through the years we have actualized our responsibility to be a reliable, trustworthy and excellent source of innovative solutions for the homes and buildings of our customers. Fully embracing our corporate responsibility starts with being attentive to the needs of our customers as a critical stakeholder in our business.



Customer Management	
Customer Satisfaction	Score
Customer Survey	ongoing
Health and Safety	Quantity
No. of substantiated complaints on products or services health and safety	0
No. of complaints addressed	0
Marketing and Labelling	Quantity
No. of substantiated complaints on marketing and labelling	0
No. of complaints addressed	0
Customer Privacy	Quantity
No. of substantiated complaints on customer privacy	0
No. of complaints addressed	0
No. of customers, users, and account holders whose information is used for secondary purposes.	0
Data Security	Quantity
No. of data breaches, including leaks, thefts and losses of data	0

WILCON'S CHARITY INITIATIVE BUILDS STRONGER HOMES AND COMMUNITIES

Wilcon and its employees have always been a first responder in times of natural disasters. In 2023, one of the stronger typhoons, Typhoon Egay, hit communities in Northern Luzon. Wilcon donated emergency food provisions to affected families especially in the communities Wilcon belongs in. The relief effort was undertaken in collaboration with the local government and employee volunteers.

We have historically also been an active contributor to the Department of Education's yearly Brigada Eskwela program whereby they seek assistance or donations from various institutions to help in repairing, improving and preparing public schools for the new school year.

Wilcon has also been a dependable participant and contributor to community events and activities organized either by local governments or private entities aimed to build stronger community relationships.

GOVERNANCE

EMBEDDING SUSTAINABILITY

In 2023, pursuant to our strategic goal of maintaining the highest corporate governance standards, we updated all relevant corporate governance policies with the addition of the anti-discrimination policy and the social media policy.

The primary objective of our anti-discrimination policy is to promote and support the well-being of our employees as well as their rights regardless of their sexual orientation. This also aims to strengthen the rights of every individual and mitigate or reduce factors that would restrict, curb or create limitation on their expression.

On the other hand, our social media policy was created to guide employees in handling the official media accounts of the company and to promote responsibility, accountability and respect in using their own personal accounts.

Aligned with our strategic ambition to create a corporate culture of ethics, integrity, and sustainability by following sound corporate governance practices, we continuously monitored, updated and revised when necessary and re-oriented our employees on these policies and practices.

Toward the achievement of our target to incorporate ESG risks into risk management systems and protocols by identifying and quantifying ESG risks through workshops, we continued our conduct of trainings and workshops on business continuity management.

We likewise conducted our annual corporate governance seminar for our board and top management. To achieve a more robust corporate governance culture within the company, corporate governance trainings are also planned for all staff each year.

APPENDIX A: List of Operations Location

	BRANCH NAME	LOCATION
1	ALABANG	8003 REAL ST., ALABANG ZAPOTE RD., ALMANZA UNO, LAS PIÑAS CITY
2	BALINTAWAK	1274 EDSA A. SAMSON, QUEZON CITY
3	LIBIS	90 E. RODRIGUEZ JR. AVE., BRGY. UGONG NORTE, DISTRICT 3, QUEZON CITY
4	MAKATI	2212 CHINO ROCES AVE., SAN LORENZO, MAKATI CITY
5	QUIRINO	L119 C-1 MINDANAO AVE., TALIPAPA, QUEZON CITY
6	FILINVEST	L1 B29 ALABANG ZAPOTE RD. COR. BRIDGEWAY AVE., FILINVEST CORPORATE CITY, ALABANG, MUNTINLUPA CITY
7	MEXICO	GAPAN-OLONGAPO ROAD, LAGUNDI, MEXICO, PAMPANGA
8	SUCAT	DR. A. SANTOS AVENUE, SAN DIONISIO, PARAÑAQUE CITY
9	FAIRVIEW	16 COMMONWEALTH AVE., BRGY. COMMONWEALTH, QUEZON CITY
10	TARLAC	MC ARTHUR HIGHWAY, SAN RAFAEL, TARLAC CITY
11	DAU	MC ARTHUR HI-WAY, DAU, MABALACAT, PAMPANGA
12	SAN FERNANDO	FREEWAY STRIP OLONGAPO-GAPAN ROAD, DOLORES CITY OF SAN FERNANDO, PAMPANGA
13	CALAMBA	NATIONAL ROAD, BRGY. HALANG, CALAMBA CITY, LAGUNA
14	BATANGAS	LOT 2687-A DIVERSION ROAD, ALANGILAN, BATANGAS CITY
15	TAYTAY	MANILA EAST ROAD, BRGY. SAN JUAN, TAYTAY, RIZAL
16	ANTIPOLO	MARCOS HIGHWAY, BRGY. MAYAMOT, ANTIPOLO CITY, RIZAL
17	BALIUAG	KM. 48 DRT HIGHWAY, BRGY. TARCAN, BALIWAG, BULACAN
18	DASMARIÑAS	GOVERNOR'S DRIVE, PALIPARAN 1, DASMARIÑAS CITY, CAVITE
19	LAOAG	AIRPORT ROAD, BRGY. 50, BUTTONG, LAOAG CITY
20	MANDAUE	U.N. AVENUE, UMAPAD, MANDAUE CITY, CEBU
21	TALISAY	LOT 2359, LAWA-AN II, TALISAY CITY, CEBU
22	KAWIT	CENTENNIAL ROAD, MAGDALO, PUTOL, KAWIT, CAVITE
23	VALENZUELA	292 MC ARTHUR HI-WAY, DALANDANAN, VALENZUELA CITY
24	SAN PABLO	DOÑA MARIA VILLAGE PHASE 2, BRGY. BAGONG BAYAN, SAN PABLO CITY, LAGUNA
25	VILLASIS	NATIONAL HIGHWAY, BRGY. BACAG, VILLASIS, PANGASINAN
26	QUEZON AVE.	24 QUEZON AVE., LOURDES, QUEZON CITY
27	DAVAO	MC ARTHUR HIGHWAY, MATINA, DAVAO CITY
28	IT HUB	PASONG TAMO EXTENSION, BRGY. BANGKAL, MAKATI CITY
29	MOLINO	BACOOR BOULEVARD, BRGY. MAMBOG IV, CITY OF BACOOR
30	STA ROSA	TAGAYTAY ROAD, BRGY. PULONG, STA. CRUZ, STA. ROSA, LAGUNA
31	CDO	ZONE 5 , BRGY. CUGMAN, CAGAYAN DE ORO CITY
32	BACOLOD	MATAB-ANG TALISAY CITY, NEGROS OCCIDENTAL
33	BUTUAN	BRGY. BAAN, KM. 3, BUTUAN CITY
34	CABANATUAN	LOT 2040-C-3-B & Lot 2040-C-4, SUMACAB ESTE, MAHARLIKA HIGHWAY, PUROK 6, SUMACAB ESTE, CABANATUAN CITY
35	ILOILO	NORTH DIVERSION ROAD, BRGY. DUNGON-B, JARO, ILOILO CITY
36	TACLOBAN	PUROK SANTOL, BRGY. 80 MARASBARAS, TACLOBAN CITY, LEYTE

	BRANCH NAME	LOCATION
37	SILANG	PUROK 9, BRGY. LALAAN II, SILANG, CAVITE CITY
38	ZAMBOANGA	LOT 2235C I-A BOALAN, ZAMBOANGA CITY
39	NAGA	BRGY. DEL ROSARIO, NAGA CITY
40	LIPA	BRGY. BUGTONG NA PULO, LIPA BATANGAS
41	PANACAN, DAVAO	BRGY. PANACAN VALLE VERDE, BUNAWAN, DAVAO CITY
42	TAYABAS	BRGY. ISABANG, TAYABAS QUEZON
43	GEN. SANTOS	PALEN, BRGY. LABANGAL, GENERAL SANTOS CITY
44	PUERTO PRINCESA	BRGY. SICSICAN, PUERTO PRINCESA CITY, PALAWAN
45	GENERAL TRIAS	BRGY. SAN FRANCISCO, GENERAL TRIAS CITY, CAVITE
46	STA. BARBARA, ILOILO	LOT 506B BRGY. BOLONG OESTE, STA. BARBARA, ILOILO
47	OPOL, MISAMIS ORIENTAL	ZONE 2A BRGY. BARRA, OPOL, MISAMIS ORIENTAL
48	STO. TOMAS, BATANGAS	MAHARLIKA HIGHWAY, BRGY. STA. ANASTACIA, STO. TOMAS, BATANGAS
49	ANTIPOLO II	LOT 2-A BRGY. SAN ISIDRO CIRCUMFERENTIAL RD. ANTIPOLO CITY
50	CALUMPIT	BRGY. PIO CRUZCOSA, CALUMPIT, BULACAN
51	IGUIG, CAGAYAN	BRGY. BAYO, IGUIG, CAGAYAN VALLEY RD.
52	SAN JOSE, BULACAN	BRGY. TUNGKONG MANGGA, SAN JOSE DEL MONTE CITY, BULACAN
53	COMMONWEALTH II	MATANDANG BALARA CAPITOL, QUEZON CITY
54	ORMOC	BRGY. SAN ISIDRO, ORMOC CITY, LEYTE
55	MAYAMOT, ANTIPOLO III	MARCOS HI-WAY, BRGY. MAYAMOT, ANTIPOLO
56	ALBAY	BRGY. PEÑAFRANCIA, DARAGA, ALBAY
57	TAGUM, DAVAO	BRGY. CANOCOTAN, TAGUM, DAVAO DEL NORTE
58	CORDON, ISABELA	BRGY. MALAPAT, CORDON, ISABELA
59	PILA, LAGUNA	BRGY. STA. CLARA SUR, PILA, LAGUNA
60	AKLAN	BRGY. CALANGCANG, MAKATO, AKLAN
61	OLONGAPO	NATIONAL ROAD, BRGY. BARRETTO, OLONGAPO CITY, ZAMBALES
62	TAYTAY II	RIZAL AVE., ILOG PUGAD BRGY. SAN JUAN TAYTAY, RIZAL
63	CABUYAO, LAGUNA	BRGY. SALA, CABUYAO, LAGUNA
64	LA UNION	BRGY. PARINGAO, BAUANG, LA UNION
65	SORSOGON	BRGY. MACABOG, SORSOGON CITY, SORSOGON
66	GAPAN, NUEVA ECIJA	STO. CRISTO NORTE, GAPAN NUEVA ECIJA
67	MALAYBALAY, BUKIDNON	SAN JOSE, MALAYBALAY CITY, BUKIDNON
68	BOHOL	BRGY. BINGAG, DAUIS, BOHOL
69	CALAPAN, ORIENTAL MINDORO	PUTING TUBIG, CALAPAN CITY, ORIENTAL MINDORO
70	BANTAY, ILOCOS SUR	AGGAY, BANTAY, ILOCOS SUR
71	LEMERY, BATANGAS	BRGY. TUBIGAN, LEMERY, BATANGAS
72	ABUCAY, BATAAN	BRGY. CAPITANGAN, ABUCAY, BATAAN

APPENDIX A: List of Operations Location

	BRANCH NAME	LOCATION
73	SAN JOSE, NUEVA ECIJA	BRGY. MANICLA, SAN JOSE CITY NUEVA ECIJA
74	PANIQUI, TARLAC	BRGY. APULID, PANIQUI, TARLAC
75	ALIMALL	LG003/LG004 LOWER GRD FLR. ALIMALL II, ARANETA CENTER, SOCORRO, D3, CUBAO, QUEZON CITY
76	WCC	ANCHOR 1, 121 VISAYAS AVE., BAHAY TORO, QUEZON CITY
77	STA. MESA	425 PIÑA AVE., BRGY. 585 ZONE 057, SAMPALOC, MANILA
78	MINDANAO AVE.	L-5 B-7 MINDANAO AVE., BAHAY TORO I, QUEZON CITY
79	MUÑOZ	1066 EDSA, BAHAY TORO, QUEZON CITY
80	PASAY	16 C JOSE ST. COR. EDSA, MALIBAY, PASAY CITY
81	ILOILO	GROUND FLOOR UNIT A25-A26, FESTIVE WALK MALL, ILOILO BUSINESS PARK, MANDURRIAO , ILOILO CITY
82	SAN FERNANDO	MC ARTHUR HIGHWAY, BRGY. SAN NICOLAS, SAN FERNANDO, PAMPANGA
83	GUIGUINTO, BULACAN	MCARTHUR HIGHWAY, TUKTUKAN, GUIGUINTO, BULACAN
84	ROSARIO, BATANGAS	PUROK 5, BRGY. BAYBAYIN, ROSARIO BATANGAS
85	UPTOWN, CDO	KM 6, UPPER BALULANG, CAGAYAN DE ORO CITY
86	STA. MARIA	CENTRO ST. GUYONG, SANTA MARIA, BULACAN
87	ILIGAN CITY	PUROK LA PURISIMA, TUBOD, ILIGAN CITY LANAO DEL NORTE
88	NAIC, CAVITE	GOVERNOR'S DRIVE, BRGY. SABANG NAIC, CAVITE
89	SOUTH PARK MALL	ANCHOR SPACE 1B, 1ST FLOOR SOUTH PARK CENTER, ALABANG, MUNTINLUPA CITY
90	TUY, BATANGAS	SITIO CENTRO, BRGY. SABANG, TUY, BATANGAS

ANNEX E

COVER SHEET

C	S	2	0	1	5	2	4	7	1	2

S.E.C Registration No.

