COVER SHEET

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S.E.C Registration No.

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.

12	31	17-A	09	21
Month	*Day*	**FORM TYPE**	*Month*	
Date			(Annual Meeting)	

For the year ended
31 December 2020

Secondary License, (if applicable type)

MSRD
Dept. requiring this doc

N/A
Amended Articles number

156
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
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)

2020 December 31
(Fiscal Year Ending, month and day)

SEC FORM 17-A Annual Report
(Form Type)

____
Amendment Delegation

December 31, 2020
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, 2020
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 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 1,392,242,000 voting stocks held by non-affiliates (public shares) as of December 31, 2020, computed based on the closing share price of ₱16.90 on the last trading day December 29, 2020 is ₱23,528,889,800.00.

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, 2020, 2019 and 2018 - Exhibit 1

(b) Statement of Management's Responsibility for Financial Statements as at and for the years ended December 31, 2020, 2019 and 2018, part of Exhibit 1.

(c) SEC Form 17-C – Exhibit 2

(d) 2020 Sustainability Report – Exhibit 3

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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 over 38 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.

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 2,000 brands across the different product categories translating to 48,000 stock keeping units (SKUs) as at December 31, 2020. 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 63 stores nationwide, as of December 31, 2020, 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, 2020, the depot format accounted for 97% or ₱21,941 Million of the Company's net sales. Each Depot format store carries 90,000 to 200,000 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 9,250 sqm. As of December 31, 2020, the Company has 56 depots located in all the major cities across the Philippines. Project sales or sales to major property developers, on the other hand, accounted for 0.8% or ₱178 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 1,445 sqm. As of December 31, 2020, the Company has 3 mall-based Home Essentials stores and 4 stand-alone branches for a total of 7 Home Essentials stores. Net sales generated by Home Essentials accounted for 2.2% or ₱510M 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% comprised of net sales generated from the depot-format stores, 0.8% for the project sales while the remaining 2.2% 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	11
	Luzon	32
	Visayas	6
	Mindanao	7
Total Depot		**56**
Home Essentials	Metro Manila	6
	Visayas	1
Total Home Essentials		**7**

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 over 425 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, 2020, consignment sales accounted for 34.1% 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, it has now grown to 779,698 registered members as of December 31, 2020.

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 63 branches as of December 31, 2020, 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 21 - 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	Hardware and Tools

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, 2020, the Company has 2,727 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	934
Rank and File	1,793
Total	**2,727**

Employment Status	Number of Employees
Regular	2,546
Probationary	181
Total	**2,727**

The Company aims to foster a strong sense of responsibility in a motivating environment to enhance its employees' incentives and loyalty. The Company conducts various trainings for different levels of staff, including trainings tailored to specific job duty, such as trainings on product knowledge for sales personnel, a Leadership Enhancement and Development (LEAD) Program and Strategic Thinking and Decision Making for middle management and also a Career Management Program (CMP) in order to ensure the continuous supply of competent key officers within the organization.

The rank and file employees of the Company are subject of a collective bargaining agreement effective until May 10, 2025. 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 2,887 employees within the next 12 months to include new hires for the planned store openings in 2021.

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, 2020, the Company has used part of the IPO proceeds to construct 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 17 June 2019.

2. Approval of Annual Report and Financial Statements as of 31 December 2019.

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

4. Amendments to the By-laws.

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 2020 and month of January 2021, as reported by the PSE are shown below:

2021	High	Low
January	18.52	16.88

2020	High	Low
4th quarter	18.22	14.26
3rd quarter	16.66	14.52
2nd quarter	16.74	12.48
1st Quarter	19.00	10.50

The market capitalization of the Company's common shares at the end of 2020 based on the closing market price of ₱16.90 per share totaled to ₱69.285 billion.

Item 6. Management's Discussion and Analysis

Results of Operations for the year ended December 31, 2020 compared with year ended December 31, 2019

The Philippine government on March 16, 2020, to curb the spread of the corona virus, placed the whole island of Luzon on enhanced community quarantine (ECQ), which required businesses and offices to close except for hospitals and other medical services, supermarkets and food deliveries, and logistics support for medical and food supplies. The company had to close all of its 44 branches in Luzon out of 58 total WDI branches at that time. These branches contributed 84.0% of the Company's total net sales pre-ECQ.

The ECQ was lifted on May 16, 2020 and WDI re-opened all of its Luzon stores. The branches outside of Luzon, meanwhile, were voluntarily closed by the Company for a two-week period from March 30-31 to April 13-15, 2020 to re-orient and prepare the store operations for the new health and safety protocols. Up to the end of 2020, various regions were placed under different levels of quarantine depending on the trend of COVID-19 positive cases. Metro Manila with nearby provinces, for two weeks in August, 2020 was placed back in the second strictest level (MECQ) and while it has been placed under general community quarantine (GCQ) after, it has never graduated to the least strict, moderate GCQ (MGCQ).

The pandemic and the consequent quarantine measures have greatly impacted the Company's operations in 2020 with net sales decreasing by 7.5% or ₱1,847 million to ₱22,629 million, net income declined by 31.8% or ₱676 million to ₱1,449 million for the year ended December 31, 2020, from the ₱2,125 million reported in 2019.

Net Sales

The Company generated net sales of ₱22,629 million for the year ended December 31, 2020, 7.5% or ₱1,847 million lower than the ₱24,476 million reported in 2019. Comparable sales performance dropped to negative 13.6% mainly as a result of the temporary closure of stores in Luzon and some stores in Visayas and Mindanao in the first half and the general impact of the pandemic and the continuing quarantine measures. Wilcon stores in Luzon, 44 branches out of 58, accounted for 84.0% of revenues in 2020 pre-ECQ. As of December 31, 2020, the Company had grown to 63 branches, 49 stores are located in Luzon and of the 57 stores aged one year or older, 43 branches are in Luzon.

Its flagship format, the depot, accounted for 97.0% or ₱21,941 million of the total net sales. The format's net sales decreased by 6.5% or ₱1,528 million from the ₱23,469 million net sales in 2019, with a negative same store sales growth of 12.9% for the year.

Net sales generated by the smaller format, "Home Essentials" (HE) stores, comprising the 2.2% or ₱510 million of total net sales, likewise reported a downswing of 22.4% or ₱148 million for the year from ₱658 million in 2019 since six out of the seven Home Essentials are located in Metro Manila. All HEs are in operation for more than a year.

The remaining 0.8% was accounted for by the project sales or sales to major developers, amounting to ₱178 million, decreasing by 49.2% or ₱172 million in 2020 owing to the suspension of and delays in the completion of ongoing projects of our institutional accounts.

During the year, the Company opened six new depots, all located in Luzon bringing the total number of stores to 63 (56 depots and seven home essentials) by the end of 2020. Three stores each were opened in Southern Luzon and Northern Luzon.

Gross Profit

Gross profit closed at ₱7,782 million, resulting in a gross profit margin of 34.4% for the year ended December 31, 2020. For the year ended December 31, 2019, gross profit was reported at ₱8,176 million for a gross profit margin of 33.4%. Gross Profit decreased by P394 million or 4.8% due to the decrease in sales despite the increase in Gross Profit rate to 34.4%. The hike in Gross Profit rate was brought about by the increasing margin and expanding contribution of in-house and exclusive products to total net sales. Sales of exclusive and in-house products accounted for 50.9% of total net sales for the period versus 49.5% in 2019.

Operating Expenses

Operating expenses increased to ₱5,738 million for the period, up 6.3% or ₱342 million from the prior period's ₱5,396 million. The increase is traced mainly to expansion-related and pandemic-related expenses particularly in depreciation and amortization and donations and contributions, respectively. These upswings were offset by the decrease primarily in utilities, trucking and advertising expense during the quarantine period. Depreciation and amortization recorded the highest increase at 60.7% or ₱687 million as a result of the continuous addition of the company-owned store buildings and the full year impact of the adoption of the new accounting standard for leases, *PFRS 16 – Leases*. Non-PFRS 16 related rent expense dropped 64.8% or ₱215 million.

Rent concessions obtained by the company from its lessors were reflected under Other Income.

Interest Expense

Interest expense for the years ended December 31, 2020 and 2019 amounted to ₱429 million and ₱300 million, respectively. The ₱129 million increase represents non-cash interest charged on leased 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 period ended December 31, 2020 amounted to ₱435 million, down by 5.9% or ₱27 million from the ₱463 million generated in 2019 mainly due to the decrease in interest income partially offset by the increase in rent income and net other income. Other income consists of:

1) Rent concession in 2020 from lessors related to leases of land and buildings resulted in the reduction in lease liabilities that was recognized in profit or loss amounting to ₱101 million upon applying the practical expedient of PFRS 16;
2) Rent income from suppliers for the lease of billboards, end caps, etc. totaling ₱43 million, up 40.7% or ₱12 million year-on-year.
3) Net other income from trade and other suppliers amounting to ₱236 million, down by 15.8% or ₱44 million from 2019 representing net charges for their share of various operational and promotional/marketing expenses *and other non-merchandise sales related income; and*
4) Interest income of ₱55 million decreased from the prior period balance of ₱151 million as the IPO proceeds continue to be deployed for expansion purposes.

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

In 2019, the re-classification of lease expenses qualified under *PFRS 16 - Leases* from rent expense to depreciation and amortization and interest expense resulted in a 68.2% jump in EBITDA and 31.7% in EBIT year-on-year. Adjusting the 2020 and 2019 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 year ended December 31, 2020 *totaled* ₱2,694 *million, or* 11.9% *of net sales,* declining by 15.9% or ₱509 million from the 2019 balance of ₱3,203 million, or 13.1% of net sales.
2) EBIT for the year 2020 is ₱1,995 million or 8.8% of net sales, sliding by 28.5% or ₱796 million year-on-year from the prior year's level of ₱2,791 million, or 11.4% of net sales

The downswing in both EBITDA and EBIT are largely due to the impact of the pandemic and quarantine measures.

Income Tax Expense (Benefit)

The Company's income tax expense decreased by 26.5% or ₱217 million to end at ₱601 million in 2020, versus ₱818 million incurred during 2019 in view of lower taxable income.

Results of Operations for the quarter ended December 31, 2020 compared with quarter ended December 31, 2019

WDI generated net income of ₱563 million, down 3.0% or ₱18 million year-on-year traced mainly to the drop in interest income. Excluding interest income, earnings will be slightly up by 1.1% or ₱6 million from ₱549 to ₱555 million year-on-year.

Net Sales

The Company recorded net sales of ₱6,840 million for the three-month period ended December 31, 2020, 6.2% or ₱399 million higher than the ₱6,441 million for the same period in 2019. The increase is mainly due to opening of six new stores. Comparable sales performance dropped only to negative 0.5%, which is almost flat despite the impact of the pandemic and continued implementation of quarantine measures.

Sales from the depot-format stores contributed the majority of total net sales comprising 97.1% or ₱6,641 million for the fourth quarter of 2020, up by 7.4% or ₱456 million from the ₱6,185 million net sales for the fourth quarter of 2019. The depot's same store sales growth is almost flat at 0.4%.

The smaller format "Home Essentials", recording net sales of ₱151 million accounting for 2.2% of net sales, reported a decline of 9.2% or ₱15 million during the fourth quarter of 2020 from prior year's *same period level of ₱166 million.*

The remaining 0.7% was accounted for by project sales or sales to major developers, amounting to ₱48 million, decreasing by 46.0% or ₱41 million from prior year's same period level of 2019 of ₱90 million.

The Company has opened two new depots in the last quarter of 2020 which are both located in Luzon (Olongapo and San Juan, Taytay).

Gross Profit

Gross profit closed at ₱2,346 million, resulting in a gross profit margin of 34.3% for the fourth quarter of 2020 from the ₱2,264 million level during the same period in 2019. Sales of exclusive and in-house products accounted for 49.8% of total net sales for the period versus 50.4% in the same period in 2019.

Operating Expenses

Operating expenses increased to ₱1,625 million during the fourth quarter of 2020, up 9.4% or ₱139 million from the ₱1,486 million during the same period in 2019. The increase is mainly expansion-related particularly in depreciation and amortization. Depreciation and amortization recorded the highest increase at 36.1% or ₱134 million as a result of the continuous addition of the company-owned store buildings and the full year impact of the adoption of the new accounting standard for leases, *PFRS 16 – Leases.*

Rent concessions obtained by the company from its lessors were reflected under Other Income.

Interest Expense

Interest expense during the fourth quarter of 2020 and 2019 amounted to ₱112 million and ₱92 million, respectively. The ₱20 million increase represents non-cash interest charged on leased 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 2020 amounted to ₱193 million, up by 45.4% or ₱60 million from the ₱133 million generated in 2019 due to the recognition of the rent concession obtained from lessors related to leases of land and buildings, which resulted in the reduction in lease liabilities amounting to ₱101 million, and the increase in rent income. The hike was partly offset by the decrease in net other income and interest income.

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

Adjusting the 2020 and 2019 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, 2020 totaled ₱989 million, or 14.5% of net sales, up by 8.4% or ₱77 million from the 2019 balance of ₱912 million, or 14.2% of net sales.

2) EBIT for the fourth quarter of 2020 is ₱792 million or 11.6% of net sales, almost flat at 0.8% or ₱6 million higher from the prior year's same period level of ₱786 million, or 12.2% of net sales.

Income Tax Expense (Benefit)

The Company's income tax expense is almost flat at 0.1% or ₱0.2 million to end at ₱237.7 million in 2020, versus ₱237.5 million incurred during 2019.

Capital Expenditure

Capital expenditure for 2020 totaled ₱2,503 million. The bulk (68.0%) was spent on new stores, while the remainder was spent on warehouses, extensions and renovations (24.4%), and Furniture, Equipment, and IT Software (7.6%).

Financial Position as at December 31, 2020 and December 31, 2019

WDI's financial position remained solid as at December 31, 2020 notwithstanding the effect of the pandemic and quarantine measures on its operations. Its healthy financial condition will still enable it to pursue its expansion plans.

Cash and cash equivalents and short-term investments totaled ₱4,611 million by the end of 2020, higher by 6.4% or ₱279 million than the total of cash and cash equivalents, short term investments and investment in retail treasury bond (matured in April 2020) balance of ₱4,332 million as at December 31, 2019. This resulted in a current ratio of 1.89:1.00 in 2020, lower than the 2.08:1.00 in view of the lower inventory level partly offset by the lower accounts payable balance.

The company's liabilities consist mostly of trade payables and lease liabilities recognized pursuant to the adoption of PFRS 16 – Leases. WDI has remained practically bank debt-free, with a debt-to-equity ratio of 0.84:1.00.

Below are its key performance indicators.

Key Financial Performance Indicators

Key Performance Indicators	2020	2019
Sales	22,628,883,188	24,476,094,604
EBIT – Adjusted / Treating Interest on Lease Liability as Rent Expense[1]	1,994,872,196	2,791,096,336
EBITDA – Adjusted / Treating ROU Depreciation and Interest on Lease Liability as Rent Expense[2]	2,694,079,493	3,202,940,317
EBIT Margin - Treating Interest on Lease Liability as Rent Expense[3]	8.82%	11.40%
Return on Equity Ratio[4]	9.46%	14.49%
Current Ratio[5]	1.89	2.08
Debt to Equity Ratio[6]	0.84	0.79
Dividend Payout[7]	34.73%	35.74%

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 *Net Income / Total Equity*
5 *Current Assets / Current Liabilities*
6 *Total Liabilities / Total Equity*
7 *Current year dividend paid / prior year Net Income*

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

Statement of Financial Position as at December 31, 2020 versus December 31, 2019

1. Aggregate cash and short-term investments increased by ₱2,532 million or 121.8% from ₱2,079 million at the close of 2019 to ₱4,611 million as at December 31, 2020, traceable primarily to the maturity of the retail treasury bonds holdings of the Company, partially offset by payment of dividends, lease, trade and other payables and income tax.

2. Trade and other receivables totaled ₱416 million as at December 31, 2020, 5.4% or ₱24 million lower than the ₱440 million balance as at December 31, 2019. The decrease was mainly due to decrease in trade receivables partially offset with the increase in advances made to suppliers.

3. Merchandise Inventories decreased by ₱825 million or 8.7% from ₱9,518 million at the close of 2019 to ₱8,692 million as at December 31, 2020 due mainly to lower purchases.

4. Other Current Assets decreased by ₱62 million or 8.5% from ₱733 million at the close of 2019 to ₱671 million as at December 31, 2020 due mainly of utilization of input tax and application of prepayments.