W	I	L	C	O	N		D	E	P	O	T		I	N	C	.		D	O	I	N	G			
B	U	S	I	N	E	S	S		U	N	D	E	R		T	H	E		N	A	M	E			
A	N	D		S	T	Y	L	E		O	F		W	I	L	C	O	N		D	E	P	O	T	,
W	I	L	C	O	N		H	O	M	E		E	S	S	E	N	T	I	A	L	S	,	D	O	
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C	E	N	T	E	R		B	Y	:		W	I	L	C	O	N		D	E	P	O	T			
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D	O	I	N	G		B	U	S	I	N	E	S	S		U	N	D	E	R		T	H	E		
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D	E	P	O	T		A	N	D		W	I	L	C	O	N		H	O	M	E					
E	S	S	E	N	T	I	A	L	S	)															

(Company's Full Name)

9	0		E.		R	O	D	R	I	G	U	E	Z		J	R.		A	V	E.				
U	G	O	N	G		N	O	R	T	E		Q	U	E	Z	O	N		C	I	T	Y		

(Principal Office)

Atty. Sheila Pasicolan - Camerino
Contact Person

(02) 8634-8387
Tel. No.

Month | *Day*

1	7	-	Q	

FORM TYPE

Month | *Date*
(Annual Meeting)

Secondary License, (if applicable type)

MSRD
Dept. requiring this doc

N/A
Amended Articles number

Total stockholders

Domestic | **Foreign**

To be accomplished by SEC personnel concerned

File Number | **LCU**

Document I.D. | **Cashier**

STAMPS

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 March 31, 2024

2. Commission identification number CS201524712

3. BIR Tax Identification No 009-192-878

4. Exact name of issuer as specified in its charter

   WILCON DEPOT, INC. doing business under the name and style of WILCON DEPOT, WILCON HOME ESSENTIALS, DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT (Formerly, WILCON DEPOT, INC. doing business under the name and style of WILCON DEPOT and WILCON HOME ESSENTIALS)

5. Province, country or other jurisdiction of incorporation or organization

   QUEZON CITY, PHILIPPINES

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office Postal Code

   90 E. RODRIGUEZ JR. AVENUE, UGONG NORTE, QUEZON CITY, 1110

8. Issuer's telephone number, including area code: (02) 8634 8387

9. Former name, former address and former fiscal year, if changed since last report: N/A

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 SHARES	**4,099,724,116**

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:

    PHILIPPINES STOCK EXCHANGE COMMON SHARES

12. Indicate by check mark whether the registrant:

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

    Yes [√] No [ ]

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

    Yes [√] No [ ]

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The unaudited interim financial statements of Wilcon Depot, Inc. Doing Business under the Name and Style of WILCON DEPOT, WILCON HOME ESSENTIALS, DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT as at March 31, 2024 and December 31, 2023 and for the three-month period ended March 31, 2024 and 2023, are filed as part of this form 17-Q.

Item 2. Management's Discussion and Analysis of Results of Operation and Financial Condition.

Results of Operations for the Three-month Period Ended March 31, 2024 and 2023

The Company recorded net income of ₱740 million for the first three-month period of 2024, down by ₱222 million or 23.1% from the ₱962 million reported during the same period in 2023 with net margins of 8.9% and 11.3%, respectively. The decline was mainly driven by higher operating expenses despite the higher gross profit margin.

Net Sales

Net sales for the three-month period ended March 31, 2024, amounted to ₱8,311 million, a ₱217 million or 2.5% slide from the same period last year, driven by the 7.3% decline in comparable sales despite the 4.9% increase due to the new store sales.

During the first quarter of 2024, the Company opened three new depots in Morong, Rizal, Valencia, Bukidnon and Koronadal City bringing to 93 the total number of branches.

On a per format basis, sales from the depot-format stores, which comprised 95.9% of total net sales, went down by ₱334 million or 4.0% to ₱7,973 million from the ₱8,307 million net sales for the three-month period of 2023. Sales from new depots contributed 4.1%, however, comparable sales declined by 7.9%.

The Home Essentials and Do-It-Wilcon format, recorded net sales of ₱232 million, a ₱63 million or 37.2% increase year-on-year, contributed mainly by new Do-It-Wilcon stores. Same store sales for this smaller store format declined by 10.9%.

The remaining 1.3% of total net sales was accounted for by project sales or sales to major institutional accounts, which amounted to ₱105 million, with a ₱55 million or 108.1% year-on-year increase.

Gross Profit

Gross profit was lower by ₱43 million or 1.3% from the 2023 first quarter level of ₱3,363 million to close at ₱3,320 million for the period for a gross profit margin rate of 39.9%. The decrease was traced mainly to lower sales for the period, despite the increase in gross profit margin rate which grew by 50 basis points year-on-year. The improvement in gross profit margin rate was traced mainly to the improved sales mix or increased contribution of the higher margin exclusive and in-house brands to total net sales to 52.6% from 50.4% in the same period in 2023.

Operating Expenses

Operating expenses increased to ₱2,302 million for the period, up by ₱143 million or 6.6% from the prior year's ₱2,160 million. The increase is attributable mainly to expansion-related operating expenses such as trucking, depreciation and amortization and utilities.

Interest Expense

Interest expense increased by ₱16 million or 10.4%, to total ₱169 million for the period from the prior year's three-month period of ₱154 million, attributable to added leases for new stores. All interest expense represents non-cash interest charged on lease liability recognized for the period in relation to the adoption by the Company of PFRS 16 on leases.

Other Income (Charges)

Other income (charges) for the three-month period ended March 31, 2024 amounted to ₱137 million down by ₱92 million or 40.4% from the ₱229 million due to lower rebates received from supplier. Meanwhile, non-operating interest income declined by ₱3 million.

Earnings Before Interest and Tax (EBIT) / Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

Adjusting the 2024 and 2023 depreciation and amortization to exclude right-of-use (ROU) depreciation and interest expense on lease liability and consider these as rent expense, EBITDA and EBIT were as follows:

1) EBITDA for the three-month period March 31, 2024 reached ₱1,295 million, or 15.6% of net sales, was lower by 17.9% from the ₱1,577 million, or 18.5% of net sales~~,~~ recorded for the same period ended March 31, 2023.
2) EBIT for the first three (3) months of 2024 is ₱977 million or 11.8% of net sales, registered a 22.9% decline from previous year's P1,268 million EBIT or 14.9% of the 2023 net sales for the same period.

The decrease in both EBITDA and EBIT was driven by the increase in operating expenses partly offset by expansion of gross profit margin.

Income Tax Expense

Consequently, the Company's income tax expense reduced by ₱72 million or 22.7% to end at ₱245 million in the first quarter of 2024 from the ₱317 million incurred during the same period last year. The decrease was due mainly to lower taxable income.

Financial Condition as at March 31, 2024

Liquidity

Net cash provided by operating activities increased by ₱466 million or 65.6% in 2024 compared to 2023, primarily driven by lower inventory purchases during the quarter. Net cash used in investing activities went up by ₱268 million or 45.8% in 2024 compared to 2023, as a result of increased capital expenditures spending. Cash used in financing activities reflected ₱473 million lease payments. Current ratio slightly declined from 2.17:1.00 to 2.05 :1.00.

Cash and cash equivalents and short-term investments totaled ₱1,714 million, a ₱151 million or 8.1% decrease from the balance as at December 31, 2023. The decline was mainly due to continued investments in new stores from internally generated funds.

Capital Expenditure

For the quarter, the Company's capital expenditure totaled ₱845 million, the bulk of which was spent on the renovation and construction of new stores and warehouses.

Capital Resources

The Company continues to have easy access to the debt markets for both its working capital and long-term funding requirements having remained bank debt-free and with preferential lines with the Philippines' top banks.

The company's liabilities consist mostly of trade payables and lease liabilities recognized pursuant to the adoption of PFRS 16 – Leases. The company has no existing lease or other contracts with material contingent liability that will adversely affect the company's operations or the implementation of its strategic initiatives.

Key Financial Performance Indicators

Key Performance Indicators	**YTD March 31, 2024**	**YTD March 31, 2023**
Sales	8,310,527,312	8,527,291,991
EBIT – Adjusted / Treating Interest on Lease Liability as Rent Expense[1]	977,304,988	1,268,136,627
EBITDA – Adjusted / Treating ROU Depreciation and Interest on Lease Liability as Rent Expense[2]	1,294,898,317	1,577,172,089
EBIT Margin - Treating Interest on Lease Liability as Rent Expense[3]	11.76%	14.87%
EBITDA Margin- Treating ROU Depreciation and Interest on Lease Liability as Rent Expense[4]	15.58%	18.50%
	As at March 31, 2024	**As at March 31, 2023**
Return on Equity Ratio[5]	3.34%	4.81%
Current Ratio[6]	2.05	1.96
Debt to Equity Ratio[7]	0.79	0.84

1 *Income before tax add net interest expense less lease interest expense*
2 *Income before tax add net interest expense and depreciation and amortization less lease interest expense and depreciation on ROU assets*
3 *EBIT / Net Sales*
4 *EBITDA / Net Sales*
5 *Net Income / Total Equity*
6 *Current Assets / Current Liabilities*
7 *Total Liabilities / Total Equity*

MATERIAL CHANGES (+/-5%) IN THE FINANCIAL STATEMENTS

Statement of Financial Position as at March 31, 2024 and December 31, 2023

1. Aggregate cash decreased by ₱151 million or 8.1% from ₱1,865 million at the close of 2023 to ₱1,714 million as at March 31, 2024, due primarily to acquisition of property and equipment as well as higher lease payments, and lower net cash flows from operating activities

2. Trade and other receivables totaled ₱392 million as at March 31, 2024, ₱22 million or 5.3% lower than the ₱414 million balance as at December 31, 2023. The decrease was mainly due to the decline in trade receivables as a result of higher collection from project sales.

3. Advance payments to suppliers for merchandise orders and operating expenses, decreased by ₱147 million or 42.3% from ₱346 million at the close of 2023 to ₱200 million as at March 31, 2024 due to timely delivery of merchandise inventories from suppliers.

4. Other current assets decreased by ₱176 million or 13.1% from ₱1,346 million at the close of 2023 to ₱1,170 million as at March 31, 2024 due mainly to decrease in materials and supplies, and input tax from purchases.

5. Trade and other payables decreased by ₱851 million or 12.0% from ₱7,088 million at the close of 2023 to ₱6,237 million as at March 31, 2024 due mainly to lower purchases and expenses on credit.

6. Income tax payable increased by ₱264 million or 110.1% from ₱240 million at the close of 2023 to ₱504 million as at March 31, 2024, mainly due to year-to-date income taxes.

7. Net retirement liability decreased by ₱4 million or 7.9% from ₱57 million at the close of 2023 to ₱53 million as at March 31, 2024 due mainly to contributions made to the retirement fund.

Income Statement Items

1. Operating expenses increased to ₱2,302 million for the period, up by ₱143 million or 6.6% from the prior year's ₱2,160 million. The increase was attributable mainly to expansion-related operating expenses such as trucking, depreciation and amortization and utilities.