5. Property and equipment increased by ₱1,776 million or 35.7% from ₱4,981 million at the close of 2019 to ₱6,757 million as at December 31, 2020 due mainly to capital expenditures related to store network expansion.

6. Net deferred tax assets increased by ₱80 million or 24.1% from ₱334 million at the close of 2019 to ₱414 million as at December 31, 2020 due mainly to the tax effect of temporary differences on net lease rental payments.

7. Other noncurrent assets decreased by ₱263 million or 41.2% from ₱639 million at the close of 2019 to ₱376 million as at December 31, 2020 due mainly to decrease in advances to contractors partially offset by procurement of IT Software.

8. Lease liability including non-current portion increased by ₱1,300 million or 23.7% from ₱5,486 million at the close of 2019 to ₱6,787 as at December 31, 2020 due to lease liabilities in relation to PFRS 16 for new leases.

9. Net retirement liability increased by ₱62 million or 22.4% from ₱276 million at the close of 2019 to ₱337 million as at December 31, 2020 due mainly to increase in liabilities as a result of prevailing discount rates in 2020.

10. Other comprehensive income decreased by ₱63 million or 99.1 % from ₱63 million at the close of 2019 to ₱0.6 million as at December 31, 2020 due to remeasurement loss on retirement liability and reversal of unrealized gain upon maturity of investment in retail treasury bond.

Income Statement for the year ended December 31, 2020 compared with year ended December 31, 2019

1. Net sales for the year 2020 amounted to ₱22,629 million, 7.5% or ₱1,847 million lower than the ₱24,476 million generated during the same period in 2019 mainly due to comparable sales performance drop to negative 13.6% as a result of the temporary closure of stores in Luzon and some stores in Visayas and Mindanao from March 17 to May 15, 2020 during the quarantine period.

2. Gross profit decreased by 4.8% to ₱7,782 million for the year from the ₱8,176 million level for the same period in 2019, corresponding to the decrease in sales in existing stores during the ECQ period.

3. Operating expenses increased to ₱5,738 million for the year, up 6.3% or ₱342 million from the prior period's ₱5,396 million. The increase is attributable mainly to expansion-related expenses, depreciation and amortization of new stores and the adoption of Philippine Financial Reporting Standard (PFRS) 16, Leases of new lease contracts subsequent to September 30, 2019 offset by the decrease in utilities, trucking, outsourced services and advertising expense during the quarantine period. Depreciation and amortization recorded the highest increase at 60.7% or ₱687 million as a result of the continuous addition of the company-owned store buildings and the re-classification of part of rent expense to depreciation. Non-PFRS 16 related rent expense dropped by 64.8% or ₱215 million to ₱117 million.

4. Interest expense increased to ₱429 million for the year from the prior year's ₱300 million, representing 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 totaled ₱435 million, down by 5.9% or ₱27 million from the ₱463 million recorded in the same period of 2019 mainly due to the decrease in interest income and net other income partially offset by rent concession.

6. The Company's income tax expense decreased by 26.5% or ₱217 million to end at ₱601 million from the ₱818 million incurred in the prior year in view of lower taxable income.

7. In view mainly of the temporary closure of the majority of the stores of the Company from March 17 to May 15, 2020 resulting in a decrease in net sales, net income declined by 31.8% or ₱676 million to ₱1,449 million for the year 2020 from the ₱2,125 million reported in 2019.

Income Statement for the quarter ended December 31, 2020 compared with quarter ended December 31, 2019

1. Net sales for the fourth quarter ended December 31, 2020 amounted to ₱6,840 million, 6.2% or ₱399 million higher than the ₱6,441 million generated during the same period in 2019 mainly due to six new stores opened in 2020.

2. Gross profit increased by 3.6% to ₱2,346 million for the period from the ₱2,264 million level for the same period in 2019, mainly driven by the increase in sales due to six new stores in 2020.

3. Operating expenses increased to ₱1,625 million for the period, up 9.4% or ₱139 million from the prior period's ₱1,486 million. The increase is attributable mainly to expansion-related expenses, depreciation and amortization of new stores. Depreciation and amortization recorded the highest increase at 36.1% or ₱134 million as a result of the continuous addition of the company-owned store buildings and the re-classification of part of rent expense to depreciation.

4. Interest expense increased to ₱112 million for the period, up by 21.6% or ₱20 million from the prior year's ₱92 million, representing 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 period totaled ₱193 million, up by 45.4% or ₱60 million from the ₱133 million recorded in the same period of 2019 mainly due to rent concession partially offset by the decrease in interest income and net other 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 2020.

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, 2020.

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 2020, 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**

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 and related issuances, as follows:

1. Allowing the attendance, participation and voting in the meetings of the stockholders through remote communication or in absentia in accordance with the procedures prescribed by the Corporation and relevant laws and regulation

2. Composition of the Board and Creation of an Emergency Board

3. Election of a Compliance Officer and;

4. Delegating to the Board the power to amend the by-laws for purposes of complying with best practices, subsequent requirements of law/and or regulatory bodies.

The amendments to the By-laws were ratified by the stockholders during the annual stockholders' meeting held on September 21, 2020.

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., ("RT&Co.") for the audit of the financial statements of the Company and other services in connection with the statutory and regulatory filings for 2020 is ₱2,000,000.00.

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 RT&Co. as its external auditors since its incorporation. There had not been any material disagreements on accounting and financial disclosures with RT&Co. for the years ended December 31, 2020 and 2019.

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 2020:

Name	Age	Nationality	Position
William T. Belo	75	Filipino	Chairman Emeritus
Bertram B. Lim	83	Filipino	Chairman
Lorraine Belo-Cincochan	41	Filipino	Director, President and Chief Executive Officer
Mark Andrew Y. Belo	38	Filipino	Director and EVP - Treasurer
Careen Y. Belo	37	Filipino	Director, EVP - Chief Product Officer, CIO and CRO
Rolando S. Narciso	72	Filipino	Independent Director
Ricardo S. Pascua	74	Filipino	Independent Director
Delfin L. Warren	70	Filipino	Independent Director
Arthur R. Ponsaran	77	Filipino	Corporate Secretary
Sheila Pasicolan-Camerino	34	Filipino	Asst. Corporate Secretary and Compliance Officer
Rosemarie Bosch-Ong	62	Filipino	Senior Executive Vice President – Chief Operating Officer
Eden M. Godino	44	Filipino	Vice President - Product Development
Grace A. Tiong	47	Filipino	Vice President - Human Resources
Michael D. Tiong	47	Filipino	Vice President – Global Sourcing
Mary Jean G. Alger	50	Filipino	Vice President – Investor Relations
Lauro D.G Francisco	55	Filipino	Chief Audit Executive
Keith S. Chan	59	Filipino	Vice President – Information Technology

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 President 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. 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 is the Board Treasurer of the Trinity University/St. Luke's Health Sciences Consortium 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 Wilcon 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 digital transformation 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. Ms. Belo-Cincochan graduated from the University of the Philippines, Diliman in 1999 with a Bachelor's degree in Creative Writing. She also took an intensive Mandarin language course in Beijing.

She takes an active role in the Philippine chapter of the Entrepreneur's Organization where she co-chairs the Mentorship Program. Her advocacy is in developing and growing leadership through mentoring where entrepreneurs can rise up and make an impact in their companies and ultimately, their communities.

Mark Andrew Y. Belo is a Director and 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 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 Chief Product Officer of the Company. She is concurrently a Director of WC, the Executive Vice President for Sales and 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 was formerly a 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 and President and Chief Executive Officer of Royal Asia Multi-Properties, Inc. from 1996 to 1997. 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 Group of Companies from 1967 to 1974. He is a member of professional organizations such as the Financial Executives, Inc. 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. He is the founder, principal and current Chairman of One Incentive Systems Advocates (1ISA) Group and the Warren and Nolasco Realty Corp. He also held various positions in prestigious companies such as First Pacific Commodities Holdings, Ltd., The Hibernia Bank of San Francisco, PT Indo Ayala Leasing Corp., Indonesia and Bancom Philippine Holdings, Inc. He is a licensed Chemical Engineer and he obtained his Bachelor of Science in Chemical Engineering at De La Salle College, Manila in 1971. He was also a consistent dean's lister and a recipient of Jose Rizal Scholarship.

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 the 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 Bachelor of Arts in History from University of the Philippines – Diliman (Cum Laude) and took up a Master's Degree in Philippine Studies in the same university. Atty. Pasicolan-Camerino 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 Director of the Philippine Contractors Association, President of Philippine Retailers Association and a former Treasurer of the Philippine Association of National Advertisers (PANA) Foundation. Ms. Bosch-Ong 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 Vice President of Product Development. She joined the department in 2007, initially as the Asst. Vice President and was appointed in her present position 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 short course diploma program from the De La Salle College of St. Benilde on Supply Chain Management major in Purchasing and Logistics Operations in 2015.

Grace A. Tiong is the Vice President for Human Resources. She has been the head of Human Resources as VP since 2008. She joined Wilcon in 1995 and was assigned in Accounting. She was promoted to various positions within the branch and eventually became a Branch Manager in 2005. She joined the Human Resources department as an Asst. HR Manager after her stint in Operations in 2005. 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 January 2011. Mr. Tiong joined Wilcon as a Salesman in 2000 and became Depot Manager in 2007 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 1993.

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 concurrently a Director of the Business Continuity Association of the Philippines (BCMAP) from 2016 to present 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. 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.

Attendance of Directors in 2020 Board Meetings

Board	Name	Date of Election	No. of Meetings Held During the Year 2020	No. of Meetings Attended	%
Chairman	Bertram B. Lim	May 22, 2017	27	27	100%
Independent Director	Rolando S. Narciso	September 13, 2016	27	27	100%
Independent Director	Ricardo S. Pascua	September 13, 2016	27	27	100%
Independent Director	Delfin L. Warren	May 22, 2017	27	27	100%
Member	Lorraine Belo - Cincochan	March 30, 2016	27	27	100%
Member	Mark Andrew Y. Belo	March 30, 2016	27	26	96%
Member	Careen Y. Belo	March 30, 2016	27	27	100%

Directors' Compensation

All directors attending physically in a committee meeting receive a per diem of Twelve Thousand Five Hundred Pesos (₱12,500.00), per meeting and Twenty-Five Thousand Pesos (₱25,000.00) per physical Board meeting.

Total compensation received by the members of the Board in 2020 amounted to ₱2.6M.

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, 2020, 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 children of Mr. William T. Belo and Ms. Rosy Chua Belo.

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

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 Chief Financial Officer
Careen Y. Belo	Director and Chief Product Officer

Below is the aggregate compensation of executive officers and directors of the Company for the year 2020 and projected for the year 2021:

Actual

Key Management Officers	Year	Compensation	Bonuses
Top 5 Officers	2020	₱44M	₱21M
Other officers as a group	2020	₱75M	₱5M

Projected for 2020

Key Management Officers	Year	Compensation	Bonuses

Top 5 Officers	2021	₱46M	₱76M
Other officers as a group	2021	₱79M	₱6M

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	Rosy Chua Belo 90 E. Rodriguez, Jr. Avenue, Ugong Norte, Quezon City Stockholder	Rosy Chua Belo	Filipino	5,100,000	0.12%
Common	Bertram B. Lim 60 Sen. Gil Puyat Ave., Makati City 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	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	1,069,401	0.03%
Common	Eden M. Godino 90 E. Rodriguez, Jr. Avenue, Libis, Quezon City VP- Product Development	Eden M. Godino	Filipino	267,500	0.00%
Common	Grace A. Tiong 90 E. Rodriguez, Jr. Avenue, Libis, Quezon City	Grace A. Tiong	Filipino	148,700	0.00%
Common	Michael D. Tiong 90 E. Rodriguez, Jr. Avenue, Libis, Quezon City	Michael D. Tiong	Filipino	148,700	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, 2020:

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, 2020.

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	Rosy C. Belo	₱5,100,000.00(Direct)	Filipino	0.12%
Common	Rosemarie B. Ong	₱1,069,401.00 (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%

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	₱27,164,200.00 (Direct and Indirect)	Filipino	0.63%

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, 2020.

Change in Control

There are no arrangements which may result in a change in control of the Company as of December 31, 2020.

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 21 - 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 October 28, 2020, the members of the Board as well as officers of the Company attended the corporate governance seminar via Zoom Webinar, entitled *"2020 Annual Corporate Governance Seminar: Stay Updated in the New Normal"* conducted by the Center for Training and Development, Inc. This is in compliance with SEC Memorandum Circulars No. 20-2013 and 2-2015 of the Securities and Exchange Commission.

The Company will submit its Integrated Annual Corporate Governance Report (I-ACGR) for the year ended December 31, 2020 on or before May 30, 2021, 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
July 29, 2020	Amended Notice of Annual Meeting of the Stockholders of the Corporation to be held on 21 September 2020
September 21, 2020	Results of Annual Stockholders' Meeting held on 21 September 2020
September 21, 2020	Results of Organizational Meeting of the Board held on 21 September 2020

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 24 FEB 2021

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 24 FEB 2021 in Quezon City affiants exhibiting to me their Passport, 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	EC7174249	21 March 2016	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. 208;
Page No. 43;
Book No. IX;
Series of 2021.

ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
AM Adm. Not. Com. No. NP-124 1-12-19 until 12-31-2020
Commission Extended until June 30, 2021
as per SC ENBANC B.M No. 3795 12/1/2020
IBP O.R. No. 132134 MD 2021 & IBP O.R. No. 133076 MD 2022
PTR O.R. No. 0695112 D 1/4/21 / Roll No. 33832 / TIN# 129-871-009
MCLE VI-0029583 valid from 12/16/19 Valid until 04/14/22 Quezon City
Address: 31-F Harvard St., Cubao, Q.C.

EXHIBIT 1

COVER SHEET
for
AUDITED FINANCIAL STATEMENTS

SEC Registration Number

C	S	2	0	1	5	2	4	7	1	2

COMPANY NAME

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

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

No. 90 E. Rodriguez Jr. Avenue, Brgy. 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 compliance_wdi@wilcon.com.ph	(02) 8 634-8387	(+63 919) 077 1878 (+63 917) 877 6612

No. of Stockholders	Annual Meeting (Month / Day)	Fiscal Year (Month / Day)
156	September 21	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
Mark Andrew Y. Belo	wilcon2@wilcon.com.ph compliance_wdi@wilcon.com.ph	(02) 8 634-8387	(+63 919) 077 1878 (+63 917) 877 6612

CONTACT PERSON'S ADDRESS

No. 90 E. Rodriguez Jr. Avenue, Brgy. 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
Tels: 8634-8387 (connecting all departments)
Fax: 8636-2950, 8636-1837
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 and WILCON HOME ESSENTIALS (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, 2020. 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, 2020 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

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAR 01 2021 SCEF
RECEIVED
MARK ANTHONY M. PANDIÑO

WILCON

90 E. Rodriguez Jr. Ave., Ugong Norte Libis, Quezon City
Tels: 8634-8387 (connecting all departments)
Fax: 8636-2950, 8636-1837
Website: www.wilcon.com.ph

24 FEB 2021

SUBSCRIBED AND SWORN to before me this _____ day of _________ 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	EC7174249	21 March 2016	DFA Manila
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Doc. No. 207;
Page No. 43;
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Commission Extended until June 30, 2021
as per SC ENBANC B.M No. 3795 12/1/2020
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WILCON

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Fax: 8636-2950, 8636-1837
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 and WILCON HOME ESSENTIALS (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, 2020, 2019 and 2018, 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 24th day of February 2021

WILCON
90 E. Rodriguez Jr. Ave., Ugong Norte Libis, Quezon City
Tels: 8634-8387 (connecting all departments)
Fax: 8636-2950, 8636-1837
Website: www.wilcon.com.ph

SUBSCRIBED AND SWORN to before me this _____ day of 24 FEB 2021 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	EC7174249	21 March 2016	DFA Manila
Mark Andrew Y. Belo	P7611238A	20 June 2018	DFA Manila

Doc. No. 207;
Page No. 42;
Book No. IX;
Series No. 2021.

ATTY. ROGELIO J. BOLIVAR
NOTARY PUBLIC IN QUEZON CITY
AM Adm. Not. Com. No. NP-124 1-12-19 until 12-31-2020
Commission Extended until June 30, 2021
as per SC ENBANC B.M No. 3795 12/1/2020
IBP O.R. No. 132134 MD 2021 & IBP O.R. No. 133076 MD 2022
PTR O.R. No. 0695112 D 1/4/21 / Roll No. 33832 / TIN# 129-871-009
MCLE VI-0029583 valid from 12/16/19 Valid until 04/14/22 Quezon City
Address: 31-F Harvard St., Cubao, Q.C.

BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero (formerly Citibank Tower)
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 and WILCON HOME ESSENTIALS
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 and WILCON HOME ESSENTIALS (the Company), a subsidiary of WILCON CORPORATION Doing Business under the Name and Style of WILCON CITY CENTER, as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, on which we have rendered our report dated February 24, 2021.

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.

Haydee M. Reyes

HAYDEE M. REYES
Partner
CPA Certificate No. 83522
Tax Identification No. 102-095-265-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 83522-SEC Group A
Issued March 10, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-006-2019
Valid until October 20, 2022
PTR No. 8534276
Issued January 5, 2021, Makati City

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAR 01 2021 SEC
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MARK ANTHONY M. PANDIÑO

February 24, 2021
Makati City, Metro Manila

BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

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Fax : +632 8 982 9111
Website : www.reyestacandong.com

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying financial statements of WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT and WILCON HOME ESSENTIALS (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, 2020 and 2019, and the statements of comprehensive income, statements of changes in equity and statements of cash flows for the years ended December 31, 2020, 2019 and 2018, and notes to financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020 and 2019, and its financial performance and its cash flows for the years ended December 31, 2020, 2019 and 2018, 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.

LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAR 01 2021 SCES
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Accounting for the Complete Recording and Valuation of Merchandise Inventories

Merchandise inventories, net of allowance for inventory write down and losses, amounted to ₱8,692.1 million as at December 31, 2020. The accounting for the complete recording and valuation of merchandise inventories are significant to our audit because merchandise inventories represent 31% of the total assets. Moreover, the Company also maintains around 48,000 stock keeping units (SKU) as at December 31, 2020. Due to the significant number of SKU, establishing the existence and completeness and determining the proper valuation of merchandise inventories requires an extensive monitoring and high degree of judgment and estimation.

Our procedures included, among others, review of 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.

Necessary disclosures are included in Note 3, *Significant Accounting Judgments, Estimates and Assumptions,* and Note 8, *Merchandise Inventories.*

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

Right-of-use (ROU) assets and lease liabilities amounted to ₱6,280.2 million and ₱6,786.9 million as at December 31, 2020, respectively. The accounting for the recognition and measurement of ROU assets and lease liabilities are significant to our audit because ROU assets and lease liabilities represent 22% of total assets and 53% of total liabilities, respectively. There were also significant additions amounting to ₱2,141.0 million and ₱2,114.8 million for ROU assets and lease liabilities, respectively, and resulting from the Company's store network expansion. In addition, the recognition and measurement of ROU assets and lease liabilities involves 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; and (c) determining the appropriate discount rate.

Our procedures include, among others, review of design and implementation of key controls pertaining to leases, review of newly executed lease agreements to assess whether the arrangement contains a lease to be recognized as additional 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 document. 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 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.

Necessary disclosures are included in Note 2, *Summary of Significant Accounting Policies,* Note 3, *Significant Accounting Judgments, Estimates and Assumptions,* and Note 11, *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, 2020, 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, 2020 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.

REYES TACANDONG & CO.

HAYDEE M. REYES
Partner
CPA Certificate No. 83522
Tax Identification No. 102-095-265-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 83522-SEC Group A
Issued March 10, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-006-2019
Valid until October 20, 2022
PTR No. 8534276
Issued January 5, 2021, Makati City

February 24, 2021
Makati City, Metro Manila

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAR 01 2021 SCES
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MARK ANTHONY M. PANDIÑO

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

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	2020	2019
ASSETS			
Current Assets			
Cash and cash equivalents	5	₱1,854,893,411	₱1,462,042,311
Short-term investments	6	2,755,969,767	616,490,311
Trade and other receivables	7	416,198,536	439,901,662
Merchandise inventories	8	8,692,127,615	9,517,537,128
Investment in retail treasury bond	6	–	2,253,523,133
Other current assets	9	670,615,142	732,935,532
Total Current Assets		14,389,804,471	15,022,430,077
Noncurrent Assets			
Property and equipment	10	6,757,351,004	4,981,367,129
Right-of-use assets	11	6,280,165,526	5,260,470,198
Net deferred tax assets	19	414,219,401	333,740,211
Other noncurrent assets	12	376,075,576	639,043,835
Total Noncurrent Assets		13,827,811,507	11,214,621,373
		₱28,217,615,978	₱26,237,051,450
LIABILITIES AND EQUITY			
Current Liabilities			
Trade and other payables	13	₱5,578,277,870	₱5,530,142,228
Income tax payable		205,319,302	283,254,451
Current portion of lease liabilities	11	1,837,560,851	1,423,074,043
Current portion of long-term debt	14	20,000	–
Total Current Liabilities		7,621,178,023	7,236,470,722
Noncurrent Liabilities			
Lease liabilities - net of current portion	11	4,949,331,695	4,063,408,162
Net retirement liability	15	337,412,956	275,650,904
Long-term debt	14	–	20,000
Total Noncurrent Liabilities		5,286,744,651	4,339,079,066
Total Liabilities		12,907,922,674	11,575,549,788
Equity			
Capital stock	16	4,099,724,116	4,099,724,116
Additional paid-in capital		5,373,738,427	5,373,738,427
Other comprehensive income		573,542	63,275,338
Retained earnings		5,835,657,219	5,124,763,781
Total Equity		15,309,693,304	14,661,501,662
		₱28,217,615,978	₱26,237,051,450

See accompanying Notes to Financial Statements.

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

STATEMENTS OF COMPREHENSIVE INCOME

	Note	Years Ended December 31 2020	2019	2018
NET SALES		**₱22,628,883,188**	₱24,476,094,604	₱21,041,433,928
COST OF SALES	8	**(14,847,160,308)**	(16,300,223,396)	(14,438,334,301)
GROSS INCOME		**7,781,722,880**	8,175,871,208	6,603,099,627
OPERATING EXPENSES	17	**(5,738,019,171)**	(5,395,669,570)	(4,420,552,891)
INTEREST EXPENSE	14	**(429,019,510)**	(300,371,698)	(2,345,308)
OTHER INCOME - Net	18	**435,322,255**	462,750,174	359,472,440
INCOME BEFORE INCOME TAX		**2,050,006,454**	2,942,580,114	2,539,673,868
INCOME TAX EXPENSE (BENEFIT)	19			
Current		**656,279,581**	964,287,588	725,998,406
Deferred		**(55,116,906)**	(146,322,479)	(21,736,924)
		601,162,675	817,965,109	704,261,482
NET INCOME		**1,448,843,779**	2,124,615,005	1,835,412,386
OTHER COMPREHENSIVE INCOME (LOSS)				
Item not to be reclassified to profit or loss -				
Remeasurement loss on retirement liability, net of deferred income tax	15	**(59,178,663)**	(116,428,759)	(3,333)
Item to be reclassified to profit or loss -				
Unrealized gain (loss) on fair value changes of investment in retail treasury bond	6	**(3,523,133)**	96,802,027	(90,225,514)
		(62,701,796)	(19,626,732)	(90,228,847)
TOTAL COMPREHENSIVE INCOME		**₱1,386,141,983**	₱2,104,988,273	₱1,745,183,539
BASIC AND DILUTIVE EARNINGS PER SHARE	22	**₱0.35**	₱0.52	₱0.45

See accompanying Notes to Financial Statements.

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
Date MAR 01 2021 SCBS
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MARK ANTHONY M. PANDIÑO

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

STATEMENTS OF CHANGES IN EQUITY

		Years Ended December 31		
	Note	**2020**	2019	2018
CAPITAL STOCK	16	**₱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	15			
Balance at beginning of year		**59,752,205**	176,180,964	176,184,297
Remeasurement loss, net of deferred income tax		**(59,178,663)**	(116,428,759)	(3,333)
Balance at end of year		**573,542**	59,752,205	176,180,964
Cumulative Unrealized Gain (Loss) on Fair Value Changes of Investment in Retail Treasury Bond				
Balance at beginning of year		**3,523,133**	(93,278,894)	(3,053,380)
Unrealized gain (loss)	6	**(3,523,133)**	96,802,027	(90,225,514)
Balance at end of year		**–**	3,523,133	(93,278,894)
		573,542	63,275,338	82,902,070
RETAINED EARNINGS				
Balance at beginning of year		**5,124,763,781**	3,656,104,636	2,271,661,903
Net income		**1,448,843,779**	2,124,615,005	1,835,412,386
Cash dividends	16	**(737,950,341)**	(655,955,860)	(450,969,653)
Balance at end of year		**5,835,657,219**	5,124,763,781	3,656,104,636
		₱15,309,693,304	₱14,661,501,662	₱13,212,469,249

See accompanying Notes to Financial Statements.

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)

STATEMENTS OF CASH FLOWS

		Years Ended December 31		
	Note	2020	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES				
Income before income tax		**₱2,050,006,454**	₱2,942,580,114	₱2,539,673,868
Adjustments for:				
Depreciation and amortization	10	**1,820,548,832**	1,133,175,160	164,851,981
Interest expense	14	**429,019,510**	300,371,698	2,345,308
Rent concession	11	**(100,926,407)**	–	–
Interest income	5	**(55,135,122)**	(151,484,892)	(194,531,047)
Retirement benefits	15	**44,909,067**	23,088,535	23,521,289
Provision (reversal of allowance) for impairment losses on receivables	7	**15,718,838**	11,768,506	26,254,535
Gain on sale of:				
Property and equipment		**(54,911)**	–	–
Investment in retail treasury bond	6	**–**	(1,611,403)	–
Reversal of allowance for inventory write-down and losses	8	**–**	(33,337,395)	–
Direct write-off of receivables		**–**	–	50,149
Operating income before working capital changes		**4,204,086,261**	4,224,550,323	2,562,166,083
Decrease (increase) in:				
Trade and other receivables		**(8,066,633)**	(150,757,101)	(30,882,622)
Merchandise inventories		**825,409,513**	(2,153,143,193)	(362,912,433)
Other current assets		**(9,921,590)**	(202,453,628)	(86,408,752)
Increase in trade and other payables		**48,135,690**	1,677,224,400	510,014,364
Net cash generated from operations		**5,059,643,241**	3,395,420,801	2,591,976,640
Income tax paid		**(688,174,095)**	(802,776,612)	(581,608,431)
Contributions to retirement plan	15	**(67,687,961)**	(32,192,264)	(37,633,926)
Interest received from cash in banks		**1,678,673**	1,365,854	1,426,985
Retirement benefits paid	15	**–**	(1,584,356)	(1,753,646)
Net cash provided by operating activities		**4,305,459,858**	2,560,233,423	1,972,407,622
CASH FLOWS FROM INVESTING ACTIVITIES				
Additions to:				
Property and equipment	10	**(2,465,873,741)**	(2,618,466,105)	(2,065,776,777)
Computer software	12	**(37,118,258)**	(30,334,944)	(31,904,348)
Net proceeds from:				
Maturity and disposal of investment in retail treasury bond	4	**2,250,000,000**	751,611,403	–
Disposal of property and equipment		**200,000**	–	–
Decrease (increase) in:				
Short-term investments		**(2,139,479,457)**	(616,490,311)	600,580,715
Advances to contractors		**295,155,343**	(63,242,424)	(99,519,131)
Other noncurrent assets		**(4,531,346)**	(40,558,137)	106,217,615
Interest received from investments		**69,507,372**	157,391,546	200,238,033
Net cash used in investing activities		**(2,032,140,087)**	(2,460,088,972)	(1,290,163,893)

(Forward)

BUREAU OF INTERNAL REVENUE
LARGE TAXPAYERS SERVICE
LARGE TAXPAYERS ASSISTANCE DIVISION
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	Note	2020	2019	2018
		Years Ended December 31		
CASH FLOWS FROM FINANCING ACTIVITIES				
Payments of:				
Lease liabilities	11	**(₱1,142,517,417)**	(₱824,218,626)	₱–
Cash dividends	16	**(737,950,341)**	(655,955,860)	(450,969,653)
Interest on long-term debt		**(913)**	(1,178)	(2,574,163)
Long-term debt	14	**–**	–	(403,441,539)
Cash used in financing activities		**(1,880,468,671)**	(1,480,175,664)	(856,985,355)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		**392,851,100**	(1,380,031,213)	(174,741,626)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**1,462,042,311**	2,842,073,524	3,016,815,150
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	**₱1,854,893,411**	₱1,462,042,311	₱2,842,073,524

See accompanying Notes to Financial Statements.

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

NOTES TO FINANCIAL STATEMENTS

1. Corporate Information

WILCON DEPOT, INC. Doing Business under the Name and Style of WILCON DEPOT and WILCON HOME ESSENTIALS (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 Parent Company is primarily engaged in acquiring and investing stock or securities of government agencies or public or private corporation, and in personal property of all kinds. The ultimate parent company is LIAM ROS HOLDINGS INC., a holding company incorporated in the Philippines.

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 Notes 4 and 16).

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, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018 were approved and authorized for issue by the Board of Directors (BOD) on February 24, 2021, as reviewed and recommended for approval by the Audit Committee on the same date.

2. Summary of Significant Accounting Policies

<u>Basis of Preparation and Statement of Compliance</u>
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 Reporting Standards Council and adopted by the SEC, including the SEC provisions.

The significant 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 investment in retail treasury bond (RTB) that is measured at fair value, net retirement liability that is carried at the aggregate of the present value of the defined benefit obligation and the fair value of plan assets and lease liabilities that are initially carried at the present value of minimum lease payments. Historical cost is generally based on the fair value of the consideration given in exchange for an asset and change in fair value of the 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 explained in the foregoing.

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

- Note 6, *Investments*
- Note 24, *Fair Value of Financial Instruments*

Adoption of Amended PFRS
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the following amended PFRS.

Effective for annual periods beginning on or after January 1, 2020:

- Amendments to References to the Conceptual Framework in PFRS – The amendments include a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance-in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurements uncertainty in financial reporting. The amendments should be applied retrospectively unless retrospective application would be impracticable or involve undue cost or effort.

- Amendments to PAS 1, *Presentation of Financial Statements* and PAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors - Definition of Material* – The amendments clarify the definition of "material" and how it should be applied by companies in making materiality judgments. The amendments ensure that the new definition is consistent across all PFRS standards. Based on the new definition, an information is "material" if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general-purpose financial statements make on the basis of those financial statements.

Effective for annual periods beginning on or after June 1, 2020 –

- Amendments to PFRS 16, *Leases – Covid-19 Related Rent Concessions* – The amendments provide practical expedient to lessees from applying the requirements on lease modifications under PFRS 16 for eligible rent concessions that is a direct consequence of COVID-19 pandemic. A lessee may elect not to assess whether eligible rent concessions from a lessor is a lease modification. A lessee that makes this election account for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for a change that is not a lease modification, i.e., as a variable lease payment. The amendments do not affect lessors. Earlier application of the amendments is permitted.

  Due to the impact of the Covid-19 pandemic, the Company received rent concession from its lessors related to its leases of land and buildings. Accordingly, the Company has applied the practical expedient to all Covid-19 related rent concessions that meet all of the following criteria:

  - the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
  - any reduction in lease payments affects only payments originally due on or before June 30, 2021 ; and
  - there is no substantive change to other terms and conditions of the lease.

  The Company is no longer required to remeasure the lease liabilities to reflect the revised consideration using a revised discount rate. Instead, the effect of the change in the lease liabilities is reflected in profit or loss in the year in which the event or condition that triggers the rent concession occurs. The amount of reduction in lease liabilities that was recognized in profit or loss amounted to ₱100.9 million in 2020 (see Note 11).

Under prevailing circumstances, the adoption of the foregoing amended PFRS did not have a material effect on the financial statements of the Company, except for the amendments to PFRS 16. 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 the year ended December 31, 2020 and have not been applied in preparing the financial statements, are summarized below.

Effective for annual period beginning on or after January 1, 2022:

- Amendments to PAS 16, *Property, Plant and Equipment - Proceeds before Intended Use* – The amendments prohibit deducting from the cost of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for its intended use. Instead, the proceeds and related costs from such items shall be recognized in profit or loss. The amendments must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when an entity first applies the amendment.

- Amendments to PAS 37, *Onerous Contracts - Cost of Fulfilling a Contract* – The amendments clarify that for the purpose of assessing whether a contract is onerous, the cost of fulfilling a contract comprises both the incremental costs of fulfilling that contract and an allocation of costs directly related to contract activities. The amendments apply to contracts existing at the date when the amendments are first applied. At the date of initial application, the cumulative effect of applying the amendments is recognized as an opening balance adjustment to retained earnings or other components of equity. Accordingly, the comparatives are not restated. Earlier application is permitted.