2. Interest expense increased by ₱16 million or 10.4%, to total ₱169 million for the period from the prior year's ₱154 million, attributable to the increase in lease liabilities pertaining to new stores. All interest expense represents non-cash interest charged on lease liability recognized for the period in relation to the adoption by the Company of PFRS 16 on leases.

3. Other income (charges) for the three-month period ended March 31, 2024 amounted to ₱137 million down by ₱92 million or 40.4% from the ₱229 million generated for the same period in 2023 mainly due to lower rebates received from supplier, delivery charges and other fees received from customers and interest income from money market placements.

4. The Company's income tax expense decreased by ₱72 million or 22.7% to end at ₱245 million in the three-month period of 2024 from the ₱317 million incurred during the same period last year. The decrease is due mainly to lower taxable income.

PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeatedin a report on Form 17-C which would otherwise be required to be filed with respect to such informationor in a subsequent report on Form 17-Q.

SIGNATURES

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

May 2, 2024

WILCON DEPOT, INC.

By:

LORRAINE BELO-CINCOCHAN
President - CEO

MARK ANDREW BELO
Treasurer

WILCON DEPOT, INC.

Doing Business under the Name and Style of
WILCON DEPOT, WILCON HOME ESSENTIALS,
DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT

(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of
WILCON CITY CENTER)

Unaudited Interim Financial Statements
As at March 31, 2024 and December 31, 2023 and
For the Three-Month Period Ended March 31, 2024 and March 31, 2023

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT and WILCON HOME ESSENTIALS,
DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2024 AND DECEMBER 31, 2023

	Note	**2024 Unaudited**	2023 Audited
ASSETS			
Current Assets			
Cash and cash equivalents	4	**₱1,714,388,489**	₱1,865,160,075
Trade and other receivables	5	**392,442,136**	414,373,764
Advance payments to suppliers	5	**199,800,592**	346,489,490
Merchandise inventories	6	**15,947,143,952**	15,776,748,743
Other current assets	7	**1,169,886,645**	1,346,213,721
Total Current Assets		**19,423,661,814**	19,748,985,793
Noncurrent Assets			
Property and equipment	8	**11,007,903,736**	10,484,232,829
Right-of-use (ROU) assets	9	**8,148,846,712**	8,478,487,577
Net deferred tax assets	16	**607,130,212**	583,196,473
Other noncurrent assets	10	**500,143,033**	486,190,658
Total Noncurrent Assets		**20,264,023,693**	20,032,107,537
		₱39,687,685,507	₱39,781,093,330
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	11	**₱6,236,869,699**	₱7,088,218,136
Income tax payable		**503,946,382**	239,858,443
Dividends Payable	13	**1,065,928,270**	–
Current portion of lease liabilities	9	**1,682,045,566**	1,768,920,622
Total Current Liabilities		**9,488,789,917**	9,096,997,201
Noncurrent Liabilities			
Lease liabilities - net of current portion	9	**7,962,693,040**	8,117,298,123
Net retirement liability	12	**52,784,550**	57,315,132
Total Noncurrent Liabilities		**8,015,477,590**	8,174,613,255
Total Liabilities		**17,504,267,507**	17,271,610,456
Equity			
Capital stock	13	**4,099,724,116**	4,099,724,116
Additional paid-in capital	13	**5,373,738,427**	5,373,738,427
Other comprehensive income		**177,178,885**	177,178,885
Retained earnings		**12,532,776,572**	12,858,841,446
Total Equity		**22,183,418,000**	22,509,482,874
		₱39,687,685,507	₱39,781,093,330

See accompanying Notes to Financial Statements.

WILCON DEPOT, INC.
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Doing Business under the Name and Style of WILCON CITY CENTER)

UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024 AND 2023

		Unaudited	
	Note	**2024**	2023
NET SALES		**₱8,310,527,312**	₱8,527,291,991
COST OF SALES	6	**(4,990,653,824)**	(5,164,266,624)
GROSS INCOME		**3,319,873,488**	3,363,025,367
OPERATING EXPENSES	14	**(2,302,122,203)**	(2,159,537,958)
INTEREST EXPENSE	9	**(169,456,100)**	(153,543,198)
OTHER INCOME – Net	15	**136,602,723**	229,092,949
INCOME BEFORE INCOME TAX		**984,897,908**	1,279,037,160
INCOME TAX EXPENSE (BENEFIT)	16		
Current		**268,968,251**	337,585,717
Deferred		**(23,933,739)**	(20,551,561)
		245,034,512	317,034,156
NET INCOME		**739,863,396**	962,003,004
OTHER COMPREHENSIVE INCOME (LOSS)		–	–
TOTAL COMPREHENSIVE INCOME		**739,863,396**	962,003,004
BASIC AND DILUTIVE EARNINGS PER SHARE	19	**₱0.18**	₱0.23

See accompanying Notes to Financial Statements.

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UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024 AND 2023

		Unaudited	
	Note	**2024**	2023
CAPITAL STOCK	13	**₱4,099,724,116**	₱4,099,724,116
ADDITIONAL PAID-IN CAPITAL		**5,373,738,427**	5,373,738,427
OTHER COMPREHENSIVE INCOME			
Cumulative Remeasurement Gains on Retirement Liability		**177,178,885**	177,178,885
RETAINED EARNINGS			
Unappropriated			
Balance at beginning of period		**10,758,841,446**	10,892,543,770
Net income		**739,863,396**	962,003,004
Cash dividends	13	**(1,065,928,270)**	(1,516,897,923)
Balance at end of period		**10,432,776,572**	10,337,648,851
Appropriated			
Balance at beginning of period	13	**2,100,000,000**	–
Balance at end of period		**2,100,000,000**	–
		12,532,776,572	10,337,648,851
		₱22,183,418,000	₱19,988,290,279

See accompanying Notes to Financial Statements.

WILCON DEPOT, INC.
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UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2024 AND 2023

		Unaudited	
	Note	**2024**	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax		**₱984,897,908**	₱1,279,037,160
Adjustments for:			
Depreciation and amortization	8	**711,746,727**	665,549,502
Interest expense	9	**169,456,100**	153,543,198
Provision for (reversal of):			
Inventory write-down and losses		**18,347,771**	–
Allowance on expected credit loss on receivables	5	**(11,423,189)**	3,034,917
Loss on (recovery of) written-off account receivable		**(519,170)**	550
Retirement benefits	12	**9,136,814**	7,441,141
Interest income	4	**(7,592,920)**	(10,900,533)
Gain on sale of property and equipment		**(535,714)**	(175,745)
Operating income before working capital changes		**1,873,514,327**	2,097,530,190
Decrease (increase) in:			
Advance payments to suppliers		**146,688,898**	(97,299,664)
Trade and other receivables		**37,116,764**	(57,601,626)
Merchandise inventories		**(188,742,981)**	(918,889,554)
Other current assets		**168,817,408**	(72,852,229)
Decrease in trade and other payables		**(851,348,437)**	(222,604,187)
Net cash generated from operations		**1,186,045,979**	728,282,930
Contributions to retirement plan	12	**(13,667,396)**	(18,223,195)
Interest received from cash equivalents		**4,137,222**	
Interest received from cash in banks		**212,920**	314,795
Net cash provided by operating activities		**1,176,728,725**	710,374,530
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to:			
Property and equipment	8	**(831,091,686)**	(611,313,417)
Computer software	10	**(14,511,216)**	(12,862,297)
Decrease (increase) in:			
Short-term investments		**–**	25,500,000
Advances to contractors		**(9,894,533)**	4,886,593
Other noncurrent assets		**280,827**	(884,367)
Interest received from investments		**–**	7,930,750
Net proceeds from sale of property and equipment		**535,714**	357,144
Net cash used in investing activities		**(854,680,894)**	(586,385,594)

(Forward)

	Note	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES			
Payments of Lease liabilities	9	**(₱472,819,417)**	(₱424,710,316)
Cash used in financing activities		**(472,819,417)**	(424,710,316)
NET DECREASE IN CASH AND CASH EQUIVALENTS		**(150,771,586)**	(300,721,380)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		**1,865,160,075**	1,781,338,481
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4	**₱1,714,388,489**	₱1,480,617,101

See accompanying Notes to Financial Statements.

WILCON DEPOT, INC.
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NOTES TO FINANCIAL STATEMENTS

AS AT MARCH 31, 2024 AND DECEMBER 31, 2023 AND
FOR THE YEARS ENDED MARCH 31, 2024 AND 2023

1. Corporate Information

WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT, WILCON HOME ESSENTIALS, DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on December 17, 2015. The Company is engaged in buying and selling of all kinds of goods, commodities, wares and merchandise at wholesale and retail.

The Company is a subsidiary of WILCON CORPORATION Doing Business under the Name and Style of WILCON CITY CENTER (the Parent Company), a holding company incorporated in the Philippines. The ultimate parent company is LIAM ROS HOLDINGS INC., a holding company incorporated in the Philippines.

On November 17, 2023, the Company amended its articles of incorporation and by-laws to reflect the change in its business name from "WILCON DEPOT, INC. Doing business under the name and style of WILCON DEPOT and WILCON HOME ESSENTIALS" to "WILCON DEPOT, INC. Doing business under the name and style of WILCON DEPOT, WILCON HOME ESSENTIALS, DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT."

On March 31, 2017, the 1,393,906,200 common shares of the Company were listed in the Philippine Stock Exchange (PSE) at an offer price of ₱5.05 a share. Net proceeds from the Initial Public Offering (IPO) amounted to ₱6,749.3 million, net of offer expenses of ₱289.9 million (see Note 13).

The registered office address of the Company is at No. 90 E. Rodriguez Jr. Avenue, Brgy. Ugong Norte, Quezon City.

2. Summary of Material Accounting Policy Information

Basis of Preparation and Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standards (PFRS). This financial reporting framework includes PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including the SEC pronouncements.

The material accounting policies used in the preparation of the financial statements have been consistently applied to all the years presented, unless otherwise stated.

Measurement Bases

The financial statements have been presented in Philippine Peso, which is the functional currency of the Company. All amounts are in absolute values, unless otherwise stated.

The financial statements of the Company have been prepared on the historical cost basis of accounting, except for the following:

- Net retirement liability which is carried at the present value of the defined benefit obligation less the fair value of plan assets; and
- Lease liabilities that are initially carried at the present value of future lease payments.

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of consideration received in exchange for incurring a liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 − Quoted (unadjusted) market prices in active market for identical assets or liabilities.

Level 2 − Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 − Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting year.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as discussed in the foregoing.

Further information about the assumptions made in measuring fair value is included in the following notes:

- Note 12, *Retirement Plan*
- Note 21, *Fair Value of Financial Instruments*

<u>Adoption of Amended PFRS</u>

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS effective January 1, 2023:

- Amendments to PAS 1, *Presentation of Financial Statements*, and PFRS Practice Statement 2, *Making Materiality Judgments - Disclosure Initiative - Accounting Policies* – The amendments require an entity to disclose its material accounting policies, instead of its significant accounting policies and provide guidance on how an entity applies the concept of materiality in making decisions about accounting policy disclosures. In assessing the materiality of accounting policy information, entities need to consider both the size of the transactions, other events or conditions and its nature. The amendments clarify (1) that accounting policy information may be material because of its nature, even if the related amounts are immaterial, (2) 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 (3) if an entity discloses immaterial accounting policy information, such information should not obscure material accounting policy information. In addition, PFRS Practice Statement 2 is amended by adding guidance and examples to explain and demonstrate the application of the 'four-step materiality process' to accounting policy information.

- Amendments to PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Accounting Estimates* – The amendments clarify the distinction between changes in accounting estimates and changes in accounting policies, and the correction of errors. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". An entity develops an accounting estimate if an accounting policy requires an item in the financial statements to be measured in a way that involves measurement uncertainty. The amendments clarify that a change in accounting estimate that results from new information or new developments is not a correction of an error, and that 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. A change in an accounting estimate may affect only the profit or loss in the current period, or the profit or loss of both the current and future periods

- Amendments to PAS 12, *Income Taxes - Deferred Tax Related Assets and Liabilities from a Single Transaction* – The amendments require companies to recognize deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences.

- Amendments to PAS 1, *Classification of Liabilities as Current or Noncurrent* – The amendments clarify the requirements for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period. The amendments also specify and clarify the following: (i) an entity's right to defer settlement must exist at the end of the reporting period, (ii) the classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement, (iii) how lending conditions affect classification, and (iv) requirements for classifying liabilities where an entity will or may settle by issuing its own equity instruments.

The adoption of the amended PFRS did not materially affect the financial statements of the Company. Additional disclosures were included in the financial statements, as applicable.

Amended PFRS Issued But Not Yet Effective
Relevant amended PFRS, which are not yet effective for three-month period ended March 31, 2024 are not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

<u>Financial Instruments</u>

Financial Assets at Amortized Cost
A financial asset should be measured at amortized cost if both of the following conditions are met:

- the financial asset is held with a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, financial assets at amortized cost are subsequently measured at amortized cost using the effective interest method, less any allowance for impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the financial assets are derecognized and through amortization process.

Financial assets at amortized cost are included under current assets if realizability or collectability is within 12 months after the reporting year. Otherwise, these are classified as noncurrent assets.

As at March 31, 2024 and December 31, 2023, the cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), container deposits (presented as part of "Other current assets"), security and electricity deposits and refundable cash bonds (presented as part of "Other noncurrent assets") are included under this category.

Cash and cash equivalents include cash on hand, cash in banks and cash equivalents. Cash equivalents are highly liquid investments with original maturities of three (3) months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Impairment. The Company recognizes an allowance for expected credit loss (ECL) for all debt instruments not measured at FVPL and financial assets at amortized cost. Expected credit loss is based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive. The difference is then discounted at an approximation to the asset's original effective interest rate.

For trade receivables, the Company has applied the simplified approach in measuring ECL. Simplified approach requires that ECL should always be based on the lifetime expected credit losses.

The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment 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.

For other financial instruments measured at amortized cost, the ECL is based on the 12-month expected credit loss, which pertains to the portion of lifetime ECL that result from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since initial recognition, the allowance will be based on the lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and consider reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

Derecognition. A financial asset (or where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;

- the Company retains the right to receive cash flows from the financial asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or

- the Company has transferred its right to receive cash flows from the financial asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its right to receive cash flows from a financial asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of ownership of the financial asset nor transferred control of the financial asset, the financial asset is recognized to the extent of the Company's continuing involvement in the financial asset. Continuing involvement that takes the form of a guarantee over the transferred financial asset is measured at the lower of the original carrying amount of the financial asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities at Amortized Cost
Financial liabilities are categorized as financial liabilities at amortized cost when the substance of the contractual arrangement results in the Company having an obligation either to deliver cash or another financial asset to the holder, or to settle the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of its own equity instruments.

These financial liabilities are initially recognized at fair value less any directly attributable transaction costs. After initial recognition, these financial liabilities are subsequently measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account any discount or premium on the issue and fees that are an integral part of the effective interest rate. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired or through the amortization process.

As at March 31, 2024 and December 31, 2023, the trade and other payables (excluding statutory payables and unearned revenue) and lease liabilities are included in this category.

Derecognition. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in profit or loss.

A modification is considered substantial if the present value of the cash flows under the new terms, including net fees paid or received and discounted using the original effective interest rate, is different by at least 10% from the discounted present value of remaining cash flows of the original liability.

The fair value of the modified financial liability is determined based on its expected cash flows, discounted using the interest rate at which the Company could raise debt with similar terms and conditions in the market. The difference between the carrying amount of the original liability and fair value of the new liability is recognized in profit or loss.

On the other hand, if the difference does not meet the 10% threshold, the original debt is not extinguished but merely modified. In such case, the carrying amount is adjusted by the costs or fees paid or received in the restructuring.

Offsetting of Financial Instruments
Financial assets and liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Merchandise Inventories
Merchandise inventories are valued at the lower of cost and net realizable value (NRV). Cost, which includes all costs directly attributable to acquisition such as purchase price and freight-in, is determined using the moving average method. NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to complete the sale.

When inventories are sold, the carrying amount of those inventories is recognized to profit or loss in the year when the related revenue is recognized.

When the NRV of inventories is lower than the cost, a write-down is charged to cost of sales at the year in which it occurred. The amount due to any reversals of write-down of inventories arising from an increase in net realizable value is recognized as reduction in the amounts of inventories recognized as cost of sales in the year in which the reversal occurs.

Other Current Assets
Other current assets mainly consist of materials and supplies, deferred input value-added tax (VAT), input VAT, prepaid expenses, and container deposits.

Materials and Supplies. Materials and supplies are carried at cost and are recognized as expense upon consummation.

Deferred Input VAT. Under section 4.110-3 (c) of the Revenue regulation 13-2018, the amortization of the input VAT shall only be allowed until December 31, 2021, after which taxpayers with unutilized input VAT on capital goods purchased or imported shall be allowed to apply the same as schedules until fully utilized.

The input VAT on the purchases or imports of capital goods exceeding ₱1.0 million subsequent to December 31, 2021 may be claimed outright.

VAT. Revenue, expenses and assets are recognized, net of the amount of VAT, except:

- where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority; or

- receivables and payables that are stated with the amount of tax included.

The net amount of VAT recoverable from the taxation authority is included as part of "Other current assets" account in the statements of financial position.

Prepaid Expenses. Prepaid expenses are expenses paid in advance and recorded as asset before these are utilized. Prepaid expenses are apportioned over the period covered by the payment and charged to appropriate expense accounts in profit or loss when incurred. Prepaid expenses that are expected to be realized for no more than 12 months after the financial reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Container Deposits. Container deposits qualify as financial assets and are disclosed under financial instruments. These are measured at cost less any impairment in value. Container deposits are refunded upon return of the empty containers to the shipping companies.

Property and Equipment

Property and equipment, excluding construction in progress, are stated at cost less accumulated depreciation, amortization and any impairment in value.

The initial cost of property and equipment comprises of its purchase price, including import duties, taxes and any directly attributable costs in bringing the asset to its working condition and location for its intended use.

Expenditures incurred after the asset has been put into operations, such as repairs and maintenance, are normally recognized as expense in the year the costs are incurred. In situations where it can be clearly demonstrated that the expenditures have improved the condition of the asset beyond the originally assessed standard of performance, the expenditures are capitalized as additional costs of property and equipment.

Construction in progress represents structures under construction and is stated at cost. Cost includes costs of construction, labor and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are ready for use.

Depreciation and amortization are computed using the straight-line basis over the estimated useful lives of the assets as follows:

Asset Type	Number of Years
Buildings and improvements	15 to 20 or term of lease, whichever is shorter
Furniture and equipment	5
Leasehold improvements	5 or term of lease, whichever is shorter
Transportation equipment	5

The estimated useful life of solar panels recognized as part of "Building and Leasehold improvements" installed in the leased and owned buildings is 15 years.

The estimated useful lives and depreciation and amortization are reviewed and adjusted, if appropriate, at each reporting date to ensure that such years and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated assets are retained in the accounts until these are no longer being used and no further depreciation and amortization are credited or charged to profit or loss.

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

Other Noncurrent Assets
Other noncurrent assets comprise of security deposits, computer software, electricity deposits, advances to contractors and refundable cash bonds.

Security Deposits. Security deposits represents deposits made in relation to lease agreements entered into by the Company and are carried at cost less any impairment in value. These will be returned at the end of the lease term.

Computer Software. Computer software acquired is measured on initial recognition at cost. Subsequent to initial recognition, computer software is carried at cost less accumulated amortization and any impairment losses. Internally generated computer software, excluding development costs, is not capitalized and expenditure is charged against profit or loss in the year in which the expenditure is incurred.

Computer software is amortized over the economic useful life of eight (8) years and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortization period and method for computer software are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

Gains or losses arising from disposition of computer software measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss in the period when the asset is derecognized.

Electricity Deposits. Electricity deposits are carried at cost less any impairment in value, and will be refunded upon termination of the contract.

Advances to Contractors. Advances to contractors represent advance payments made in relation to purchase of materials and services for the construction of stores and are carried at cost less any impairment in value. These will be applied against future billings.

Impairment of Nonfinancial Assets
At each reporting date, nonfinancial assets are reviewed to determine whether there is any indication that those assets may be impaired. If there is an indication of possible impairment, the recoverable amount of any asset (or group of related assets) is estimated and compared with its carrying amount.

An asset's (or group of assets') recoverable amount is the higher of an asset's fair value less cost to sell and its value in use, and is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and impairment loss is recognized immediately in profit or loss.

If an impairment loss subsequently reverses, the carrying amount of the asset (or group of related assets) is increased to the revised estimate of its recoverable amount, but not in excess of the amount that would have been determined had no impairment loss been recognized for the asset (or group of related assets) in prior year. A reversal of an impairment loss is recognized immediately in profit or loss.

Equity

Capital Stock and Additional Paid-in Capital. Capital stock is measured at par value for all shares issued. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction from proceeds, net of tax. The excess of proceeds from the issuance of shares over the par value of shares is credited to additional paid-in capital.

Other Comprehensive Income. Other comprehensive income comprises items of income and expenses (including items previously presented under the statement of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS. Other comprehensive income pertains to cumulative remeasurement gains (losses) on retirement liability.

Retained Earnings. Retained earnings represent the cumulative balance of net income or loss net of dividend distributions and other capital adjustments. Unappropriated retained earnings represent the portion which can be declared as dividends to stockholders. Appropriated retained earnings represent the portion which has been restricted and therefore is not available for any dividend declaration.

Dividend Distribution. Dividend distribution to the Company's stockholders is recognized as a liability and deducted from equity in the year in which the dividends are declared as approved by the Company's BOD. Dividends that are approved after the reporting year are dealt with as an event after the reporting year.

Revenue Recognition

The Company assessed that it acts as principal in all of its revenue sources.

Revenue within the scope of PFRS 15, *Revenue from Contracts with Customers* is recognized as follows:

Net Sales. Revenue is recognized when the control of the goods is transferred to the buyer, which is normally upon delivery or pick up of goods, and measured at the fair value of the consideration received or receivable, net of returns, trade discounts and unearned revenue from loyalty program.

The award credits from the loyalty program are identifiable component of sale transactions in which these are granted. The fair value of the consideration received or receivable in respect to the sale is allocated between the award credits and the other components of the sale.

The Company recognizes the consideration received allocated to award credits as sale when award credits are redeemed and it fulfills its obligations to supply the award credits.

The amount of revenue recognized is based on the number of award credits that have been redeemed in exchange for awards, relative to the total number that are expected to be redeemed. Any unredeemed award credits as at reporting date are recognized as unearned revenue included under "Trade and other payables" account in the statement of financial position.

Other Income. Revenue is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Company through an increase in asset or reduction in liability and that can be measured reliably.

Revenue outside scope of PFRS 15 is recognized as follows:

Interest Income. Revenue is recognized as the interest accrues, taking into account the effective yield of the asset, net of final tax.

Rent Income. Revenue arising from rent of property is recognized on a straight-line basis over the lease term.

Cost and Expense Recognition
Costs and expenses are recognized in profit or loss when the related goods are sold, utilization of services or at the date the costs and expenses are incurred.

Operating Expenses. Operating expenses constitute cost of administering the business and cost incurred to sell and market the goods. These include advertising and freight and handling, among others. Operating expenses are expensed as incurred.

Interest Expense. Expense is recognized as the interest accrues, taking into account the effective yield of the asset.

Employee Benefits
Short-term Employee Benefits. The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the year. A liability is also recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

Short-term employee benefit liabilities are measured on an undiscounted basis and are expensed as the related service is provided.

Retirement Benefits. Retirement benefit costs are actuarially determined using the projected unit credit method, which reflects services rendered by employees to the date of valuation and incorporates assumptions concerning employees' projected salaries.

The Company recognizes service costs, comprising of current service costs, past service costs, gains and losses on curtailments and non-routine settlements and net interest expense or income in profit or loss. Net interest is calculated by applying the discount rate to the net retirement liability or asset.

Past service costs are recognized in profit or loss on the earlier of the date of the plan amendment or curtailment and the date that the Company recognizes restructuring-related costs.

Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit obligation) are recognized immediately in other comprehensive income in the year in which these arise. Remeasurements are not reclassified to profit or loss in subsequent year.

The net retirement liability is the aggregate of the present value of the defined benefit obligation and the fair value of plan assets out of which the obligations are to be settled directly.

The present value of the retirement liability is determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability.

Actuarial valuations are made with sufficient regularity so that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the reporting date.