Annual Improvements to PFRS 2018 to 2020 Cycle:

- Amendments to PFRS 9, *Financial Instruments - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities* – The amendment clarifies which fees an entity includes when it applies the '10 per cent' test in assessing whether to derecognize a financial liability (i.e. whether the terms of a new or modified financial liability is substantially different from the terms of the original financial liability). These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or the lender on the other's behalf. The amendments apply to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendments. Earlier application is permitted.

- Amendments to PFRS 16, *Leases - Lease Incentives* – The amendment removes from the Illustrative Example 13 the illustration of the reimbursement of leasehold improvements by the lessor. The objective of the amendment is to avoid any potential confusion regarding the treatment of lease incentives because of how the requirements for lease incentives are illustrated.

Under prevailing circumstances, the adoption of the foregoing amended PFRS will not have a material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

Financial Instruments

Date of Recognition. The Company recognizes a financial asset or liability in the statement of financial position when the Company becomes a party to the contractual provisions of a financial instrument.

Initial Recognition and Measurement. Financial instruments are recognized initially at fair value of the consideration given (in the case of an asset) or received (in the case of a liability). The initial measurement of all financial instruments, except for financial instruments classified as fair value through profit or loss (FVPL), includes transaction cost.

"Day 1" Difference. Where the transaction price in a non-active market is different from the fair value from other observable current market transactions in the same instrument or based on a valuation technique whose variables include only data observable from the market, the Company recognizes the difference between the transaction price and fair value (a "Day 1" difference) in profit or loss unless it qualifies for recognition as some other type of asset. In cases where there is

no observable data on inception, the Company deems the transaction price as the best estimate of fair value and recognizes "Day 1" difference in profit or loss when inputs become observable or when instrument is derecognized. For each transaction, the Company determines the appropriate method of recognizing a "Day 1" difference amount.

Financial Assets
In the case of regular way purchase or sale of financial assets, recognition and derecognition, as applicable, is done using settlement date accounting.

Classification. The Company classifies its financial assets at initial recognition under the following categories: (a) financial assets at amortized cost, (b) financial assets at FVPL and (c) financial assets at fair value through other comprehensive income (financial asset at FVOCI). The classification of financial asset largely depends on the Company's business model and its contractual cash flow characteristics.

As at December 31, 2020 and 2019, the Company does not have financial assets measured at FVPL.

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, 2020 and 2019, the cash and cash equivalents, short-term investments, trade and other receivables (excluding advances to suppliers, and 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 money market placements. Money market placements are highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Financial Assets at FVOCI. Financial assets at FVOCI which pertain to debt instrument, is measured at fair value through other comprehensive income if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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, interest income (calculated using the effective interest rate method), foreign currency gains or losses and impairment losses of debt instrument measured at FVOCI are recognized directly in profit or loss. Changes in the fair value of these instruments are recognized in other comprehensive income and accumulated in equity. When the financial asset is derecognized, the cumulative gains or losses previously recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment.

As at December 31 2019, this category includes investment in RTB.

Impairment. The Company recognizes an allowance for expected credit loss (ECL) for all debt instruments not measured at FVPL. 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 debt instruments at FVOCI and 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.

Reclassification. The Company reclassifies its financial assets when, and only when, it changes its business model for managing those financial assets. The reclassification is applied prospectively from the first day of the first reporting year following the change in business model (reclassification date).

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVPL, any gain or loss arising from the difference between the previous amortized cost of the financial asset and fair value is recognized in profit or loss.

For a financial asset reclassified out of the financial assets at amortized cost category to financial assets at FVOCI, any gain or loss arising from a difference between the previous amortized cost of the financial asset and fair value is recognized in other comprehensive income.

For a financial asset reclassified out of the financial assets at FVOCI category to financial assets at amortized cost, any gain or loss previously recognized in other comprehensive income, and any difference between the new amortized cost and maturity amount, are amortized to profit or loss over the remaining life of the financial asset using the effective interest method.

If the financial asset is subsequently impaired, any gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

In the case of a financial asset that does not have a fixed maturity, the gain or loss should be recognized in profit or loss when the financial asset is sold or disposed. If the financial asset is subsequently impaired, any previous gain or loss that has been recognized in other comprehensive income is reclassified from equity to profit or loss.

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

Classification. The Company classifies its financial liabilities at initial recognition under the following categories: (a) financial liabilities at amortized cost and (b) financial liabilities at FVPL.

As at December 31, 2020 and 2019, the Company does not have financial liabilities measured at FVPL.

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, 2020 and 2019, the long-term debt, lease liabilities and trade and other payables (excluding statutory liabilities, unredeemed gift certificates and unearned revenue) 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 value 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.

Classification of Financial Instrument between Liability and Equity
A financial instrument is classified as liability if it provides for a contractual obligation to:

- deliver cash or another financial asset to another entity;
- exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the Company; or
- satisfy the obligation other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of own equity shares.

If the Company does not have an unconditional right to avoid delivering cash or another financial asset to settle its contractual obligation, the obligation meets the definition of a financial liability.

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 reversals, if any, of write-down of inventories arising from an increase in net realizable value are recognized as reduction in the amount of inventories recognized as expense in the year in which the reversal occurs.

Other Current Assets
Other current assets mainly consist of deferred input value-added tax (VAT), materials and supplies, prepaid expenses, input VAT, and container deposits.

Deferred Input VAT. Deferred input VAT represents the unamortized amount of input VAT on capital goods and input VAT on consigned goods already sold and other accruals, wherein the suppliers' invoices are received subsequently. Deferred input VAT that are expected to be claimed against output VAT for no more than 12 months after the reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets.

Materials and Supplies. Materials and supplies are carried at cost and are recognized as expense upon consummation. Materials and supplies that are expected to be consumed for no more than 12 months after the financial reporting date are classified as current assets. Otherwise, these are classified as noncurrent assets

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.

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 statement of financial position.

Container deposits. Container deposits qualify as financial assets and are disclosed under financial instruments. These are measured at cost less any impairment in value.

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. Borrowing costs that are directly attributable to the construction of property and equipment are capitalized during the construction period. 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	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 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.

The estimated useful life of solar panels installed in the leased and owned buildings is 15 years.

In 2019, the Company changed the estimated useful lives of buildings and leasehold improvements covered with lease agreements with related parties and third parties on land, buildings and retail and office units from 20 years to 15 years and from five to three years, respectively, to align with the lease terms for land, buildings and retail and office units of 15 years and three years (as amended for certain lease agreements).

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 values of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value 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.

<u>Other Noncurrent Assets</u>
Other noncurrent assets comprise of security deposits, computer software, electricity deposits, advances to contractors and refundable cash bonds. Other noncurrent assets, except computer software, qualify as financial assets and are disclosed under financial instruments.

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 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 (Loss). Other comprehensive income (loss) 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 (loss) includes cumulative unrealized gain (loss) on fair value changes of investment in RTB and cumulative remeasurement gains (losses) on retirement liability.

Retained Earnings. Retained earnings represent the cumulative balance of net income or loss, dividend distributions, correction of prior year errors, effects of changes in accounting policy and other capital adjustments.

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

Revenue from contract with customers is recognized when the performance obligation in the contract has been satisfied, either at a point in time or over time. Revenue is recognized over time if one of the following criteria is met: (a) the customer simultaneously receives and consumes the benefits as the Company performs its obligations; (b) the Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or (c) the Company's performance does not create an asset with an alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. Otherwise, revenue is recognized at a point in time.

The Company assesses the revenue arrangements to determine if it is acting as a principal or as an agent. The Company assessed that it acts as principal in all of its revenue sources.

Revenue within the scope of PFRS 15 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
- 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
- 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
- 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 reward 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.

Policies prior to January 1, 2019. The determination of whether the arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception on the lease only if one of the following applies:

a. There is a change in contractual terms, other than a renewal or extension of the arrangement.
b. A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially Included In the lease term.
c. There is a change in the determination of whether fulfillment is dependent on a specified asset.
d. There is substantial change to the asset.

Where a reassessment is made, lease accounting commences or ceases from the date when the change in circumstances gave rise to reassessment for scenarios (a), (c) or (d) and at the date of renewal or extension period for scenario (b).

Leases where a significant portion of the risks and reward 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 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. Unrecognized deferred tax assets are reassessed at the end of each reporting period and are recognized to the extent that it has become probable that sufficient future taxable profit will allow the deferred tax asset to be recovered.

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.

For purposes of management reporting, the Company has only one reportable operating segment, which is the trading business. The Company has only one geographical segment as all of its assets are located in the Philippines. The Company operates and derives all its revenue from domestic operations.

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 Ability to Continue as a Going Concern. The management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. Furthermore, the Company is not aware of any material uncertainties that may cast significant doubts upon the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on a going concern basis.

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 reportable operating segment which is the trading business and one 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 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, computer software and transportation equipment. Until December 31, 2018, the Company accounts for these lease agreements as operating leases. Rent expense on operating leases amounted to ₱919.9 million in 2018 (see Note 11).

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.

Starting January 1, 2019, all the existing leases of the Company, except for short-term lease on transportation equipment and leases on land and buildings with less than 12 months term at transition, qualified 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 adoption of PFRS 16.

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 4.31% to 8.31% 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 and discount rates.

Interest expense on lease liabilities amounted to ₱429.0 million and ₱300.4 million in 2020 and 2019, respectively. Amortization on ROU assets amounted to ₱1,121.3 million and ₱721.3 million in 2020 and 2019, respectively (see Note 11).

Rent expense on short-term lease on transportation equipment and leases on land and buildings with less than 12 months term amounted to ₱116.8 million and ₱331.8 million in 2020 and 2019, respectively (see Note 11).

As at December 31, 2020 and 2019, ROU assets amounted to ₱6,280.2 million and ₱5,260.5 million, respectively (see Note 11).

As at December 31, 2020 and 2019, lease liabilities amounted to ₱ 6,786.9 million and ₱5,486.5 million, respectively (see Note 11).

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.

Rent income amounted to ₱42.8 million, ₱30.4 million and ₱20.1 million in 2020, 2019 and 2018, respectively (see Note 11).

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.

Determining Fair Value of Investment in RTB. The Company carries the financial asset at fair value, which requires the use of accounting estimates and judgment. In cases when active market quotes are not available, fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows of the underlying net base of the instrument. The amount as a result of changes in fair value would differ if the Company utilized different valuation methods and assumptions. Any change in fair value of these financial assets would affect other comprehensive income.

The Company's investment was valued using the active quoted price. The investment has matured on April 11, 2020 and the proceeds from maturity amounted to ₱2,269.1 million that include interest income earned until maturity amounting to ₱19.1 million (see Note 6).

Assessing Impairment of Trade and Other Receivables. Starting 2019, the Company adopted the simplified approach in measuring ECL based on lifetime expected credit losses on its trade receivables. The Company has established a provision matrix that uses historical credit loss experience adjusted for forward-looking factors, as appropriate.

Net provision for impairment losses recognized in 2020, 2019 and 2018 amounted to ₱15.7 million, ₱11.8 million and ₱26.2 million, respectively (see Note 7).

Based on management assessment, the allowance for impairment losses of trade and other receivables as at December 30, 2020 and 2019 is adequate to cover for possible losses.

The carrying amount of trade and other receivables (excluding advances to suppliers and officers and employees) amounted to ₱283.8 million and ₱383.0 million as at December 31, 2020 and 2019, respectively (see Note 7). Allowance for impairment losses amounted to ₱64.6 million and ₱75.2 million as at December 31, 2020 and 2019, respectively (see Note 7).

Assessing Estimated 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 2020, 2019 and 2018.

The carrying amounts of other financial assets at amortized cost follows:

	Note	**2020**	2019
Security deposits	12	**₱150,319,561**	₱141,734,449
Electricity deposits	12	**55,904,507**	47,922,896
Container deposits	9	**8,010,715**	8,010,715
		₱214,234,783	₱197,668,060

Other financial assets at amortized cost also include refundable cash bonds, amounting to ₱83.4 million, which the Company assessed to be unrecoverable. Accordingly, refundable cash bonds were fully provided with allowance for impairment losses since 2016 (see Note 12).

Determining 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 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 amounted to ₱8,692.1 million and ₱9,517.5 million as at December 31, 2020 and 2019, respectively (see Note 8). Net reversal of allowance and provision for inventory write-down and losses amounted to ₱33.3 million in 2019. No reversal of allowance and provision for inventory write-down and losses was recognized in 2020 and 2018 (see Note 8). Allowance for inventory write-down and losses amounted to ₱97.5 million at December 31, 2020 and 2019 (see Note 8).

Estimating 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 are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets.

In 2019, the Company changed the estimated useful lives of buildings and leasehold improvements covered with lease agreements with related parties and third parties on land, buildings and retail and office units from 20 years to 15 years and from five to three years, respectively, to align with the lease terms for land, buildings and retail and office units of 15 years and three years (as amended for certain lease agreements). The change in estimate is effective January 1, 2019. The effect of the change in estimated useful lives of buildings and leasehold improvements resulted to an increase in depreciation and amortization by ₱50.0 million for the year ended December 31, 2019.

There is no change in estimated useful lives of property and equipment and computer software in 2020. The carrying amount of depreciable property and equipment and computer software follows:

	Note	2020	2019
Property and equipment*	10	**₱5,464,437,041**	₱4,227,821,977
Computer software	12	**113,938,210**	86,282,472
		₱5,578,375,251	₱4,314,104,449

*Excluding construction in progress amounting to ₱1,292.9 million and ₱753.5 million as at December 31, 2020 and 2019, respectively.

Assessing Impairment of Nonfinancial Assets. The Company assesses any impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying value 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 value of nonfinancial assets may be impaired. Accordingly, no impairment loss was recognized in 2020, 2019 and 2018.

The carrying values of nonfinancial assets assessed for possible impairment are presented below:

	Note	2020	2019
Property and equipment	10	**₱6,757,351,004**	₱4,981,367,129
ROU assets	11	**6,280,165,526**	5,260,470,198
Input VAT (including deferred input VAT)	9, 12	**396,846,644**	496,684,081
Computer software	12	**113,938,210**	86,282,472
		₱13,548,301,384	₱10,824,803,880

Determining 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 15 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.

Retirement expense amounted to ₱44.9 million and ₱23.1 million as at December 31, 2020 and 2019, respectively (see Note 15).

Net retirement liability amounted to ₱337.4 million and ₱275.7 million as at December 31, 2020 and 2019, respectively (see Note 15).

Assessing 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. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets (gross) amounted to ₱414.2 million and ₱338.2 million as at December 31, 2020 and 2019, respectively (see Note 19).

4. Initial Public Offering

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 Notes 1 and 16).

Portion of the net proceeds from the IPO were used to settle short-term and long-term loans, construct store for the Company's network expansion and pay general corporate expenses.

Details of unapplied proceeds from the IPO are as follows:

	2020	2019
Cash in designated bank accounts for offering proceeds	**₱23,159,164**	₱37,372,360
Money market placements	**250,069,413**	–
Funds from various regular bank accounts	**(171,878,492)**	(886,703,388)
Investment in RTB (at face value)	**–**	2,250,000,000
	₱101,350,085	₱1,400,668,972

The fair value of investment in RTB as at December 31, 2019 amounted to ₱2,253.5 million (see Note 6).

The investment in RTB with face value amounting to ₱2,250.0 million matured on April 11, 2020. The proceeds amounting to ₱2,269.1 million, which includes interest of ₱19.1 million, were used to reimburse the funds from regular bank accounts that were used for the store network expansion project.

Interest income from investment in RTB amounted to ₱19.1 million, ₱95.6 million and ₱99.5 million in 2020, 2019 and 2018, respectively.

The unapplied proceeds will be used for the store network expansion project of the Company, which are expected to be completed by 2021.

5. Cash and Cash Equivalents

This account consists of:

	2020	2019
Cash on hand	₱32,475,943	₱8,779,283
Cash in banks	1,321,417,468	1,453,263,028
Cash equivalents	501,000,000	–
	₱1,854,893,411	₱1,462,042,311

Cash in banks earn interest at prevailing bank deposit rates. Cash Equivalents represent money market placements with interest ranging from 1.15% to 4.00%.

Details of interest income are as follows:

	Note	2020	2019	2018
Short-term investments	6	₱23,869,491	₱2,158,872	₱1,733,894
Investment in RTB	6	19,125,000	95,565,569	99,450,000
Cash and cash equivalents		12,140,631	53,760,451	93,347,153
	18	₱55,135,122	₱151,484,892	₱194,531,047

6. Investments

Short-term Investments

Short-term investments amounting to ₱2,756.0 million and ₱616.5 million as at December 31, 2020 and 2019, respectively, represent money market placements, which bears interest from 1.15% to 4.00%.