Leases

The Company as a Lessee

Right-of-use (ROU) assets. ROU assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

The ROU assets are measured subsequently at cost less amortization and any impairment losses. Additionally, the cost is subsequently adjusted for any remeasurement of the lease liabilities resulting from reassessments or lease modifications.

Lease Liabilities. Lease liabilities are measured at the present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees; and
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

After the initial recognition, the measurement of a lease liability is affected by:

- accruing interest on the lease liability;
- lease payments made; and
- remeasurements reflecting any reassessment or lease modifications.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

The lease liabilities are measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise an extension or termination option.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis of accounting as rent expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Company as a Lessor
Leases where a significant portion of the risks and rewards of ownership over the asset are retained by the lessor, are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis of accounting over the period of the lease.

Income Taxes
Current Tax. Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at end of the reporting year.

Deferred Tax. Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences.

Deferred tax, however, is not recognized when it arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at the end of reporting year.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in relation to the underlying transaction either in other comprehensive income or directly in equity.

Earnings per Share
The Company presents basic and diluted earnings per share. Basic earnings per share are calculated by dividing the net income by the weighted average number of common shares outstanding during the year. Diluted earnings per share are calculated in the same manner, adjusted for the effects of all dilutive potential common shares.

The Company has no dilutive potential common shares.

Related Party Relationship and Transactions
Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties.

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

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

Segment Reporting
Operating segments are components of the Company: (a) that engage in business activities from which this may earn revenue and incur expenses, including revenue and expenses relating to transactions with other components of the Company; (b) whose operating results are regularly reviewed by the Company's senior management, its chief operating decision maker, to make decisions about resources to be allocated to the segment and assess its performance; and (c) for which discrete financial information is available.

Provisions
Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that a transfer of economic benefits will be required to settle the obligation, and the amount can be reliably estimated.

Provisions are measured at the present value of the amount expected to be required to settle the obligation using a pre-tax rate that reflects market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognized as interest expense.

Contingencies
Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Events after the Reporting Date
Events after the reporting date that provide additional information about the Company's financial position at the end of the reporting year (adjusting events) are reflected in the financial statements.

Events after the reporting date that are non-adjusting events are disclosed in the notes to financial statements when material.

3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires the Company to exercise judgment, make estimates and use assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments and estimates are based on management's evaluation of relevant facts and circumstances as of the date of the comparative financial statements. Actual results could differ from these estimates, and as such estimates will be adjusted accordingly when the effects become determinable.

Judgments

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

Determining the Operating Segments. Determination of operating segments is based on the information about components of the Company that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Company's chief operating decision maker, which is defined to be the Company's BOD, in order to allocate resources to the segment and assess its performance. The Company reports separate information about an operating segment that meets any of the following quantitative thresholds: (a) its reported revenue, including both sales to external customers and intersegment sales or transfers, is 10% or more of the combined revenue, internal and external, of all operating segments; (b) the absolute amount of its reported profit or loss is 10% or more of the greater, in absolute amount, of (i) the combined reported profit of all operating segments that did not report a loss and (ii) the combined reported loss of all operating segments that reported a loss; and (c) the assets of the segment are 10% or more of the combined assets of all operating segments.

The Company has only one (1) reportable operating segment which is the trading business and one (1) geographical segment as all of the assets are located in the Philippines. The Company operates and derives all its revenue from domestic operations. Thus, no further disclosures of operating and geographical segments are necessary.

Determining the Classification of Financial Assets. Classification of financial assets depends on the results of the business model test and sole payment of principal and interest (SPPI) test performed by the Company.

The Company exercises judgment in determining the business model to be used in managing its financial instruments to achieve its business objectives. Below are the key factors considered by the Company in its business model assessment:

- Specific business objectives in holding the financial assets,
- Policies in managing the risks of the financial assets,
- Expected frequency, value and timing of sales, and
- Key performance indicators of the financial assets.

The Company also determines whether the contractual terms of debt instruments classified and measured as financial assets at amortized cost give rise to specified dates to cash flows that are solely payments for principal and interest, with interest representing time value of money and credit risk associated with the outstanding principal amount. Any other contractual term that changes the timing or amount of cash flows does not meet the SPPI test.

Determining the Classification of Lease Arrangements and Appropriate Lease Term and Discount Rates. The Company, as a lessee, has various lease agreements with related parties and third parties for land, buildings, retail and office units.

The Company has exercised significant judgment in determining the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or in any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

All the existing Company leases, except for short-term lease on transportation equipment and leases on land and buildings with less than 12 months term qualify as leases under PFRS 16.

Lease liabilities and ROU assets were recognized for the remaining lease agreements. Payments of lease liabilities are allocated over the principal liability and finance costs. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each year. The ROU assets are amortized over the lease term on a straight-line basis.

The leases on land, buildings, retail and office units and computer software are renewable upon mutual agreement by both parties (as amended for certain lease agreements) to be covered by a separate and new lease agreement. Accordingly, the renewal option was not considered in the lease term for purposes of the recognition of ROU assets and lease liabilities.

Significant management judgment was likewise exercised by the Company in determining the discount rate, whether implicit rate, if readily available or incremental rate, to be used in calculating the present value of ROU assets and lease liabilities. The discount rate ranges from 4.28% to 8.56% which are the incremental borrowing rates as obtained from the banks.

Reassessments are made on a continuing basis whether changes should be reflected on the amount of lease liabilities due to circumstances affecting lease payments.

The details of the interest expense on lease liabilities, and amortization on ROU assets are disclosed in Note 9 to the financial statements.

Rent expense on short-term lease on transportation equipment and leases on land and buildings with less than 12 months term is disclosed in Note 9 to the financial statements.

The carrying amount of ROU assets and lease liabilities are disclosed in Note 9 to the financial statements.

The Company, as a lessor, has existing lease agreements on commercial spaces, gondola lightings, facade billboards, window displays and street banners. The Company has determined that the significant risks and benefits of ownership over the leased properties remain with the Company. Accordingly, the Company accounts for the lease agreements as operating leases.

Rental income is disclosed in Note 9 to the financial statements.

Evaluating Contingencies. The Company is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Company's management and legal counsel believe that the eventual liabilities or claims under these lawsuits will not have a material effect on the financial statements.

Estimates and Assumptions

The key estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances of the financial statements. Actual results could differ from those estimates. Presented below are the relevant significant estimates performed by management in preparing the financial statements.

Assessing the Impairment of Trade and Other Receivables. The Company is using the simplified approach in measuring ECL based on lifetime and 12-month expected credit losses on its trade and other receivables, respectively. The Company has established a provision matrix that uses historical credit loss experience adjusted for forward-looking factors, as appropriate.

Net provision (reversal) for allowance for ECL is disclosed in Note 5 to the financial statements.

Based on management assessment, the allowance for ECL of trade and other receivables as at March 31, 2024 and December 31, 2023 is adequate to cover for possible losses.

The carrying amount of trade and other receivables and allowance for ECL are disclosed in Note 5 to the financial statements.

Assessing the Impairment Losses on Other Financial Assets at Amortized Cost. In assessing ECL for other financial asset at amortized cost, the Company uses historical credit loss experience adjusted for forward-looking factors, as appropriate. The Company, except for refundable cash bonds, has no history of actual losses.

No provision for impairment losses on other financial assets at amortized cost were recognized as at March 31, 2024 and December 31, 2023.

The carrying amounts of other financial assets are disclosed in Notes 4, 7 and 10 to the financial statements.

Other financial assets at amortized cost also include refundable cash bonds, which were fully provided with allowance for impairment losses since 2016 (see Note 10).

Determining the NRV of Merchandise Inventories. The Company recognizes inventory write down and losses whenever NRV becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

Estimates of NRV are based on the most reliable evidence available at the time the estimates are made of the amount the inventories that are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at reporting date. The adequacy of allowance for inventory write-down and losses is reviewed periodically to reflect the accurate valuation in the financial statements.

The carrying amount of merchandise inventories and net provision for inventory write-down and losses are disclosed in Note 6 to the financial statements.

The details of the allowance for inventory write-down and losses are disclosed in Note 6 to the financial statements.

Estimating the Useful Lives of Property and Equipment and Computer Software. The Company estimates the useful lives of property and equipment and computer software based on the years over which the assets are expected to be available for use. The estimated useful lives of property and equipment and computer software 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. As at March 31, 2024 and December 31, 2023, there is no change in the estimated useful lives of property and equipment and computer software.

The carrying amounts of depreciable property and equipment and computer software are disclosed in Notes 8 and 10 to the financial statements.

Assessing the Impairment of Nonfinancial Assets. The Company assesses any impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of assets or group of assets may not be recoverable. Factors that the Company considered in deciding when to perform impairment review includes the following among others:

- significant under-performance of a business in relation to expectations;
- significant negative industry or economic trends; and
- significant changes or planned changes in the use of the assets.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The estimated recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's-length transaction. Recoverable amount represents the value in use, determined as the present value of estimated future cash flow expected to be generated from the continued use of the assets.

The estimated cash flow is projected using growth rates based on historical experience and business plans and are discounted using pretax discount rates that reflect the current assessment of the time value of money and the risks specific to the asset. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash generating unit to which the assets belong.

There were no indications that the carrying amount of nonfinancial assets may be impaired. Accordingly, no impairment loss was recognized for the three-month period ending March 31, 2024 and 2023.

The carrying amount of nonfinancial assets assessed for possible impairment are disclosed in Notes 5, 7, 8, 9 and 10 to the financial statements.

Determining the Retirement Liability. The determination of the obligation and cost of retirement benefits is dependent on the assumptions determined by management and used by the actuary in calculating such amounts. These assumptions are described in Note 12 to the financial statements and include, among others, discount rate and salary increase rate. Actual results that differ from the Company's assumptions are accumulated and recognized in other comprehensive income, therefore, generally affect the recognized expense and recorded obligation in such future periods.

The details of the Company's retirement expense and net retirement liability are disclosed in Note 12 to the financial statements.

Assessing the Realizability of Deferred Tax Assets. The Company reviews the carrying amount of deferred tax assets at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. The Company's recognized deferred tax assets is disclosed in Note 16 to the financial statements.

4. Cash and Cash equivalents

Details of this account are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Cash on hand	**₱13,004,856**	₱15,366,295
Cash in banks	**1,051,383,633**	1,099,793,780
Cash equivalents	**650,000,000**	750,000,000
	₱1,714,388,489	₱1,865,160,075

Cash in banks earn interest at prevailing bank deposit rates. Cash equivalents represent money market placements with interest rate ranging from 6.0% to 6.5% per annum.

Details of interest income are as follows:

		For the Three-month period Ended March 31 (Unaudited)	
	Note	**2024**	2023
Cash in banks and cash equivalents		**₱7,592,920**	314,795
Short-term investments		–	₱10,585,738
	15	**₱7,592,920**	₱10,900,533

5. Trade and Other Receivables and Advance Payments to Suppliers

Details of this trade and other receivables are as follows:

	Note	**March 31, 2024 (Unaudited)**	December 31, 2023 (Audited)
Trade:			
Third parties		**₱289,849,166**	₱323,732,764
Related parties	18	**3,590,304**	5,705,937
Suppliers support and other fees		**46,869,473**	76,487,034
Advances to officers and employees		**35,368,234**	47,395,705
Delivery fees and other customer charges		**35,048,937**	4,266,180
Rent receivables	9	**9,662,951**	7,481,125
Accrued interest		**4,842,778**	1,600,000
Others		**14,487,626**	6,405,541
		439,719,469	473,074,286
Allowance for impairment losses		**(47,277,333)**	(58,700,522)
		₱392,442,136	₱414,373,764

Trade receivables are unsecured, noninterest-bearing and have credit terms of 30 to 60 days.

Supplier support and other fees pertains to incentives and other fees received from supplier which have terms of 30 to 60 days.

Advances to officers and employees are noninterest-bearing advances and are normally settled through salary deduction. This account also includes cash advances to employees and officers for store operations which are for liquidation.

Rent receivables, which are collectible within one (1) year, include receivables from the lease of gondola lightings, facade billboards, window displays and street banners.

Accrued interest pertains to interest receivable on the Company's cash in banks and cash equivalents.

Others mainly pertain to income from incidental services rendered, including income from related parties amounting to ₱0.6 million and ₱0.9 million in March 31, 2024 and December 31, 2023, respectively (see Note 18).

Amounts in Millions	**As at March 31, 2024 (Unaudited)**				
	Total	**Neither Past Due Nor Impaired**	**Less Than One Year**	**One Year to Less Than Three Years**	**More Than Three Years**
Trade:					
Third parties	₱289.9	₱110.0	₱122.3	₱32.5	₱25.1
Related parties	3.6	1.2	2.4	–	–
	293.5	111.2	124.7	32.5	25.1
Suppliers support and other fees	46.9		33.8	13.0	0.1
Advances to officers and employees	35.3	2.6	32.7	–	–
Accrued interest	4.8	4.8	–	–	–
Rent receivables	9.7	0.3	9.3	0.1	–
Delivery fees and other customer charges	35.0	33.6	0.8	0.6	–
Others	14.5	10.0	3.4	0.1	1.0
	439.7	162.5	204.7	46.3	26.2
Allowance for impairment losses	(47.3)	–	(6.5)	(14.6)	(26.2)
	₱392.4	₱162.5	₱198.2	₱31.7	₱–

Amounts in Millions	As at December 31, 2023 (Audited)				
	Total	**Neither Past Due Nor Impaired**	**Less Than One Year**	**One Year to Less Than Three Years**	**More Than Three Years**
Trade:	₱323.7	₱64.0	₱195.9	₱25.8	₱38.0
Third parties					
Related parties	5.7	2.7	3.0	–	–
	329.4	66.7	198.9	25.8	38.0
Suppliers support and other fees	76.5	29.7	33.6	13.1	0.1
Advances to officers and employees	47.4	6.3	41.1	–	–
Accrued interest	1.6	1.6	–	–	–
Rent receivables	7.5	0.2	7.1	0.2	–
Delivery fees and other customer charges	4.3	3.5	0.2	0.6	–
Others	6.4	2.9	2.5	0.1	0.9
	473.1	110.9	283.4	39.8	39.0
Allowance for impairment losses	(58.7)	–	(6.5)	(13.2)	(39.0)
	₱414.4	₱110.9	₱276.9	₱26.6	₱–

Movements of allowance for ECL on receivables are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	**₱58,700,522**	₱64,056,966
Reversal	**(11,423,189)**	(5,356,444)
Balance at end of period	**₱47,277,333**	₱58,700,522

Based on management assessment, the allowance for ECL on receivables as at March 31, 2024 and December 31, 2023 is adequate to cover for possible losses.

Advance Payments to Suppliers
Advance payments to suppliers which pertain to advance payments on purchases of merchandise inventories and other goods and services amounted to ₱199.8 million and ₱346.5 million as at March 31, 2024 and December 31, 2023. Corresponding goods will be substantially delivered on the next quarter.

6. **Merchandise Inventories**

Merchandise inventories are stated at cost and NRV. Details are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
At cost	**₱15,877,623,685**	₱15,703,084,573
At NRV	**69,520,267**	73,664,170
	₱15,947,143,952	₱15,776,748,743

Merchandise inventories pertain to goods being traded under the normal course of business, which include construction supplies, bathroom and kitchen supplies and equipment and furniture among others, sold on wholesale and retail basis.

The cost of merchandise inventories stated at NRV amounted to ₱283.7 million and ₱269.5 million as at March 31, 2024 and December 31, 2023, respectively.

Movements of allowance for inventory write-down and losses are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Beginning of period	**₱195,804,776**	₱262,179,853
Provision	**18,347,771**	–
Write off	**–**	(66,375,077)
Balance at end of period	**₱214,152,547**	₱195,804,776

Based on management assessment, the allowance for inventory write-down and losses is adequate to cover for possible losses.

Inventories charged to cost of sales amounted to ₱4,990.7 million and ₱5,164.3 million for the three-month period ended March 31, 2024 and 2023, respectively, including any reversal of allowance and provision for inventory write-down and losses.

7. **Other Current Assets**

Details of this account are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Materials and supplies	**₱636,166,790**	₱715,184,002
Current deferred input VAT	**335,639,570**	374,150,345
Prepaid expenses	**188,481,604**	100,729,473
Input VAT	**–**	144,096,648
Container deposits	**9,598,681**	12,053,253
	₱1,169,886,645	₱1,346,213,721

Materials and supplies pertain to consumable construction materials, office supplies and uniforms.

Deferred input VAT pertains to unamortized portion of input VAT on property and equipment, and consigned goods already sold.

Prepaid expenses pertain to payment of insurance, advertising, membership dues, rent and taxes by the Company which are being amortized over a year. This includes advance rent for leases with related parties amounting to ₱5.3 million and ₱2.3 million as at March 31, 2024 and December 31, 2023, respectively (see Note 18).

Container deposits pertain to monetary deposits for containers used for imported goods. Container deposits will be refunded upon return of the empty containers to the shipping companies.

8. Property and Equipment

Details and movements of this account are as follows:

	March 31, 2024 (Unaudited)					
	Buildings and Improvements	**Furniture and Equipment**	**Leasehold Improvements**	**Transportation Equipment**	**Construction in Progress**	**Total**
Cost						
Balances at beginning of period	**₱9,605,872,697**	**₱2,835,676,394**	**₱1,598,298,385**	**₱51,919,085**	**₱1,100,591,044**	**₱15,192,357,605**
Additions	**–**	**174,716,775**	**–**	**632,839**	**655,742,072**	**831,091,686**
Reclassifications	**368,225,350**	**–**	**25,400,934**	**–**	**(393,626,284)**	**–**
Disposal	**–**	**–**	**–**	**(1,598,709)**	**–**	**(1,598,709)**
Balances at end of period	**9,974,098,047**	**3,010,393,169**	**1,623,699,319**	**50,953,215**	**1,362,706,832**	**16,021,850,582**
Accumulated Depreciation and Amortization						
Balances at beginning of period	**1,900,701,220**	**1,612,531,793**	**1,157,176,308**	**37,715,455**	**–**	**4,708,124,776**
Depreciation and amortization	**162,365,867**	**102,294,446**	**41,592,275**	**1,168,191**	**–**	**307,420,779**
Disposal	**–**	**–**	**–**	**(1,598,709)**	**–**	**(1,598,709)**
Balances at end of period	**2,063,067,087**	**1,714,826,239**	**1,198,768,583**	**37,284,937**	**–**	**5,013,946,846**
Carrying Amount	**₱7,911,030,960**	**₱1,295,566,930**	**₱424,930,736**	**₱13,668,278**	**₱1,362,706,832**	**₱11,007,903,736**

	December 31, 2023 (Audited)					
	Buildings and Improvements	Furniture and Equipment	Leasehold Improvements	Transportation Equipment	Construction in Progress	Total
Cost						
Balances at beginning of year	₱8,458,185,265	₱2,321,107,967	₱1,455,827,094	₱45,946,376	₱598,307,200	₱12,879,373,902
Additions	–	514,568,427	–	10,565,477	1,792,442,567	2,317,576,471
Reclassifications	1,147,687,432	–	142,471,291	–	(1,290,158,723)	–
Disposal	–	–	–	(4,592,768)	–	(4,592,768)
Balances at end of year	9,605,872,697	2,835,676,394	1,598,298,385	51,919,085	1,100,591,044	15,192,357,605
Accumulated Depreciation and Amortization						
Balances at beginning of year	1,301,861,152	1,217,274,369	911,109,287	36,775,976	–	3,467,020,784
Depreciation and amortization	598,840,068	395,257,424	246,067,021	5,023,680	–	1,245,188,193
Disposal	–	–	–	(4,084,201)	–	(4,084,201)
Balances at end of year	1,900,701,220	1,612,531,793	1,157,176,308	37,715,455	–	4,708,124,776
Carrying Amount	₱7,705,171,477	₱1,223,144,601	₱441,122,077	₱14,203,630	₱1,100,591,044	₱10,484,232,829

Construction in progress pertains to costs incurred for constructing new stores in various strategic locations within the Philippines and are expected to be completed in 2024.

As at March 31, 2024 and December 31, 2023, the amount of contractual commitment related to the construction in progress amounted to ₱663.0 million and ₱680.6 million, respectively.

Depreciation and amortization are summarized below:

		For the Three-month period Ended March 31 (Unaudited)	
	Note	**2024**	2023
ROU assets	9	**₱394,153,400**	₱356,514,040
Property and equipment		**307,420,779**	299,695,791
Computer software	10	**10,172,548**	9,339,671
	14	**₱711,746,727**	₱665,549,502

The acquisition costs of fully depreciated assets still in use amounted to ₱1,678.9 million and ₱1,621.7 million in March 31, 2024 and December 31, 2023, respectively.

9. Lease Commitments

The Company as a Lessee

The Company has various lease agreements with related parties and third parties for the use of land, buildings, retail and office units, transportation equipment and computer software for a period of one to 15 years. The leases are renewable upon mutual agreement by both parties to be covered by a separate and new lease agreement upon renewal. The annual rent of most contracts of lease is subject to escalation of 5.00%.

Security deposits amounted to ₱183.2 million and ₱183.4 million as at March 31, 2024 and December 31, 2023, respectively (see Note 10).

Amounts recognized in profit and loss:

		For the Three-month period Ended March 31 (Unaudited)	
	Note	**2024**	2023
Amortization on ROU assets	8	**₱394,153,400**	₱356,514,040
Interest on lease liabilities		**169,456,100**	153,543,198
Rent expense	14	**56,054,724**	41,052,086
		₱619,664,224	₱551,109,324

Rent expense in 2024 and 2023 pertains to variable lease payments pertaining to real property taxes on leased properties from related parties and short-term leases.

Movements in the ROU assets are presented below:

		March 31, 2024 (Unaudited)				
	Note	**Land**	**Land and Buildings**	**Buildings**	**Retail and Office Units**	**Total**
Cost						
Balances at beginning of period		**₱8,358,523,609**	**₱5,046,934,778**	**₱625,000,564**	**₱281,342,625**	**₱14,311,801,576**
Additions		**–**	**32,575,270**	**31,937,265**	**–**	**64,512,535**
Balances as at end of period		**8,358,523,609**	**5,079,510,048**	**656,937,829**	**281,342,625**	**14,376,314,111**
Amortization						
Balances at beginning of period		**1,940,955,230**	**3,260,889,070**	**451,344,627**	**180,125,072**	**5,833,313,999**
Amortization	8	**146,844,044**	**205,798,873**	**28,611,667**	**12,898,816**	**394,153,400**
Balances as at end of period		**2,087,799,274**	**3,466,687,943**	**479,956,294**	**193,023,888**	**6,227,467,399**
Carrying Amount		**₱6,270,724,335**	**₱1,612,822,105**	**₱176,981,535**	**₱88,318,737**	**₱8,148,846,712**

		December 31, 2023 (Audited)				
	Note	Land	Land and Buildings	Buildings	Retail and Office Units	Total
Cost						
Balance at beginning of year		₱7,201,485,049	₱4,329,754,306	₱569,726,687	₱164,467,112	₱12,265,433,154
Additions		1,157,038,560	717,180,472	55,273,877	116,875,513	2,046,368,422
Balance as at end of year		8,358,523,609	5,046,934,778	625,000,564	281,342,625	14,311,801,576
Amortization						
Balance at beginning of year		1,377,489,039	2,495,410,122	346,157,870	141,637,232	4,360,694,263
Amortization	8	563,466,191	765,478,948	105,186,757	38,487,840	1,472,619,736
Balances as at end of the year		1,940,955,230	3,260,889,070	451,344,627	180,125,072	5,833,313,999
Carrying Amount		₱6,417,568,379	₱1,786,045,708	₱173,655,937	₱101,217,553	₱8,478,487,577

The noncash transactions related to ROU assets amounted to ₱64.5 million and ₱311.4 million for the three-month period ended March 31, 2024 and 2023, respectively.

Movements in the lease liabilities are presented below:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Balance at beginning of period	**₱9,886,218,745**	₱8,973,022,982
Additions	**60,964,292**	1,986,732,246
Payments	**(471,900,531)**	(1,714,151,823)
Interest expense	**169,456,100**	640,615,340
Balance at end of period	**9,644,738,606**	9,886,218,745
Current portion	**1,682,045,566**	1,768,920,622
Noncurrent portion	**₱7,962,693,040**	₱8,117,298,123

As at March 31, 2024 and December 31, 2023, the future minimum lease payments are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Less than one (1) year	**₱1,793,800,998**	₱1,920,545,588
Between one (1) and five (5) years	**4,504,652,755**	4,607,812,958
More than five (5) years	**7,728,269,349**	7,890,192,805
	₱14,026,723,102	₱14,418,551,351

The interest expense on lease liabilities amounted to ₱169.5 million and ₱153.5 million for the three-month period ended March 31, 2024 and 2023, respectively.