Interest income from these investments amounted to ₱23.9 million, ₱2.2 million and ₱1.7 million in 2020, 2019 and 2018, respectively (see Note 5).

Investment in RTB

Investment in RTB, which was classified as financial asset at FVOCI, amounting ₱2,253.5 million as at December 31, 2019 with annual interest of 4.25%, has matured on April 11, 2020.

Fair value changes of investment in RTB amounted to unrealized loss of ₱3.5 million and ₱90.2 million in 2020, 2018, respectively, while unrealized gain of ₱ 96.8 million in 2019.

In 2019, portion of investment in RTB amounting to ₱750.0 million was sold for ₱751.6 million that resulted to gain on sale amounting to ₱1.6 million.

Interest income earned from investment in RTB amounted to ₱19.1 million, ₱95.6 million and ₱99.5 million in 2020, 2019 and 2018, respectively (see Note 5).

7. Trade and Other Receivables

Details of this account are as follows:

	Note	2020	2019
Trade:			
Third parties		**₱250,754,008**	₱366,209,326
Related parties	21	**1,882,426**	1,589,088
Advances to suppliers		**101,086,218**	44,311,064
Advances to officers and employees		**31,328,696**	12,630,795
Rent receivables	11	**18,475,706**	6,055,351
Accrued interest		**3,813,570**	19,864,492
Others		**73,465,482**	64,459,448
		480,806,106	515,119,564
Allowance for impairment losses		**(64,607,570)**	(75,217,902)
		₱416,198,536	₱439,901,662

Trade receivables are unsecured, noninterest-bearing and have credit terms of 30 to 60 days.

Advances to suppliers pertain to advance payments on purchases of trade and nontrade goods and services.

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 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 and cash equivalents, short-term investments and investment in RTB.

Others mainly pertain to marketing support granted by suppliers.

Movements of allowance for impairment losses on receivables are as follows:

	2020	2019	2018
Balance at beginning of year	**₱75,217,902**	₱63,449,396	₱37,382,126
Write-off	**(26,329,170)**	–	(187,265)
Provision	**15,718,838**	11,768,506	30,505,826
Reversal	**–**	–	(4,251,291)
Balance at end of year	**₱64,607,570**	₱75,217,902	₱63,449,396

Based on management assessment, the allowance for impairment losses on receivables as at December 31, 2020 and 2019 is adequate to cover for possible losses

8. Merchandise Inventories

Merchandise inventories are stated at cost and NRV. Details are as follows:

	2020	2019
At cost	**₱8,649,939,664**	₱9,449,683,308
At NRV	**42,187,951**	67,853,820
	₱8,692,127,615	₱9,517,537,128

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 ₱139.7 million and ₱165.3 million as at December 31, 2020 and 2019, respectively.

Movements of allowance for inventory write-down and losses are as follows:

	2020	2019	2018
Beginning of year	**₱97,489,151**	₱130,826,546	₱130,826,546
Reversal	**–**	(33,337,395)	–
Balance at end of year	**₱97,489,151**	₱97,489,151	₱130,826,546

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 ₱14,847.2 million, ₱16,300.2 million, and ₱14,438.3 million in 2020, 2019 and 2018, respectively, including any reversal of allowance and provision for inventory write-down and losses.

9. Other Current Assets

Details of this account are as follows:

	2020	2019
Current deferred input VAT	**₱343,895,227**	₱391,159,640
Materials and supplies	**198,943,033**	159,906,892
Prepaid expenses	**110,019,523**	123,573,994
Input VAT	**9,746,644**	50,284,291
Container deposits	**8,010,715**	8,010,715
	₱670,615,142	₱732,935,532

Deferred input VAT pertains to unamortized portion of input VAT on property and equipment and consigned goods already sold.

Materials and supplies pertain to consumable construction materials, office supplies and uniforms.

Prepaid expenses pertain to payment of insurance, advertising, membership dues, rent and taxes by the Company which are being amortized over a year.

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.

10. Property and Equipment

Details and movements of this account are as follows:

	2020					
	Buildings and Improvements	Furniture and Equipment	Leasehold Improvements	Transportation Equipment	Construction in Progress	Total
Cost						
Balance at beginning of year	₱3,263,751,108	₱1,167,464,751	₱480,512,334	₱41,686,017	₱753,545,152	₱5,706,959,362
Additions	–	189,380,320	–	5,068,036	2,271,425,385	2,465,873,741
Reclassifications	1,157,913,863	55,821,409	518,321,302	–	(1,732,056,574)	–
Disposal	–	–	–	(223,214)	–	(223,214)
Balance at end of year	4,421,664,971	1,412,666,480	998,833,636	46,530,839	1,292,913,963	8,172,609,889
Accumulated Depreciation and Amortization						
Balance at beginning of year	217,915,439	404,754,613	87,460,251	15,461,930	–	725,592,233
Depreciation and amortization	251,520,538	239,867,259	189,501,491	8,855,489	–	689,744,777
Disposal	–	–	–	(78,125)	–	(78,125)
Balance at end of year	469,435,977	644,621,872	276,961,742	24,239,294	–	1,415,258,885
Carrying Value	₱3,952,228,994	₱768,044,608	₱721,871,894	₱22,291,545	₱1,292,913,963	₱6,757,351,004

	2019					
	Buildings and Improvements	Furniture and Equipment	Leasehold Improvements	Transportation Equipment	Construction in Progress	Total
Cost						
Balance at beginning of year	₱1,843,096,812	₱704,127,389	₱121,409,402	₱36,078,694	₱383,780,960	₱3,088,493,257
Additions	–	293,363,348	1,941,856	5,607,323	2,317,553,578	2,618,466,105
Reclassifications	1,420,654,296	169,974,014	357,161,076	–	(1,947,789,386)	–
Balance at end of year	3,263,751,108	1,167,464,751	480,512,334	41,686,017	753,545,152	5,706,959,362
Accumulated Depreciation and Amortization						
Balance at beginning of year	47,962,174	240,786,447	24,978,726	7,605,070	–	321,332,417
Depreciation and amortization	169,953,265	163,968,166	62,481,525	7,856,860	–	404,259,816
Balance at end of year	217,915,439	404,754,613	87,460,251	15,461,930	–	725,592,233
Carrying Value	₱3,045,835,669	₱762,710,138	₱393,052,083	₱26,224,087	₱753,545,152	₱4,981,367,129

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 2021.

As at December 31, 2020, the amount of contractual commitment related to the construction in progress amounted to ₱642.1 million

Depreciation and amortization are summarized below:

	Note	2020	2019	2018
ROU assets	11	**₱1,121,341,535**	₱721,331,179	₱–
Property and equipment		**689,744,777**	404,259,816	158,676,639
Computer software	12	**9,462,520**	7,584,165	6,175,342
	17	**₱1,820,548,832**	₱1,133,175,160	₱164,851,981

The acquisition costs of fully depreciated assets still in use are summarized below:

	2020	2019	2018
ROU assets	**₱244,207,456**	₱–	₱–
Property and equipment	**181,584,118**	73,372,335	65,140,196
	₱425,791,574	₱73,372,335	₱65,140,196

11. 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 (as amended for certain lease agreements in 2018) 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 ₱150.3 million and ₱141.7 million as at December 31, 2020 and 2019, respectively (see Note 12). Accrued rent and advance rent amounting to ₱143.9 million and ₱54.9 million were reclassified as part of ROU assets upon the adoption of PFRS 16 January 1, 2019.

Amounts recognized in profit and loss:

	Note	2020	2019	2018
Amortization on ROU assets	10	**₱1,121,341,535**	₱721,331,179	₱–
Interest on lease liabilities	14	**429,018,646**	300,370,584	–
Rent expense	17	**116,777,063**	331,775,281	919,910,158
Rent concession	18	**(100,926,407)**	–	–
		₱1,566,210,837	₱1,353,477,044	₱919,910,158

Rent expense in 2020 pertains to variable lease payments pertaining to real property taxes on leased properties from a related parties, and short-term leases.

Movements in the ROU assets are presented below:

		2020					
	Note	Land	Land and Buildings	Buildings	Retail and Office Units	Computer Software	Total
Cost							
Balances as at January 1, 2020		**₱3,480,129,245**	**₱2,066,847,254**	**₱347,168,152**	**₱48,742,662**	**₱38,914,064**	**₱5,981,801,377**
Additions		**1,463,112,968**	**549,750,276**	**14,211,484**	**113,962,135**	**–**	**2,141,036,863**
Balance as at end of year		**4,943,242,213**	**2,616,597,530**	**361,379,636**	**162,704,797**	**38,914,064**	**8,122,838,240**
Amortization							
Balances as at January 1, 2020		**212,640,047**	**406,764,729**	**50,251,887**	**34,379,377**	**17,295,139**	**721,331,179**
Amortization	10	**304,153,052**	**661,038,609**	**97,541,115**	**41,313,620**	**17,295,139**	**1,121,341,535**
Balances as at end of the year		**516,793,099**	**1,067,803,338**	**147,793,002**	**75,692,997**	**34,590,278**	**1,842,672,714**
Carrying Value	3	**₱4,426,449,114**	**₱1,548,794,192**	**₱213,586,634**	**₱87,011,800**	**₱4,323,786**	**₱6,280,165,526**

		2019					
	Note	Land	Land and Buildings	Buildings	Retail and Office Units	Computer Software	Total
Balances as at January 1, 2019		₱2,051,625,685	₱337,213,138	₱32,754,890	₱48,742,662	₱–	₱2,470,336,375
Additions		1,428,503,560	1,729,634,116	314,413,262	–	38,914,064	3,511,465,002
Amortization	10	(212,640,047)	(406,764,729)	(50,251,887)	(34,379,377)	(17,295,139)	(721,331,179)
Carrying Value	3	₱3,267,489,198	₱1,660,082,525	₱296,916,265	₱14,363,285	₱21,618,925	₱5,260,470,198

Movements in the lease liabilities are presented below:

	Note	2020	2019
Balance at beginning of the year	3	**₱5,486,482,205**	₱2,559,379,229
Additions		**2,114,835,519**	3,450,951,018
Payments		**(1,142,517,417)**	(824,218,626)
Interest expense		**429,018,646**	300,370,584
Rent concession	18	**(100,926,407)**	–
Balance at end of the year	3	**6,786,892,546**	5,486,482,205
Current portion		**1,837,560,851**	1,423,074,043
Noncurrent portion		**₱4,949,331,695**	₱4,063,408,162

Due to the impact of the Covid-19 pandemic, the Company received rent concession from its lessors related to its leases of land and buildings. The Company adopted the amendments to PFRS 16 upon its effectivity by applying the practical expedient. The amount of reduction in lease liabilities that was recognized in profit or loss amounted to ₱100.9 million in 2020.

As at December 31, 2020 and 2019, the future minimum lease payments are as follows:

	2020	2019
Less than one year	**₱1,352,199,267**	₱1,052,346,262
Between one and five years	**2,817,510,039**	2,399,900,326
More than five years	**6,123,678,243**	4,301,826,984
	₱10,293,387,549	₱7,754,073,572

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 ₱42.8 million, ₱30.4 million and ₱20.1 million in 2020, 2019 and 2018, respectively (see Note 18). Rent receivables amounted to ₱18.5 million and ₱6.1 million as at December 31, 2020 and 2019, respectively (see Note 7).

12. Other Noncurrent Assets

Details of this account are as follows:

	Note	2020	2019
Security deposits	11	**₱150,319,561**	₱141,734,449
Computer software		**113,938,210**	86,282,472
Electricity deposits		**55,904,507**	47,922,896
Noncurrent deferred input VAT		**43,204,773**	55,240,150
Advances to contractors		**12,708,525**	307,863,868
		₱376,075,576	₱639,043,835

Movements of computer software are as follows:

	Note	2020	2019
Cost			
Balance at beginning of year		**₱103,690,309**	₱73,355,365
Additions		**37,118,258**	30,334,944
Balance at end of year		**140,808,567**	103,690,309
Accumulated Amortization			
Balance at beginning of year		**17,407,837**	9,823,672
Amortization	10	**9,462,520**	7,584,165
Balance at end of year		**26,870,357**	17,407,837
Carrying Amount		**₱113,938,210**	₱86,282,472

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, 2020 and 2019, the refund of cash bonds is still pending with the BOC. Accordingly, this has been fully provided with allowance since 2016.

13. Trade and Other Payables

Details of this account are as follows:

	Note	2020	2019
Trade:			
Third parties		**₱4,273,047,618**	₱4,437,057,093
Related parties	21	**133,518,034**	145,381,226
Nontrade:			
Third parties		**357,039,860**	346,644,283
Related parties	21	**2,393,422**	6,808,036
Accrued expenses:			
Construction costs		**260,451,638**	–
Salaries and wages		**86,634,288**	60,726,858
Outside services		**41,715,970**	101,888,443
Utilities		**13,370,680**	27,639,785
Rent		**212,800**	6,128,663
Others		**8,886,801**	16,540,860
Advances from customers		**253,273,996**	244,108,384
Unearned revenue		**98,048,696**	84,968,413
Statutory payables		**49,684,067**	52,250,184
		₱5,578,277,870	₱5,530,142,228

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.

Unearned revenues pertain to unearned revenue on loyalty program and unredeemed gift certificates.

Statutory payables pertain to withholding taxes and obligatory contributions as mandated by the government. These are paid within 12 months.

14. Long-term Debt

Long-term debt amounting to ₱20,000 represent loans maturing in August 2021 and bears interest ranging from 2.25% to 6.00% in 2020 and 2019.

Details of interest expense follows:

	Note	**2020**	2019	2018
Lease liabilities	11	**₱429,018,646**	₱300,370,584	₱–
Long-term debt		**864**	1,114	2,345,308
		₱429,019,510	₱300,371,698	₱2,345,308

As at December 31, 2020 and 2019, certain loans of the Company are collateralized by the Parent Company's property and equipment and investment properties aggregating ₱564.0 million (see Note 21).

There are no other financing activities other than presented in the statement of cash flows and no noncash financing activity in 2020 and 2019.

15. 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, 2020.

Details of retirement benefits recognized in profit or loss are as follows:

	2020	2019	2018
Current service cost	**₱32,227,506**	₱15,323,307	₱16,989,341
Interest expense	**20,752,521**	15,068,537	10,435,646
Interest income	**(8,070,960)**	(7,303,309)	(3,903,698)
	₱44,909,067	₱23,088,535	₱23,521,289

The cumulative remeasurement gains recognized in other comprehensive income follows:

	2020		
	Cumulative Remeasurement Gains	**Deferred Tax (see Note 19)**	**Net**
Balance at beginning of year	**₱85,360,293**	**(₱25,608,088)**	**₱59,752,205**
Remeasurement loss	**(84,540,947)**	**25,362,284**	**(59,178,663)**
Balance at end of year	**₱819,346**	**₱245,804**	**₱573,542**

	2019		
	Cumulative Remeasurement Gains	Deferred Tax (see Note 19)	Net
Balance at beginning of year	₱251,687,091	(₱75,506,127)	₱176,180,964
Remeasurement loss	(166,326,798)	49,898,039	(116,428,759)
Balance at end of year	₱85,360,293	(₱25,608,088)	₱59,752,205

The amounts of net retirement liability recognized in the statements of financial position are as follows:

	2020	2019
Present value of defined benefit obligation	**₱521,452,584**	₱397,557,876
Fair value of plan assets	**(184,039,628)**	(121,906,972)
	₱337,412,956	₱275,650,904

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 changes in the present value of the defined benefit obligation are as follows:

	2020	2019
Balance at beginning of year	**₱397,557,876**	₱200,113,371
Remeasurement loss (gain):		
Changes in financial assumptions	**91,062,038**	105,304,194
Changes in demographic assumptions	**(5,763,233)**	(13,660,769)
Experience	**(10,849,886)**	76,993,592
Current service cost	**32,227,506**	15,323,307
Interest expense	**20,752,521**	15,068,537
Benefits paid	**(3,534,238)**	(1,584,356)
Balance at end of year	**₱521,452,584**	₱397,557,876

The changes in the fair value of plan assets are presented below:

	2020	2019
Balance at beginning of year	₱121,906,972	₱81,685,536
Contributions	67,687,961	32,192,264
Remeasurement gain (loss)	(10,092,027)	2,310,219
Interest income	8,070,960	7,303,309
Benefits paid	(3,534,238)	(1,584,356)
Balance at end of year	₱184,039,628	₱121,906,972

Details of plan assets are as follows:

	2020	2019
Unit investment trust funds	100.00%	99.99%
Others	0.00%	0.01%
	100.00%	100.00%

The principal actuarial assumptions used to determine the retirement liability are as follows:

	2020	2019
Discount rate	3.91%	5.22%
Annual salary increase rate	4.00%	4.00%

Sensitivity analysis on retirement liabilities is as follows:

	Basis Points	Amount
Discount rate	+100	(₱71,672,768)
	-100	88,436,703
Salary rate	+100	87,417,986
	-100	(72,242,446)
Turnover rate	–	180,055,581

As at December 31, 2020, the expected future benefits payments are as follows:

Year	Amount
2021	60,841,479
2022	12,496,434
2023	5,159,021
2024	9,815,856
2025	14,129,428
2026 to 2029	97,369,521
	₱199,811,739

16. Equity

Details of capital stock as at December 31, 2020 and 2019 are as follow:

	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 (see Notes 1 and 4). Net proceeds from the IPO amounted to ₱6,749.3 million, net of offer expenses of ₱289.9 million. Net additional paid-in capital amounted to ₱5,373.7 million.