Advance rentals paid for new leases amounted to ₱0.9 million and ₱51.1 million as at March 31, 2024 and December 31, 2023, respectively.

The Company as a Lessor
The Company has existing lease agreements on commercial spaces, gondola lightings, facade billboards, window displays and street banners with lease terms of less than a year. The leases are renewable upon mutual agreement by the parties.

Rent income amounted to ₱22.0 million and ₱16.5 million for the three-month period ended March 31, 2024 and 2023, respectively, (see Note 15). Rent receivables amounted to ₱9.7 million and ₱7.5 million as at March 31, 2024 and December 31, 2023, respectively (see Note 5).

Cash Flows from Financing Activities

The reconciliation of movements of liabilities arising from financing activities is presented below:

	2023	**Noncash**	**Cash Payments**	**2024**
Lease liabilities	**₱9,886,218,745**	**₱230,420,392**	**(₱471,900,531)**	**₱9,644,738,606**
Advance rental for new leases	**–**	**918,883**	**(918,883)**	**–**
Cash dividends	**–**	**1,065,928,270**	**–**	**1,065,928,270**
	₱9,886,218,745	**₱1,297,267,545**	**(₱472,819,414)**	**₱10,710,666,876**

	2022	Noncash	Cash Payments	2023
Lease liabilities	₱8,973,022,982	₱2,627,347,586	(₱1,714,151,823)	₱9,886,218,745
Advance rental for new leases	–	51,122,645	(51,122,645)	–
Cash dividends	–	1,516,897,923	(1,516,897,923)	–
	₱8,973,022,982	₱4,195,368,154	(₱3,282,172,391)	₱9,886,218,745

10. **Other Noncurrent Assets**

Details of this account are as follows:

	Note	**March 31, 2024 (Unaudited)**	December 31, 2023 (Audited)
Security deposits	9	**₱183,152,683**	₱183,389,469
Computer software		**180,677,631**	176,338,963
Electricity deposits		**78,839,569**	78,720,920
Advances to contractors		**50,008,244**	40,113,711
Noncurrent deferred input VAT		**5,923,154**	7,627,595
Prepaid expenses – noncurrent portion	7	**1,541,752**	–
		₱500,143,033	₱486,190,658

Security deposits include deposits to related parties amounting to ₱139.7 million and ₱137.7 million in March 31, 2024 and December 31, 2023, respectively (see Note 18).

Movements of computer software are as follows:

	Note	**March 31, 2024 (Unaudited)**	December 31, 2023 (Audited)
Cost			
Balance at beginning of period		**₱278,140,221**	₱236,634,232
Additions		**14,511,216**	41,505,989
Balance at end of period		**292,651,437**	278,140,221
Accumulated Amortization			
Balance at beginning of period		**101,801,258**	64,111,430
Amortization	8	**10,172,548**	37,689,828
Balance at end of period		**111,973,806**	101,801,258
Carrying Amount		**₱180,677,631**	₱176,338,963

Electricity deposits pertain to noninterest-bearing refundable deposits to various electric companies. These are to be refunded upon termination of the contract.

Advances to contractors pertain to payments for purchase of materials and services for the constructions of assets to be classified as property and equipment. The advances will be applied against the future billings of the contractors.

The Company has refundable cash bonds amounting to ₱83.4 million. These refer to payments made to the Bureau of Customs (BOC) for the release of imported goods purchased by the Parent Company with no established and published values covering importations as required in Republic Act No. 8181, *Transaction Value Act*. The amount of cash bonds to be paid by the Parent Company is determined by the BOC. The amount is refundable once the correct dutiable value or values for the importation have been established. As at March 31, 2024 and December 31, 2023 the refund of cash bonds is still pending with the BOC. Accordingly, this has been fully provided with allowance since 2016.

11. Trade and Other Payables

Details of this account are as follows:

	Note	**March 31, 2024 (Unaudited)**	December 31, 2023 (Audited)
Trade:			
Third parties		**₱4,699,598,976**	₱5,042,448,068
Related parties	18	**11,305**	11,305
Nontrade:			
Third parties		**527,201,367**	635,175,911
Related parties	18	**49,784,944**	475,434,869
Advances from customers		**434,237,144**	377,915,631
Accrued expenses:			
Construction costs		**185,468,950**	120,684,045
Utilities		**57,811,467**	64,765,642
Salaries and wages		**30,690,845**	141,005,253
Outside services		**17,135,274**	21,987,930
Rent		**8,565,143**	–
Communication and postage		**3,519,385**	–
Others		**13,652,688**	9,695,320
Statutory payables		**106,382,635**	104,050,728
Unearned revenue		**102,809,576**	95,043,434
		₱6,236,869,699	₱7,088,218,136

Trade payables and accrued expenses are generally settled in varying periods depending on arrangement with suppliers, normally within 30 to 90 days.

Nontrade payables pertain to unpaid advertising and promotions, rent, utilities, construction and transportation and travel, which are payable in the succeeding month.

Advances from customers pertain to payments and deposits made by the customers, which are to be applied against future purchases. This includes advances from related parties amounting to ₱0.6 million and ₱0.5 million as at March 31, 2024 and December 31, 2023, respectively.

Statutory payables pertain to withholding taxes and obligatory contributions as mandated by the government. These are paid within 12 months.

Unearned revenues pertain to unearned revenue on loyalty program and unredeemed gift certificates.

12. **Retirement Plan**

The Company is a participant of the Wilcon Depot Multiemployer Retirement Plan together with the Parent Company and another related party. The plan is non-contributory and provides a retirement benefit equal to 100% of Plan Salary for every year of credited service.

The plan is exposed to interest rate risks and changes in the life expectancy of qualified employees but is not exposed to significant concentrations of risk on the plan assets.

Actuarial valuations are made periodically to update the retirement benefit liabilities and the amount of contributions. The latest actuarial valuation report was dated as at December 31, 2022. The management assessed that the retirement liability as at March 31, 2024 is a reasonable approximation of the retirement benefits despite the absence of an updated actuarial valuation report.

Details of retirement benefits recognized in profit or loss are as follows:

	For the Three-month period Ended March 31 (Unaudited)	
	2024	2023
Current service cost	**₱8,253,301**	₱5,920,069
Interest expense	**6,582,815**	6,998,899
Interest income	**(5,699,302)**	(5,477,827)
	₱9,136,814	₱7,441,141

The amounts of net retirement liability recognized in the statements of financial position are as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Present value of defined benefit obligation	**₱431,569,418**	₱421,257,446
Fair value of plan assets	**(378,784,868)**	(363,942,314)
	₱52,784,550	₱57,315,132

The present value of the retirement liability was determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability. The discount rate assumption is based on market yields as of December 31, 2022.

The changes in the present value of the defined benefit obligation are as follows:

	March 31, 2024 (Unaudited)	December 31,2023 (Audited)
Balance at beginning of period	**₱421,257,446**	₱378,318,846
Current service cost	**8,253,301**	23,680,274
Interest expense	**6,582,815**	27,995,595
Benefits paid from plan assets	**(4,524,144)**	(8,737,269)
Balance at end of period	**₱431,569,418**	₱421,257,446

The changes in the fair value of plan assets are presented below:

	March 31, 2024 (Unaudited)	December 31,2023 (Audited)
Balance at beginning of period	**₱363,942,314**	₱296,098,693
Contributions to retirement plan	**13,667,396**	54,669,587
Interest income	**5,699,302**	21,911,303
Benefits paid from plan assets	**(4,524,144)**	(8,737,269)
Balance at end of period	**₱378,784,868**	₱363,942,314

Details of plan assets are as follows:

	Rates
Cash and cash equivalents	0.96%
Time deposits	11.07%
Debt instruments	62.01%
Equity instruments	11.94%
Others	14.02%
	100%

The principal actuarial assumptions used to determine the retirement liability are as follows:

	March 31, 2024 (Unaudited)	December 31,2023 (Audited)
Discount rate	**7.40%**	7.40%
Annual salary increase rate	**4.00%**	4.00%

Sensitivity analysis on retirement liabilities is as follows:

	Basis Points	Amount
Discount rate	+100	(₱41,031,511)
	-100	49,098,669
Salary rate	+100	47,766,735
	-100	(40,544,472)

As at March 31, 2024, the expected future benefits payments are as follows:

Year	Amount
1 year	₱69,931,439
2 years	7,575,057
3 years	12,180,532
4 years	13,307,749
5 years	7,468,345
6 – 10 years	112,299,666
	₱222,762,788

The weighted average duration of the defined benefit obligation at the end of the reporting period is 15 years.

13. **Equity**

Details of capital stock as at March 31, 2024 and December 31, 2023 are as follows:

	Number of Shares	Amount
Authorized - at ₱1 a share	5,000,000,000	₱5,000,000,000
Issued and outstanding	4,099,724,116	₱4,099,724,116

On March 31, 2017, the 1,393,906,200 common shares of the Company were listed in the PSE at an offer price of ₱5.05 a share. Net proceeds from the IPO amounted to ₱6,749.3 million, net of offer expenses of ₱289.9 million (see Note 1). Net additional paid-in capital amounted to ₱5,373.7 million.

As at March 31, 2024 and December 31, 2023, the Company has 4,099,724,116 listed shares.

On December 13, 2023, the BOD approved the appropriation of retained earnings as at December 31, 2023 amounting to ₱2,100.0 million for the construction of new stores and warehouses until December 31, 2024

Cash Dividends

The BOD of the Company approved the declaration and payment of the following cash dividends to stockholders as follows:

Date of Declaration	Date of Record	Date of Payment	Dividend per share	Total Cash dividends
March 20,2024	**April 18, 2024**	**May 8, 2024**	**₱0.26**	**₱1,065,928,270**
February 23, 2023	March 22, 2023	April 18, 2023	0.37	1,516,897,923
February 23, 2022	March 18, 2022	April 12, 2022	0.21	860,942,063

14. Operating Expenses

Details of this account are as follows:

	Note	For the Three-Month Period Ended March 31 (Unaudited) 2024	2023
Depreciation and amortization	8	**₱711,746,727**	₱665,549,502
Salaries, wages and employee benefits		**344,713,023**	349,819,452
Outsourced services		**317,812,731**	318,674,153
Trucking services		**270,601,893**	219,719,382
Utilities		**196,540,865**	179,253,683
Taxes and licenses		**143,155,525**	126,599,858
Credit card charges		**67,799,741**	68,654,204
Repairs and maintenance		**65,410,133**	36,049,372
Rent	9	**56,054,724**	41,052,086
Advertising and promotions		**30,841,458**	46,451,549
Supplies		**22,319,790**	36,585,672
Communications and postage		**14,556,321**	12,112,691
Transportation and travel		**10,801,509**	9,292,948
Donations and contributions		**9,766,694**	6,324,524
Insurance		**7,270,971**	6,946,853
Professional fees		**1,910,935**	6,779,360
Others		**30,819,163**	29,672,669
		₱2,302,122,203	₱2,159,537,958

Other expenses include fuel & oil, director's fees, net provision for impairment losses and other operating costs.

15. Other Income

Details of this account are as follows:

	Note	For the Three-Month Period Ended March 31 (Unaudited) 2024	2023
Supplier support and other fees		**₱82,166,862**	₱170,501,501
Delivery fees and other customer charges		**24,779,630**	30,305,362
Rent income	9	**22,003,125**	16,478,353
Interest income	4	**7,592,920**	10,900,533
Net realized foreign exchange gain		**60,186**	907,200
		₱136,602,723	₱229,092,949

Supplier support and other fees pertains to incentives and other fees received from supplier.

Delivery fees and other customer charges pertains to fees received from customers for the delivery and other services rendered.

Rent income pertains to lease of gondola lightings, facade billboards, window displays and street banners.

16. **Income Tax**

The current income tax expense represents the regular corporate income tax (RCIT). The income tax rate used for the three-month period ended March 31, 2024 and 2023 is 25%.