As at December 31, 2020 and 2019, the Company has 4,099,724,116 listed shares.

On March 6, 2019, the Company's BOD approved the declaration of a regular cash dividend of ₱0.11 per share and a special cash dividend of ₱0.05 per share, or a total of ₱0.16 per share equivalent to ₱656.0 million to stockholders on record date of March 12, 2019 and payment date of April 16, 2019.

On February 24 2020, the Company's BOD approved the declaration of regular cash dividend of ₱0.12 per share and a special cash dividend of ₱0.06 per share or a total of ₱0.18 per share, an amount equivalent to ₱738.0 million to stockholders on record date of March 20, 2020 and payment date of April 16, 2020.

17. Operating Expenses

Details of this account are as follows:

	Note	**2020**	2019	2018
Depreciation and amortization	10	**₱1,820,548,832**	₱1,133,175,160	₱164,851,981
Salaries, wages and employee benefits		**1,146,448,905**	1,025,194,474	830,904,777
Outsourced services		**860,823,857**	937,715,238	769,736,714
Trucking services		**456,297,193**	546,354,505	473,945,501
Utilities		**419,641,349**	514,837,851	436,646,588
Taxes and licenses		**311,898,040**	239,927,975	181,280,353
Credit card charges		**175,511,886**	199,916,867	173,251,280
Rent	11	**116,777,063**	331,775,281	919,910,158
Repairs and maintenance		**91,955,590**	95,844,359	86,825,007
Supplies		**91,283,115**	94,899,773	117,998,573
Donations and contributions		**73,063,471**	11,676,935	11,318,431
Advertising and promotions		**48,097,754**	115,177,281	104,360,976
Postage, telephone and telegraph		**33,793,393**	35,185,183	30,639,159
Transportation and travel		**13,161,071**	27,032,030	17,636,609
Professional fees		**10,825,627**	9,639,425	18,220,905
Others		**67,892,025**	77,317,233	83,025,879
		₱5,738,019,171	₱5,395,669,570	₱4,420,552,891

Other expenses include director's fees, fuel and oil, insurance expense, net provision for impairment losses on receivables, loss on direct write-off of receivable and other operating costs.

18. Other Income

Details of this account are as follows:

	Note	2020	2019	2018
Rent concession	11	**₱100,926,407**	₱–	₱–
Interest	5	**55,135,122**	151,484,892	194,531,047
Rent	11	**42,777,169**	30,408,931	20,147,518
Others - net		**236,483,557**	280,856,351	144,793,875
		₱435,322,255	₱462,750,174	₱359,472,440

Interest income arises from investment in RTB, short-term investments and cash in banks.

Rent income pertains to lease of gondola lightings, facade billboards, window displays and street banners.

Others include amount charged to and from the suppliers for the use of billboards and signages, office supplies, marketing support for new stores from the suppliers and other reimbursable costs. It also includes amounts charged to customers such as delivery fees and other charges.

19. Income Tax

The current income tax expense represents regular corporate income tax.

The reconciliation between income tax expense at statutory tax rate and as presented in the statements of comprehensive income is as follows:

	2020	2019	2018
Income tax expense at statutory rate	**₱615,001,936**	₱882,774,034	₱761,902,160
Income tax effects of:			
Interest income already subjected to final tax	**(16,540,537)**	(45,445,468)	(58,359,314)
Nondeductible expenses	**2,701,276**	5,283,933	718,636
Offer and other deductible expenses	**–**	(24,647,390)	–
	₱601,162,675	₱817,965,109	₱704,261,482

Net deferred tax assets relate to the tax effect of the temporary differences as follows:

	2020	2019
Deferred tax assets:		
Net lease rental payments	**₱204,729,554**	₱153,453,787
Retirement liability	**109,587,547**	85,153,278
Allowance for inventory write-down and losses	**29,246,745**	29,246,745
Unearned revenue from loyalty program	**26,111,563**	22,638,569

(Forward)

	2020	2019
Allowance for impairment of refundable cash bonds	**₱25,022,980**	₱25,022,980
Allowance for impairment losses on receivables	**19,382,271**	22,621,551
Unrealized foreign exchange loss	**138,741**	64,165
	414,219,401	338,201,075
Deferred tax liability -		
Prepaid taxes	**–**	(4,460,864)
	₱414,219,401	₱333,740,211

The presentation of net deferred tax assets (liability) are as follows:

	Note	2020	2019
Through profit or loss		**₱414,465,205**	₱359,348,299
Through other comprehensive income	15	**(245,804)**	(25,608,088)
		₱414,219,401	₱333,740,211

On November 26, 2020, the Corporate Recovery and Tax Incentives for Enterprises ("CREATE") Bill was approved by the Senate of the Philippines. Under the CREATE Bill, domestic corporations will be subjected to 25% or 20% income tax depending on the amount of total assets or total amount of taxable income. In addition, MCIT shall be computed at 1% of gross income for a period of three years. The changes in the income tax rates shall retrospectively become effective beginning July 1, 2020.

On February 3, 2021, the Senate and the Congress of the Philippines ratified the bill through a bicameral conference. As of the date of the report, the CREATE Bill is pending approval of the President which will still go over the tax measures for possible changes or insertions.

Accordingly, the income tax rates used in preparing the financial statements as at and for the year ended December 31, 2020 are 30% and 2% for RCIT and MCIT, respectively.

20. Commitments and Contingencies

Agreements with Importing Suppliers

Purchases from certain importing suppliers are subject to rebates based on certain percentage of sales from goods purchased. Rebates from importing suppliers amounted ₱106.2 million in 2018.

Contingencies

The Company is a party to certain lawsuits or claims from 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 December 31, 2020, 2019, and 2018.

21. 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 from Related Parties	Amounts Owed by Related Parties	Amounts Owed to Related Parties
Parent Company	**2020**	**₱716,154**	**₱752,083,415**	**₱226,782,386**	**₱413,951**
	2019	586,410	801,765,333	218,990,105	1,721,366
	2018	1,481,307	522,392,993	112,001,511	10,657,818
Entities under Common Control	**2020**	**25,945,405**	**1,337,715,542**	**168,983,561**	**135,408,171**
	2019	17,023,715	1,298,103,203	114,456,988	151,805,162
	2018	27,614,291	1,062,592,864	85,009,911	225,799,020
Stockholders	**2020**	**1,090,028**	**30,770,060**	**10,567,619**	**108,931**
	2019	530,625	19,528,996	8,786,372	10,031
	2018	1,628,245	16,111,462	1,800,315	–
	2020	**₱27,751,587**	**₱2,120,569,017**	**₱406,333,566**	**₱135,931,053**
	2019	18,140,750	2,119,397,532	342,233,465	153,536,559
	2018	30,723,843	1,601,097,319	198,811,737	236,456,838

Amounts owed by related parties consist mainly of trade and other receivables amounting to ₱41.4 million and ₱25.8 million as at December 31, 2020 and 2019, respectively (see Note 7) and security deposits and advance rent (included as part of "Other current assets" or "Other noncurrent assets") aggregating ₱364.9 million and ₱316.4 million as at December 31, 2020 and 2019, respectively. No impairment loss was recognized on trade and other receivables and security deposits in 2020, 2019 and 2018.

Amounts owed to related parties consist of trade and other payables aggregating ₱135.9 million and ₱153.5 million as at December 31, 2020 and 2019, respectively (see Note 13).

The following are the significant related party transactions of the Company:

a. Purchases and sales of goods and services with Parent Company and entities under common control.

   Purchases of goods and services from related parties aggregated ₱553.8 million, ₱750.7 million and ₱749.7 million in 2020, 2019 and 2018, respectively.

   Sale of goods and services to related parties aggregated ₱27.8 million, ₱18.4 million and ₱30.7 million in 2020, 2019 and 2018, respectively.

b. 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 ₱58.5 million, ₱113.8 million and ₱59.5 million in 2020, 2019 and 2018, respectively.

c. Lease agreements with the Parent Company and related parties for the use of land, buildings, computer software for a period of one to 15 years (see Note 11).

   Interest expense on lease liabilities to related parties amounted to ₱406.9 million and ₱ 297.0 million while amortization of ROU assets amounted to ₱ 1,030.0 million and ₱712.2 million in, 2020 and 2019, respectively. Total lease payments, including payments on lease liabilities, amounted to ₱1,030.3 million and ₱966.7 million in 2020 and 2019, respectively.

   Rent expense from related parties amounted to ₱71.4 million, ₱245.7 million and ₱791.9 million in 2020, 2019 and 2018, respectively.

d. As at December 31, 2020 and 2019, certain loans of the Company are collateralized by the Parent Company's property and equipment and investment properties aggregating ₱564.0 million (see Note 14).

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 2020, 2019 and 2018.

Compensation of key management personnel by benefit type, are as follows:

	2020	2019	2018
Short-term employee benefits	**₱126,184,332**	₱107,854,466	₱67,640,177
Retirement benefits	**6,178,419**	2,984,865	2,234,912
	₱132,362,751	₱110,839,331	₱69,875,089

22. Earnings per Share

Basic and dilutive earnings per share were computed as follows:

	2020	2019	2018
Net income	**₱1,448,843,779**	₱2,124,615,005	₱1,835,412,386
Divided by the weighted average number of outstanding shares	**4,099,724,116**	4,099,724,116	4,099,724,116
	₱0.35	₱0.52	₱0.45

23. 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 suppliers and officers and employees), trade and other payables (excluding statutory liabilities, unredeemed gift certificates and unearned revenue), investment in RTB, security, electricity and container deposits, refundable cash bonds, lease liabilities and long-term debt. 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 because its counterparties fail to discharge their contractual obligations. Receivables are monitored on an on-going 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:

	2020	2019
Cash in banks and cash equivalents	**₱1,822,417,468**	₱1,453,263,028
Short-term investments	**2,755,969,767**	616,490,311
Trade and other receivables*	**348,391,192**	458,177,705
Investment in RTB	**–**	2,253,523,133
Container deposits	**8,010,715**	8,010,715
Security deposits	**150,319,561**	141,734,449
Electricity deposits	**55,904,507**	47,922,896
Refundable cash bonds	**83,409,934**	83,409,934
	₱5,224,423,144	₱5,062,532,171

***Excluding advances to suppliers and officers and employees aggregating ₱132.4 million and ₱56.9 million as at December 31, 2020 and 2019, respectively.**

The Company does not have major concentration of credit risk.

The table below summarizes the Company's financial assets based on aging:

	2020				
		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	₱1,822,417,468	₱–	₱–	₱–	₱1,822,417,468
Short-term investments	2,755,969,767	–	–	–	2,755,969,767
Trade and other receivables*	105,771,212	134,525,206	71,151,883	36,942,891	348,391,192
Container deposits	8,010,715	–	–	–	8,010,715
Security deposits	150,319,561	–	–	–	150,319,561
Electricity deposits	55,904,507	–	–	–	55,904,507
Refundable cash bonds	–	–	–	83,409,934	83,409,934
	₱4,898,393,230	₱134,525,206	₱71,151,883	₱120,352,825	₱5,224,423,144

***Excluding advances to suppliers and officers and employees aggregating ₱132.4 million.**

	2019				
		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	₱1,453,263,028	₱–	₱–	₱–	₱1,453,263,028
Short-term investments	616,490,311	–	–	–	616,490,311
Trade and other receivables*	362,041,731	31,412,838	40,216,513	24,506,623	458,177,705
Investment in RTB	₱2,253,523,133	₱–	₱–	₱–	₱2,253,523,133
Container deposits	8,010,715	–	–	–	8,010,715
Security deposits	141,734,449	–	–	–	141,734,449
Electricity deposits	47,922,896	–	–	–	47,922,896
Refundable cash bonds	–	–	–	83,409,934	83,409,934
	₱4,882,986,263	₱31,412,838	₱40,216,513	₱107,916,557	₱5,062,532,171

***Excluding advances to suppliers and officers and employees aggregating ₱56.9 million.**

"Past due but not impaired" are items with history of frequent defaults, nevertheless, the amounts are still collectible.

Liquidity Risk. Liquidity risk is the risk that the Company will not be able to settle its obligations when these falls 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.

	2020				
	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*	**₱–**	**₱4,928,173,976**	**₱449,530,494**	**₱52,840,637**	**₱5,430,545,107**
Lease liabilities	**–**	**341,006,330**	**1,011,192,937**	**2,817,510,039**	**4,169,709,306**
Short-term debt	**–**	**–**	**20,000**	**–**	**20,000**
	₱–	**₱5,269,180,306**	**₱1,460,743,431**	**₱2,870,350,676**	**₱9,600,274,410**

Excluding statutory liabilities, unredeemed gift certificates and unearned revenue aggregating ₱147.7 million.

	2019				
	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*	₱–	₱5,060,531,825	₱325,464,794	₱6,927,012	₱5,392,923,631
Lease liabilities	–	279,991,315	772,354,947	2,399,900,326	3,452,246,588
Long-term debt	–	–	–	20,000	20,000
	₱–	₱5,340,523,140	₱1,097,819,741	₱2,406,847,338	₱8,845,190,219

Excluding statutory liabilities, unredeemed gift certificates and unearned revenue aggregating ₱137.2 million.

As at December 31, 2020 and 2019, Company's cash and cash equivalents aggregate ₱1,854.9 million and ₱1,462.0 million, respectively. The Company's cash and cash equivalents resulting from the net cash flows are sufficient to cover payments due on its financial liabilities and the cost of all firm orders due in the next financial year.

Interest Rate Risk. Interest rate risk pertains to the fluctuations in interest of cash in banks and cash equivalent, short-term investments and investment in RTB. The interest rates on these assets are disclosed in Notes 5 and 6. 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.

The following table illustrates the sensitivity of the Company's profit or loss to a reasonably possible change in the interest rates of its cash in banks and cash equivalents, short-term investments and investment in RTB with all other variables held constant.

	2020		2019	
	+/-%	**Effect on Profit or Loss**	+/-%	Effect on Profit or Loss
Short-term investments	**0.27%**	**(₱107,441)**	0.05%	11,420
Cash equivalents	**0.26%**	**52,817**	–	–
Investment in RTB	**–**	**–**	0.05%	40,877

The changes in interest rates used in the analysis of cash equivalents, short-term investments and investment in RTB are based on the average volatility in interest rates of the said investments in the past 12 months.

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:

	2020	2019
Total debt	**₱12,907,922,674**	₱11,575,549,788
Total equity	**15,309,693,304**	14,661,501,662
Debt-to-equity ratio	**0.84:1**	0.79:1

Equity includes capital stock, additional paid-in capital, other comprehensive income and retained earnings.

24. Fair Value of Financial Instruments

The table below presents a comparison by category of carrying amounts and fair values of the financial instruments:

	2020		2019	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Financial Assets				
Cash and cash equivalents	**₱1,854,893,411**	**₱1,854,893,411**	₱1,462,042,311	₱1,462,042,311
Short-term investments	**2,755,969,767**	**2,755,969,767**	616,490,311	616,490,311
Investment in RTB	**–**	**–**	2,253,523,133	2,253,523,133
Trade and other receivables*	**283,783,622**	**283,783,622**	382,959,803	382,959,803
Container deposits	**8,010,715**	**8,010,715**	8,010,715	8,010,715
Security deposits	**150,319,561**	**120,531,869**	141,734,449	118,383,955
Electricity deposits	**55,904,507**	**55,904,507**	47,922,896	47,922,896
	₱5,108,881,583	**₱5,079,093,891**	₱4,912,683,618	₱4,889,333,124
Financial Liabilities				
Trade and other payables**	**₱5,430,545,104**	**₱5,430,545,104**	₱5,392,923,631	₱5,392,923,631
Lease liabilities	**6,786,892,546**	**7,553,707,973**	5,486,482,205	5,413,318,673
Long-term debt	**20,000**	**20,000**	20,000	20,000
	₱12,217,457,650	**₱12,984,273,077**	₱10,879,425,836	₱10,806,262,304

**Excluding advances to suppliers and officers and employees aggregating ₱132.4 million and ₱56.9 million as at December 31, 2020 and 2019, respectively.*

***Excluding statutory liabilities, unredeemed gift certificates and unearned revenue aggregating ₱147.7 million and ₱137.2 million as at December 31, 2020 and, 2019, 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.

Investment in RTB. The fair value of investment in RTB is estimated by reference to quoted bid price in an active market at the end of the reporting year and is categorized as Level 2.

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.

Long-term Debt. The carrying amount of long-term debt approximates its fair value because the interest rate that it carries approximates the interest rate for comparable instrument in the market.

In 2020 and 2019, there were no transfers among Level 1, Level 2 and Level 3 fair value measurements.

BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

BDO Towers Valero (formerly Citibank Tower)
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Fax : +632 8 982 9111
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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 AND WILCON HOME ESSENTIALS
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 and WILCON HOME ESSENTIALS (the Company) as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019 and 2018, and have issued our report thereon dated February 24, 2021. 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, 2020
- Schedule of Financial Soundness Indicators as at and for the years ended December 31, 2020 and 2019
- Schedules Required under Annex 68-J of Securities Regulation Code (SRC) Rule 68, as amended, as at and for the year ended December 31, 2020
- Corporate Structure as at December 31, 2020

The financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) and may not be comparable to similarly titled measures presented by other companies. The components of these financial soundness indicators have been traced to the Company's financial statements as at December 31, 2020 and 2019 and for the years ended December 31, 2020, 2019, and 2018 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.

HAYDEE M. REYES
Partner
CPA Certificate No. 83522
Tax Identification No. 102-095-265-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 83522-SEC Group A
Issued March 10, 2020
Valid for Financial Periods 2019 to 2023
BIR Accreditation No. 08-005144-006-2019
Valid until October 20, 2022
PTR No. 8534276
Issued January 5, 2021, Makati City

February 24, 2021
Makati City, Metro Manila

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS
(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, 2020

Retained earnings at beginning of year as shown in the financial statements	₱5,124,763,781
Net income during the year closed to retained earnings	1,448,843,779
Dividends declared during the year	(737,950,341)
Net deferred tax assets as at December 31, 2020	(414,219,401)
Retained earnings as at end of year available for dividend declaration	₱5,421,437,818

Reconciliation

Retained earnings at end of year as shown in the financial statements	₱5,835,657,219
Net deferred tax assets as at December 31, 2020	(414,219,401)
Retained earnings as at end of year available for dividend declaration	₱5,421,437,818

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

Schedules Required under Annex 68-J of Revised Securities Regulation Code Rule 68
As at and For the Year Ended December 31, 2020

Table of Contents

N/A - Not applicable

SCHEDULE A

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

FINANCIAL ASSETS
DECEMBER 31, 2020
Amounts in Thousands

Description	Number of Shares or Principal Amount of Bonds	Amount Shown in the Statement of Financial Position	Income Received and Accrued
Cash in Banks			
Banco de Oro (BDO)	–	₱537,836	₱674
Philippine National Bank (PNB)	–	253,178	123
Metropolitan Bank and Trust Companies (MBTC)	–	152,353	288
China Banking Corporation (CBC)	–	92,187	71
Bank of the Philippine Island (BPI)	–	90,274	220
China Bank Savings, inc. (CBS)		83,826	102
Rizal Commercial Banking Corporation (RCBC)	–	56,888	62
Asia United Bank (AUB)	–	41,761	137
Eastwest Banking Corporation (EBC)	–	7,303	2
Robinsons Bank (RB)		5,811	–
		1,321,417	1,679
Cash Equivalents			
China Banking Corporation (CBC)		301,000	2,032
Philippine National Bank (PNB)		200,000	1,250
Metrobank Card Corporation (MCC)		–	417
First Metro Investment Corporation (FMIC)		–	4,470
China Bank Savings, inc. (CBS)		–	2,038
Asia United Bank (AUB)		–	255
		501,000	10,462
Short-term Investments			
First Metro Investment Corporation (FMIC)	–	1,285,470	7,231
China Banking Corporation (CBC)		1,270,500	8,173
Philippine National Bank (PNB)		200,000	273
Metrobank Card Corporation (MCC)		–	2,263
China Bank Savings, inc. (CBS)	–	–	5,929
		2,755,970	23,869
Investment in RTB	–	–	19,125
Trade and Other Receivables*			
Trade	–	188,029	–
Rent	–	18,476	–
Others	–	77,279	–
	–	283,784	–
Other financial assets**	–	214,235	–
		₱5,076,406	₱55,135

****Balances are net of aggregate allowance for expected credit losses amounting to ₱64.6 million.***

***Other financial assets pertain to container, security and electricity deposits.*

SCHEDULE B

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS
(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, 2020
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	₱12,631	₱74,398	(₱55,700)	₱–	₱31,329	₱–	₱31,329

SCHEDULE D

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

LONG-TERM DEBT
DECEMBER 31, 2020
Amounts in Thousands

Title of Issue and Type of Obligation	Amount Authorized by Indenture	Amount shown under caption "Current portion of Long-term debt" in related Statement of Financial Position	Amount shown under Caption of "Short-term debt - net of current portion" in related Statement of Financial Position
Secured promissory notes:			
Banco de Oro Unibank, Inc.	₱210,000	₱–	₱10
Banco de Oro Unibank, Inc.	170,000	–	10
	₱380,000	₱–	₱20

SCHEDULE G

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS
(A Subsidiary of WILCON CORPORATION
Doing Business under the Name and Style of WILCON CITY CENTER)

CAPITAL STOCK
DECEMBER 31, 2020

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	–	2,680,317,916	27,164,200	1,392,242,000

WILCON DEPOT, INC.
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CORPORATE STRUCTURE
AS AT DECEMBER 31, 2020

LIAM ROS HOLDINGS INC.

59%

WILCON CORPORATION
Doing Business under the Name and Style of
WILCON CITY CENTER

65%

WILCON DEPOT, INC.
Doing Business under the Name and Style of
WILCON DEPOT AND WILCON HOME ESSENTIALS

WILCON DEPOT, INC.
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SUPPLEMENTARY SCHEDULE OF APPLICATION OF PROCEEDS FROM INITIAL PUBLIC OFFERING
AS AT DECEMBER 31, 2020

	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)	(6,019,878,422)
	(6,750,094,309)	**(6,749,328,507)**	**(6,647,978,422)**
Unapplied Proceeds	**₱–**	**₱–**	**₱101,350,085**

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.
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SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

AS AT AND FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	Formula		2020	2019
Liquidity ratio				
Current ratio	Total Current Assets	₱14,389,804,471	**1.89 : 1**	2.08 : 1
	Divide by: Total Current Liabilities	7,621,178,023		
	Current ratio	1.89		
Acid test ratio	Total Current Assets	₱14,389,804,471	**0.66 : 1**	0.66 : 1
	Merchandise Inventories	8,692,127,615		
	Other Current Assets	670,615,142		
	Quick Assets	5,027,061,714		
	Divide by: Total Current Liabilities	7,621,178,023		
	Acid test ratio	0.66		
Solvency ratio				
Debt to equity ratio	Total Liabilities	₱12,907,922,674	**0.84 : 1**	0.79 : 1
	Divide by: Total Equity	15,309,693,304		
	Debt to equity ratio	0.84		
Asset to equity ratio	Total Assets	₱28,217,615,978	**1.84**	1.79
	Divided by: Total Equity	15,309,693,304		
	Debt to equity ratio	1.84		
Profitability ratio				
Return on assets	Net Income	₱1,448,843,779	**5.13%**	8.10%
	Divided by: Total Assets	28,217,615,978		
	Return on assets	5.13%		
Return on equity	Net Income	₱1,448,843,779	**9.46%**	14.49%
	Divide by: Total Equity	15,309,693,304		
	Return on equity	9.46%		
Book value per share	Total Equity	₱15,309,693,304	**₱3.73**	₱3.58
	Divide by: Number of outstanding shares	4,099,724,116		
		₱3.73		

	Formula		2020	2019
Gross income	Gross income	₱7,781,722,880	**34.39%**	33.40%
	Divide by: Net Sales	22,628,883,188		
		34.39%		
EBITDA margin	Income before Income Tax	₱2,050,006,454	**18.76%**	17.26%
	Add: Depreciation and Amortization	1,820,548,832		
	Net Interest Expense	373,884,388		
	Earnings Before Interest, Tax, Depreciation, and Amortization	4,244,439,674		
	Divided by: Net Sales	22,628,883,188		
	EBITDA margin	18.76%		
Net income margin	Net Income	₱1,448,843,779	**6.40%**	8.68%
	Divide by: Net Sales	22,628,883,188		
	Net income margin	6.40%		

EXHIBIT 2

C05358-2020

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
   Jul 29, 2020
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.
5. Province, country or other jurisdiction of incorporation
   QUEZON CITY, PHILIPPINES
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   90 E. RODRIGUEZ JR. AVENUE, UGONG NORTE, QUEZON CITY
   Postal Code
   1110
8. Issuer's telephone number, including area code
   (02) 86348387
9. Former name or former address, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC 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. Indicate the item numbers reported herein
   -

Wilcon Depot, Inc.
WLCON

PSE Disclosure Form 7-1 - Notice of Annual or Special Stockholders' Meeting
References: SRC Rule 17 (SEC Form 17-C) and
Sections 7 and 4.4 of the Revised Disclosure Rules

Subject of the Disclosure

SETTING OF ANNUAL MEETING OF STOCKHOLDERS

Background/Description of the Disclosure

At the meeting of the Board of Directors held today 29 July 2020, the Board fixed the date of the Annual Meeting of Stockholders on 21 September 2020.

Type of Meeting

☑ Annual

☐ Special

Date of Approval by Board of Directors	Jul 29, 2020
Date of Stockholders' Meeting	Sep 21, 2020
Time	3:00 PM
Venue	Virtual/Remote Communication
Record Date	Aug 27, 2020
Agenda	I. Call to Order II. Certification of Notice and Determination of Quorum III. Approval of the Minutes of the Annual Meeting of the Stockholders held on 17 June 2019 IV. Presentation and Approval of Annual Report and Financial Statements as of 31 December 2019 V. Ratification of all Acts and Resolutions of the Board of Directors and Management during the Preceeding Year VI. Approval of Amendment to By-Laws VII.Election of Board of Directors VIII. Appointment of External Auditor IX. Consideration of such other matters as may properly come during the meeting X. Adjournment

Inclusive Dates of Closing of Stock Transfer Books

Start Date	Aug 28, 2020
End Date	Sep 21, 2020

Other Relevant Information

Amended the following:
1. Date, time and venue of Annual Stockholders' Meeting
2. Agenda
3. Record date
4. Dates of closing of stock transfer books

Filed on behalf by:

Name	MARY JEAN ALGER
Designation	Investor Relations Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17 OF THE SECURITIES REGULATION CODE AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
   Sep 21, 2020
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.
5. Province, country or other jurisdiction of incorporation
   QUEZON CITY, PHILIPPINES
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   90 E. RODRIGUEZ JR. AVENUE, UGONG NORTE, QUEZON CITY
   Postal Code
   1110
8. Issuer's telephone number, including area code
   (02) 86348387
9. Former name or former address, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC 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. Indicate the item numbers reported herein
   -

Wilcon Depot, Inc.
WLCON

PSE Disclosure Form 4-24 - Results of Annual or Special Stockholders' Meeting
References: SRC Rule 17 (SEC Form 17-C) and
Section 4.4 of the Revised Disclosure Rules

Subject of the Disclosure

Results of 2020 Annual Stockholders' Meeting of Wilcon Depot, Inc.

Background/Description of the Disclosure

Results of 2020 Annual Stockholders ' Meeting of Wilcon Depot, Inc. held on 21 September 2020

List of elected directors for the ensuing year with their corresponding shareholdings in the Issuer

Name of Person	Shareholdings in the Listed Company		Nature of Indirect Ownership
	Direct	Indirect	
BERTRAM B. LIM	1	0	-
LORRAINE BELO - CINCOCHAN	5,100,000	0	-
MARK ANDREW Y. BELO	5,100,000	0	-
CAREEN Y. BELO	5,100,000	0	-
RICARDO S. PASCUA	1	0	-
ROLANDO S. NARCISO	1	0	-
DELFIN L. WARREN	1	0	-

External auditor	REYES TACANDONG & CO.

List of other material resolutions, transactions and corporate actions approved by the stockholders

The following agenda items were also approved by the stockholders:

1. Minutes of the Annual Stockholders' Meeting held on 17 June 2019
2. 2019 Annual Report and Audited Financial Statements of the Company as at 31 December 2019
3. All acts of the Board and the Management during the preceding year (2019)
4. Amendment to the By-laws

Other Relevant Information

-

Filed on behalf by:

Name	MARY JEAN ALGER

Designation	Investor Relations Officer

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-C

CURRENT REPORT UNDER SECTION 17
OF THE SECURITIES REGULATION CODE
AND SRC RULE 17.2(c) THEREUNDER

1. Date of Report (Date of earliest event reported)
   Sep 21, 2020
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.
5. Province, country or other jurisdiction of incorporation
   QUEZON CITY, PHILIPPINES
6. Industry Classification Code(SEC Use Only)

7. Address of principal office
   90 E. RODRIGUEZ JR. AVENUE,UGONG NORTE, QUEZON CITY
   Postal Code
   1110
8. Issuer's telephone number, including area code
   (02) 86348387
9. Former name or former address, if changed since last report
   N/A
10. Securities registered pursuant to Sections 8 and 12 of the SRC 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. Indicate the item numbers reported herein
   -

WILCON DEPOT

Wilcon Depot, Inc.
WLCON

PSE Disclosure Form 4-25 - Results of Organizational Meeting
References: SRC Rule 17 (SEC Form 17-C) and
Section 4.4 of the Revised Disclosure Rules

Subject of the Disclosure

Results of the Organizational Meeting of the Board of Directors

Background/Description of the Disclosure

Results of the Organizational Meeting of the Board of Directors of Wilcon Depot, Inc. held on 21 September 2020

List of elected officers for the ensuing year with their corresponding shareholdings in the Issuer

Name of Person	Position/Designation	Shareholdings in the Listed Company		Nature of Indirect Ownership
		Direct	Indirect	
WILLIAM T. BELO	CHAIRMAN EMERITUS	5,099,995	0	-
BERTRAM B. LIM	CHAIRMAN	1	0	-
LORRAINE BELO - CINCOCHAN	PRESIDENT - CEO	5,100,000	0	-
MARK ANDREW Y. BELO	TREASURER	5,100,000	0	-
CAREEN Y. BELO	CHIEF PRODUCT OFFICER/CHIEF INFORMATION OFFICER/CHIEF RISK OFFICER	5,100,000	0	-
ARTHUR R. PONSARAN	CORPORATE SECRETARY	0	10,000	through broker
SHEILA P. PASICOLAN-CAMERINO	ASST. CORPORATE SECRETARY/COMPLIANCE OFFICER	19,900	0	-
ROSEMARIE B. ONG	SEVP - CHIEF OPERATING OFFICER	1,069,401	0	-
MARY JEAN G. ALGER	VP - INVESTOR RELATIONS	0	0	-
LAURO D.G FRANCISCO	CHIEF AUDIT EXECUTIVE	0	0	-

List of Committees and Membership

Name of Committees	Members	Position/Designation in Committee
EXECUTIVE COMMITTEE	BERTRAM B. LIM	CHAIRMAN
-	LORRAINE BELO - CINCOCHAN	VICE - CHAIRMAN
-	MARK ANDREW Y. BELO	MEMBER
-	CAREEN Y. BELO	MEMBER

-	DELFIN L. WARREN	MEMBER
AUDIT COMMITTEE/RELATED PARTY TRANSACTIONS COMMITTEE/BOARD RISK OVERSIGHT COMMITTEE	RICARDO S. PASCUA	CHAIRMAN
-	ROLANDO S. NARCISO	MEMBER
-	DELFIN L. WARREN	MEMBER
CORPORATE GOVERNANCE COMMITTEE/NOMINATION COMMITTEE/REMUNERATION AND COMPENSATION COMMITTEE	ROLANDO S. NARCISO	CHAIRMAN
-	RICARDO S. PASCUA	MEMBER
-	DELFIN L. WARREN	MEMBER
ADVISORY BOARD	WILLIAM T. BELO	CHAIRMAN
-	ROSEMARIE B. ONG	MEMBER

List of other material resolutions, transactions and corporate actions approved by the Board of Directors

-

Other Relevant Information

-

Filed on behalf by:

Name	MARY JEAN ALGER
Designation	Investor Relations Officer

EXHIBIT 3

Exhibit 3. Wilcon 2020 Sustainability Report

Contextual Information

Company Details	
Name of Organization	WILCON DEPOT, INC.
Location of Headquarters	90 E. Rodriguez Jr. Avenue, Ugong Norte, Quezon City
Location of Operations	Refer to page 20 to 21 of the attached report
Report Boundary: Legal entities (e.g. subsidiaries) included in this report*	Wilcon Depot, Inc.
Business Model, including Primary Activities, Brands, Products, and Services	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 2020
Highest Ranking Person responsible for this report	Lorraine Belo-Cincochan – President-CEO

Materiality Process

Explain how you applied the materiality principle (or the materiality process) in identifying your material topics.[1]
Please refer to page 3 - 7 of the attached **Wilcon 2020 Sustainability Report** for the discussion on materiality process.