The reconciliation between income tax expense at statutory tax rate and as presented in the statements of comprehensive income is as follows:

	For the Three-Month Period Ended March 31 (Unaudited)	
	2024	2023
Income tax expense at statutory rate	**₱246,224,477**	₱319,759,289
Income tax effects of interest income already subjected to final tax	**(1,189,965)**	(2,725,133)
	₱245,034,512	₱317,034,156

Net deferred tax assets relate to the tax effect of the temporary differences as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Deferred tax assets:		
Effects of PFRS16	**₱472,493,768**	₱449,719,762
Allowance for inventory write-down and losses	**53,538,137**	48,951,195
Retirement liability	**26,549,148**	28,155,621
Unearned revenue from loyalty program	**21,875,840**	20,847,587
Allowance for impairment of refundable cash bonds	**20,852,482**	20,852,482
Allowance for ECL on receivables	**11,819,333**	14,675,130
Unrealized foreign exchange loss	**150,756**	7,887
Deferred tax liability:		
Unrealized foreign exchange gain	**(149,252)**	(13,191)
	₱607,130,212	₱583,196,473

Deferred income expense (benefit) is recognized as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Through profit or loss	**₱666,189,841**	₱642,256,102
Through other comprehensive income	**(59,059,629)**	(59,059,629)
	₱607,130,212	₱583,196,473

17. **Commitments and Contingencies**

Agreements with Importing Suppliers

Purchases from certain importing suppliers are subject to rebates based on an agreed percentage of sales from goods purchased.

Contingencies

The Company is a party to certain lawsuits or claims in the normal course of business. The Company and its legal counsel believe that any eventual liabilities under these lawsuits or claims will not have a material effect on the financial statements.

Accordingly, no provision for probable losses arising from legal contingencies was recognized in the financial statements as at March 31, 2024 and December 31, 2023.

18. Related Party Transactions and Balances

The Company has an approval policy on material related party transactions (RPT) wherein all individual material RPT shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the independent directors voting to approve the material RPT.

In case that a majority of the independent director's vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two thirds (2/3) of the outstanding capital stock.

The Company, in the normal course of business, has various transactions and balances with its related parties, as described below.

	Year	For the Three-Month Period Ended March 31 (Unaudited)		As at March 31, 2024 (Unaudited) And December 31, 2023 (Audited)	
Related Party		Revenue from Related Parties	Purchases from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties
Parent Company	**2024**	**₱105,027**	**₱ 226,217,307**	**₱178,781,227**	**₱–**
	2023	1,955,632	214,033,563	255,595,707	199,537,294
Entities under Common Control	**2024**	**5,633,562**	**351,030,934**	**229,290,298**	**50,313,406**
	2023	5,250,161	237,176,801	227,469,729	267,195,786
Directors and Officers	**2024**	**1,628,921**	**9,708,677**	**9,596,193**	**33,286**
	2023	575,913	9,171,784	11,341,775	9,233,120
	2024	**₱7,367,510**	**₱586,956,918**	**₱417,667,718**	**₱50,346,692**
	2023	7,781,706	460,382,148	494,407,211	475,966,200

Amounts owed by related parties consist mainly of trade and other receivables amounting to ₱4.2 million and ₱6.6 million as at March 31, 2024 and December 31, 2023, respectively and security deposits and advance rent (included as part of "Other current assets" or "Other noncurrent assets") aggregating ₱413.5 million and ₱487.8 million as at March 31, 2024 and December 31, 2023, respectively. No impairment loss was recognized on trade and other receivables and security deposits in 2024 and 2023.

Amounts owed to related parties consist of trade and other payables aggregating ₱50.3 million and ₱476.0 million as at March 31, 2024 and December 31, 2023, respectively.

The following are the significant related party transactions of the Company:

a. Lease agreements with the Parent Company and related parties for the use of land, buildings, computer software for a period of 1 to 15 years (see Note 9).

Interest expense on lease liabilities to related parties amounted to ₱159.7 million and ₱119.4 million while amortization of ROU assets amounted to ₱365.4 million and ₱292.6 million for the three-month period ended March 31, 2024 and 2023, respectively. Total lease payments, including payments on lease liabilities, amounted to ₱515.6 million and ₱422.9 million for the three-month period ended March 31, 2024 and 2023, respectively.

Rent expense from related parties amounted to ₱48.8 million and ₱32.3 million for the three-month period ended March 31, 2024 and 2023, respectively.

b. Purchases and sales of goods and services with Parent Company and entities under common control.

Purchases of goods and services from related parties aggregated nil and ₱4,951 for the three-month period ended March 31, 2024 and 2023, respectively.

Sale of goods and services to related parties aggregated ₱7.4 million and ₱7.8 million for the three-month period ended March 31, 2024 and 2023, respectively.

c. Reimbursement of certain expenses mainly pertain to taxes, power and electricity, water, postage, telephone and telegraph. Reimbursement of certain expenses from related parties amounted to ₱13.1 million and ₱16.1 million for the three-month period ended March 31, 2024 and 2023, respectively.

Balances are unsecured and are normally settled in cash. Lease payments are due within the first 10 days of the month. Reimbursement of expenses and purchases and sales of goods and services normally have a repayment term of 30 days.

No guarantees have been provided or received for these balances. Impairment review is undertaken each financial year. No impairment loss on amounts owed by related parties was recognized as at March 31, 2024 and December 31, 2023.

Compensation of key management personnel by benefit type, are as follows:

	For the Three-month Period Ended March 31 (Unaudited)	
	2024	2023
Short-term employee benefits	**₱44,496,420**	₱98,670,896
Retirement benefits	**1,642,474**	2,797,850
	₱46,138,894	₱101,468,746

19. **Earnings per Share**

Basic and dilutive earnings per share were computed as follows:

	For the Three-month Period Ended March 31 (Unaudited)	
	2024	2023
Net income	**₱739,863,396**	₱962,003,004
Divided by the weighted average number of outstanding shares	**4,099,724,116**	4,099,724,116
	₱0.18	₱0.23

20. **Financial Risk Management Objectives and Policies**

The Company's financial instruments consist of cash and cash equivalents, trade and other receivables (excluding advances to officers and employees), security, electricity and container deposits, refundable cash bonds, trade and other payables (excluding statutory payables and unearned revenue) and lease liabilities. The main purpose of these financial instruments is to fund the Company's operations.

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated with the BOD, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial market.

The main financial risks arising from the financial instruments are credit risk, liquidity risk and interest rate risk. The BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below.

Credit Risk. Credit risk is the risk that the Company will incur a loss when counterparties fail to discharge their contractual obligations. Receivables are monitored on an ongoing basis with the result that the Company's exposure to possible losses is not significant.

Liquidity Risk. Liquidity risk is the risk that the Company will not be able to settle its obligations when these fall due. The Company monitors and maintains a level of cash deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

Interest Rate Risk. Interest rate risk pertains to the fluctuations in interest of cash in banks and cash equivalents. The interest rates on these assets are disclosed in Note 4. The Company regularly monitors interest rate movements and on the basis of current and projected economic and monetary data, decides on the best alternative to take.

The primary measure of the Company's interest rate risk is the duration of its financial assets. It quantifies the effect of changes in interest rates in the value of fixed income securities. The longer the duration, the more sensitive it should be to changes in interest rates.

Capital Management

The Company monitors its debt-to-equity ratio. The primary objective of the Company's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The debt-to-equity ratio is as follows:

	March 31, 2024 (Unaudited)	December 31, 2023 (Audited)
Total debt	**₱17,504,267,507**	₱17,271,610,456
Total equity	**22,183,418,000**	22,509,482,874
Debt-to-equity ratio	**0.79:1**	0.77:1

Equity includes capital stock, additional paid-in capital, other comprehensive income and retained earnings.

The Company has no externally imposed capital requirements.

21. Fair Value of Financial Instruments

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

Cash and Cash Equivalents, Trade and Other Receivables, Container Deposits, Refundable Cash Bonds, and Trade and Other Payables. The carrying amounts of cash and cash equivalents, trade and other receivables, container deposits, refundable cash bonds, and trade and other payables approximate their fair values primarily due to the relatively short-term maturity of these financial instruments. Container deposits are under Level 2 of the fair value measurements hierarchy for financial instruments.

Security Deposits. Fair values of security deposits are based on the present value of the expected future cash flows. These are categorized under Level 2 of the fair value measurements hierarchy for financial instruments.

Electricity Deposits. Management estimates that the carrying amount of the electricity deposits approximate their fair values. These are categorized under Level 2 of the fair value measurements hierarchy for financial instruments.

Lease Liabilities. The carrying amount of lease liabilities approximate its fair value because the initial recognition of lease liability is based on the discounted value of lease rentals and expected payments at the end of the lease.

In 2024 and 2023, there were no transfers among Level 1, Level 2 and Level 3 fair value measurements.

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS,
DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION

FOR THE PERIOD ENDED MARCH 31, 2024

		Amount
Unappropriated retained earnings, beginning of reporting period		₱10,758,841,446
Less:	Dividend declaration during the reporting period	(1,065,928,270)
	Appropriations of retained earnings during the reporting period	–
Unappropriated retained earnings, as adjusted		9,692,913,176
Add:	Net income for the current year	739,863,396
Less:	Net movement of deferred tax asset not considered in the reconciling items under the previous categories	(607,130,212)
Total retained earnings, end of the reporting period available for dividend		₱9,825,646,360

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CORPORATE STRUCTURE
AS AT MARCH 31, 2024

LIAM ROS HOLDINGS INC.

59%

WILCON CORPORATION
Doing Business under the Name and Style of
WILCON CITY CENTER

65%

WILCON DEPOT, INC.
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SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
AS AT AND FOR THE PERIOD ENDED MARCH 31, 2024 AND 2023
AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2023

	Formula		**March 31, 2024 (Unaudited)**	March 31, 2023 (Unaudited)	December 31, 2023 (Audited)
Liquidity ratio					
Current ratio	Total Current Assets	₱19,423,661,814	**2.05 : 1**	1.96 : 1	2.17: 1
	Divide by: Total Current Liabilities	9,488,789,917			
	Current ratio	2.05			
Acid test ratio	Total Current Assets	₱19,423,661,814	**0.24 : 1**	0.33 : 1	0.29 : 1
	Less: Merchandise Inventories	15,947,143,952			
	Other Current Assets	1,169,886,645			
	Quick Assets	2,306,631,217			
	Divide by: Total Current Liabilities	9,488,789,917			
	Acid test ratio	0.24			
Solvency ratio					
Debt to equity ratio	Total Liabilities	₱17,504,267,507	**0.79 : 1**	0.84 : 1	0.77 : 1
	Divide by: Total Equity	22,183,418,000			
	Debt to equity ratio	0.79			
Asset to equity ratio	Total Assets	₱39,687,685,507	**1.79**	1.84	1.77
	Divided by: Total Equity	22,183,418,000			
	Asset to equity ratio	1.79			
Profitability ratio					
Return on assets	Net Income	₱739,863,396	**1.86%**	2.62%	8.76%
	Divided by: Total Assets	39,687,685,507			
	Return on assets	1.86%			
Return on equity	Net Income	₱739,863,396	**3.34%**	4.81%	15.47%
	Divide by: Total Equity	22,183,418,000			
	Return on equity	3.34%			
Book value per share	Total Equity	₱22,183,418,000	**₱5.41**	₱4.88	₱5.49
	Divide by: Number of outstanding Shares	4,099,724,116			
		₱5.41			

	Formula		**March 31, 2024 (Unaudited)**	March 31, 2023 (Unaudited)	December 31, 2023 (Audited)
Gross income	Gross income	₱3,319,873,488	**39.95%**	39.44%	39.57%
	Divide by: Net Sales	8,310,527,312			
	Gross income	39.95%			
EBITDA margin	Income before Income Tax	₱984,897,908	**22.36%**	24.48%	23.18%
	Add: Depreciation and Amortization	711,746,727			
	Net Interest Expense	161,863,180			
	Earnings Before Interest, Tax, Depreciation, and Amortization	1,858,507,815			
	Divided by: Net Sales	8,310,527,312			
	EBITDA margin	22.36%			
Net income margin	Net Income	₱739,863,396	**8.90%**	11.28%	10.07%
	Divide by: Net Sales	8,310,527,312			
	Net income margin	8.90%			