ECONOMIC

Economic Performance – see discussion on page 4-5 and 8-9 of the attached Wilcon 2020 Sustainability Report

Direct Economic Value Generated and Distributed

Disclosure	Amount	Units
Direct economic value generated (revenue)	Refer to page 8	PhP
Direct economic value distributed:	Refer to page 8	
a. Operating costs	Refer to page 8	PhP
b. Employee wages and benefits	Refer to page 8	PhP
c. Payments to suppliers, other operating costs	Refer to page 8	Php
d. Dividends given to stockholders and interest payments to loan providers	Refer to page 8	PhP
e. Taxes given to government	Refer to page 8	PhP
f. Investments to community (e.g. donations, CSR)	Refer to page 8	PhP

Please refer to page 4-5 and 8-9 of the attached **Wilcon 2020 Sustainability Report** for the discussion of impact, stakeholders, risks and opportunities.

Climate-related risks and opportunities[2] – see discussion on page 5 of the attached Wilcon 2020 Sustainability Report.

[1] See GRI 102-46 (2016) for more guidance.

Procurement Practices –see discussion on page 5 and 8 of the attached Wilcon 2020 Sustainability Report

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	Refer to page 8	%

Please refer to page 5 and 8 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

Anti-corruption – see discussion on page 7 and 9 of the attached Wilcon 2020 Sustainability Report

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	Refer to page 9	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	Refer to page 9	%
Percentage of directors and management that have received anti-corruption training	Refer to page 9	%
Percentage of employees that have received anti-corruption training	Refer to page 9	%

Please refer to page 7 and 9 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

Incidents of Corruption –see discussion on page 7 of the attached Wilcon 2020 Sustainability Report

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

Please refer to page 7 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

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

Please refer to page 7 and 15-16 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

Marketing and labelling

Disclosure	Quantity	Units
No. of substantiated complaints on marketing and labelling*	Refer to page 15	#
No. of complaints addressed	Refer to page 15	#

Please refer to page 7 and 15-16 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

Customer privacy

Disclosure	Quantity	Units
No. of substantiated complaints on customer privacy*	Refer to page 15	#
No. of complaints addressed	Refer to page 15	#
No. of customers, users and account holders whose information is used for secondary purposes	Refer to page 15	#

Please refer to page 7 and 15-16 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

Data Security

Disclosure	Quantity	Units
No. of data breaches, including leaks, thefts and losses of data	Refer to page 15	#

Please refer to page 16 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

UN SUSTAINABLE DEVELOPMENT GOALS

Product or Service Contribution to UN SDGs – see discussion on page 2 of the attached Wilcon 2020 Sustainability Report.

Key products and services and its contribution to sustainable development.

Key Products and Services	Societal Value / Contribution to UN SDGs	Potential Negative Impact of Contribution	Management Approach to Negative Impact

Please refer to page 7, 12 and14 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

Labor-Management Relations

Disclosure	Quantity	Units
% of employees covered with Collective Bargaining Agreements	Refer to page 12	%
Number of consultations conducted with employees concerning employee-related policies	Refer to page 12	#

Please refer to page 7 and 12 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

Diversity and Equal Opportunity

Disclosure	Quantity	Units
% of female workers in the workforce	Refer to page 12	%
% of male workers in the workforce	Refer to page 12	%
Number of employees from indigenous communities and/or vulnerable sector*	Refer to page 12	#

Please refer to page 7, 12 - 14 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

Workplace Conditions, Labor Standards, and Human Rights

Occupational Health and Safety

Disclosure	Quantity	Units
Safe Man-Hours	Refer to page 13	Man-hours
No. of work-related injuries	Refer to page 13	#
No. of work-related fatalities	Refer to page 13	#
No. of work related ill-health	Refer to page 13	#
No. of safety drills	Refer to page 13	#

Please refer to page 7 and 13 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

Labor Laws and Human Rights

Disclosure	Quantity	Units
No. of legal actions or employee grievances involving forced or child labor	Refer to page 13	#

Topic	Y/N	If Yes, cite reference in the company policy
Forced labor	Refer to page 13	
Child labor	Refer to page 13	
Human Rights	Refer to page 13	

Please refer to page 7 and 13 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

Supply Chain Management

Do you consider the following sustainability topics when accrediting suppliers?

SOCIAL

Employee Management – see discussion on page 12 of the attached Wilcon 2020 Sustainability Report

Employee Hiring and Benefits

Employee data

Disclosure	Quantity	Units
Total number of employees[4]	Refer to page 12	
a. Number of female employees		#
b. Number of male employees		#
Attrition rate[5]	Refer to page 12	rate
Ratio of lowest paid employee against minimum wage	Refer to page 12	ratio

Employee benefits

List of Benefits	Y/N	% of female employees who availed for the year	% of male employees who availed for the year
SSS		Refer to page 12	Refer to page 12
PhilHealth		Refer to page 12	Refer to page 12
Pag-ibig		Refer to page 12	Refer to page 12
Parental leaves		Refer to page 12	Refer to page 12
Vacation leaves		Refer to page 12	Refer to page 12
Sick leaves		Refer to page 12	Refer to page 12
Medical benefits (aside from PhilHealth))		Refer to page 12	Refer to page 12
Housing assistance (aside from Pag-ibig)		Refer to page 12	Refer to page 12
Retirement fund (aside from SSS)		Refer to page 12	Refer to page 12
Further education support		Refer to page 12	Refer to page 12
Company stock options		Refer to page 12	Refer to page 12
Telecommuting		Refer to page 12	Refer to page 12
Flexible-working Hours		Refer to page 12	Refer to page 12
(Others)		Refer to page 12	Refer to page 12

Please refer to page 7 and 12 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

Employee Training and Development

Disclosure	Quantity	Units
Total training hours provided to employees	Refer to page 12	
a. Female employees	Refer to page 12	hours
b. Male employees	Refer to page 12	hours
Average training hours provided to employees	Refer to page 12	
a. Female employees	Refer to page 12	hours/employee
b. Male employees	Refer to page 12	hours/employee

[4] Employees are individuals who are in an employment relationship with the organization, according to national law or its application (GRI Standards 2016 Glossary)

[5] Attrition are = (no. of new hires – no. of turnover)/(average of total no. of employees of previous year and total no. of employees of current year)

Environmental compliance – see discussion on page 6 and 10 of the attached Wilcon 2020 Sustainability Report.

Non-compliance with Environmental Laws and Regulations

Disclosure	Quantity	Units
Total amount of monetary fines for non-compliance with environmental laws and/or regulations	Refer to page 10	PhP
No. of non-monetary sanctions for non-compliance with environmental laws and/or regulations	Refer to page 10	#
No. of cases resolved through dispute resolution *mechanism*	Refer to page 10	#

Please refer to page 6 and 10 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

Habitats protected or restored	Not applicable	ha
IUCN[3] Red List species and national conservation list species with habitats in areas affected by operations	Not applicable	

Environmental impact management

Air Emissions

GHG

Disclosure	Quantity	Units
Direct (Scope 1) GHG Emissions	Refer to page 10	Tonnes CO_2e
Energy indirect (Scope 2) GHG Emissions	Refer to page 10	Tonnes CO_2e
Emissions of ozone-depleting substances (ODS)	Refer to page 10	Tonnes

Air pollutants

Disclosure	Quantity	Units
NO_x	Not applicable	kg
SO_x	Not applicable	kg
Persistent organic pollutants (POPs)	Not applicable	kg
Volatile organic compounds (VOCs)	Not applicable	kg
Hazardous air pollutants (HAPs)	Not applicable	kg
Particulate matter (PM)	Not applicable	kg

Solid and Hazardous Wastes

Solid Waste

Disclosure	Quantity	Units
Total solid waste generated	Refer to page 10	kg
Reusable	Refer to page 10	kg
Recyclable	Refer to page 10	kg
Composted	Refer to page 10	kg
Incinerated	Refer to page 10	kg
Residuals/Landfilled	Refer to page 10	kg

Please refer to page 10 and 11 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

Hazardous Waste

Disclosure	Quantity	Units
Total weight of hazardous waste generated	Refer to page 10	kg
Total weight of hazardous waste transported	Refer to page 10	kg

Please refer to page 10 and 11 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

Effluents - no data collected

Disclosure	Quantity	Units
Total volume of water discharges	No data collected	Cubic meters
Percent of wastewater recycled	No data collected	%

[3] International Union for Conservation of Nature

ENVIRONMENT

Resource Management - see discussion on page 4 and 10 of the attached Wilcon 2020 Sustainability Report.

Energy consumption within the organization:

Disclosure	Quantity	Units
Energy consumption (renewable sources)	Refer to page 10	GJ
Energy consumption (gasoline)	Refer to page 10	GJ
Energy consumption (LPG)	Refer to page 10	GJ
Energy consumption (diesel)	Refer to page 10	GJ
Energy consumption (electricity)	Refer to page 10	kWh

Reduction of energy consumption

Disclosure	Quantity	Units
Energy reduction (gasoline)	Refer to page 10	GJ
Energy reduction (LPG)	Refer to page 10	GJ
Energy reduction (diesel)	Refer to page 10	GJ
Energy reduction (electricity)	Refer to page 10	kWh
Energy reduction (gasoline)	Refer to page 10	GJ

Please refer to page 4 and 10 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

Water consumption within the organization - see discussion on page 6 and 10 of the attached Wilcon 2020 Sustainability Report.

Disclosure	Quantity	Units
Water withdrawal	Refer to page 10	Cubic meters
Water consumption	Refer to page 10	Cubic meters
Water recycled and reused	Refer to page 10	Cubic meters

Please refer to page 6 and 10 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

Materials used by the organization

Disclosure	Quantity	Units
Materials used by weight or volume		
• renewable	No data collected	kg/liters
• non-renewable	No data collected	kg/liters
Percentage of recycled input materials used to manufacture the organization's primary products and services		%

Please refer to page 5 and 8 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

Ecosystems and biodiversity (whether in upland/watershed or coastal/marine) – not applicable

Disclosure	Quantity	Units
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	Not applicable	

Procurement Practices –see discussion on page 5 and 8 of the attached Wilcon 2020 Sustainability Report

Proportion of spending on local suppliers

Disclosure	Quantity	Units
Percentage of procurement budget used for significant locations of operations that is spent on local suppliers	Refer to Page 8	%

Please refer to page 5 and 8 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

Anti-corruption – see discussion on page 7 and 9 of the attached Wilcon 2020 Sustainability Report

Training on Anti-corruption Policies and Procedures

Disclosure	Quantity	Units
Percentage of employees to whom the organization's anti-corruption policies and procedures have been communicated to	Refer to Page 9	%
Percentage of business partners to whom the organization's anti-corruption policies and procedures have been communicated to	Refer to Page 9	%
Percentage of directors and management that have received anti-corruption training	Refer to Page 9	%
Percentage of employees that have received anti-corruption training	Refer to Page 9	%

Please refer to page 7 and 9 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

Incidents of Corruption –see discussion on page 7 of the attached Wilcon 2020 Sustainability Report

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

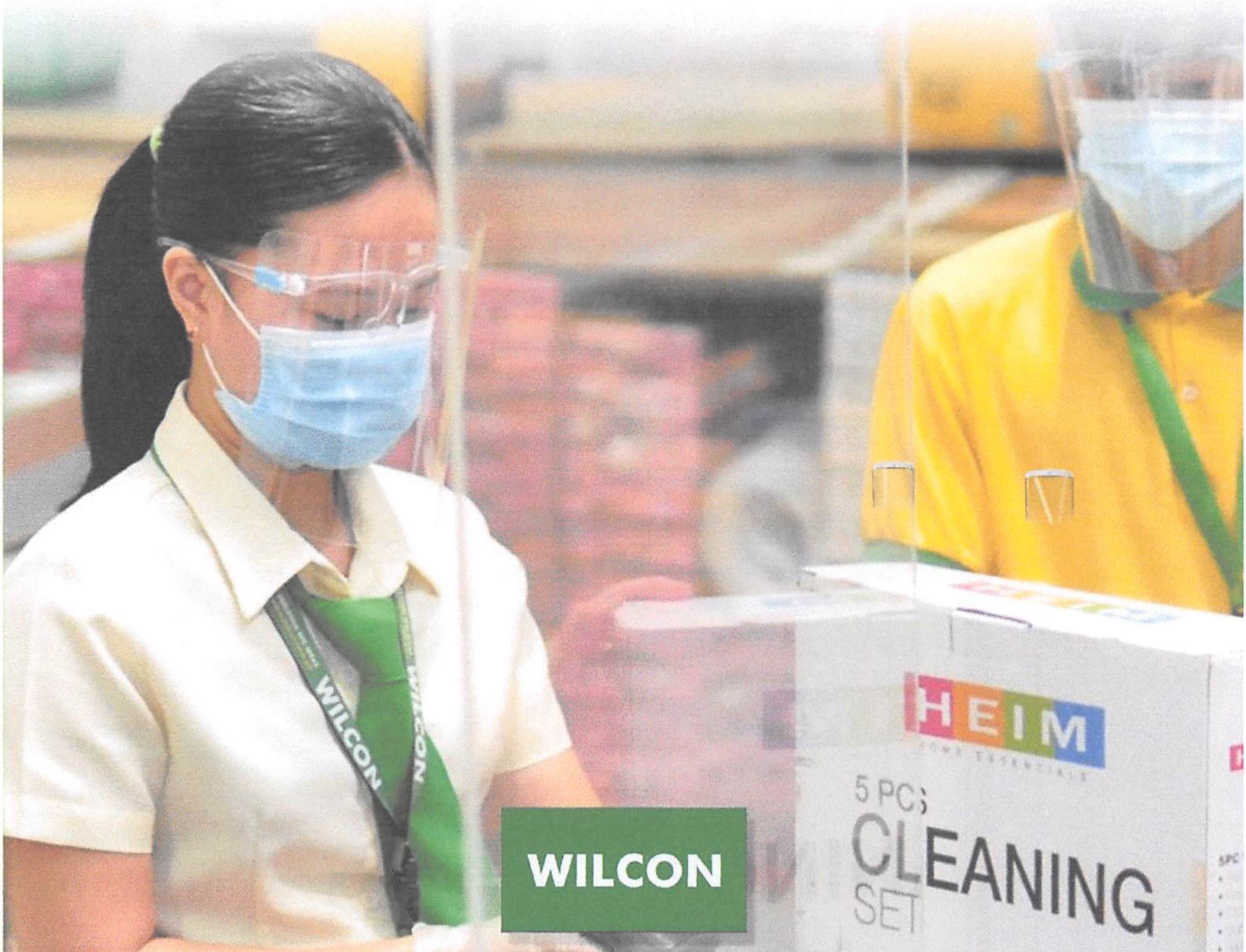
Please refer to page 7 of the attached **Wilcon 2020 Sustainability Report** for the discussion on impact, stakeholders, risks and opportunities.

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

BUILDING BIG IDEAS

Better

FOR PEOPLE & THE PLANET



WILCON

2020 SUSTAINABILITY REPORT

Sustainability is built into the business of Wilcon. We have been in the industry for 43 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.

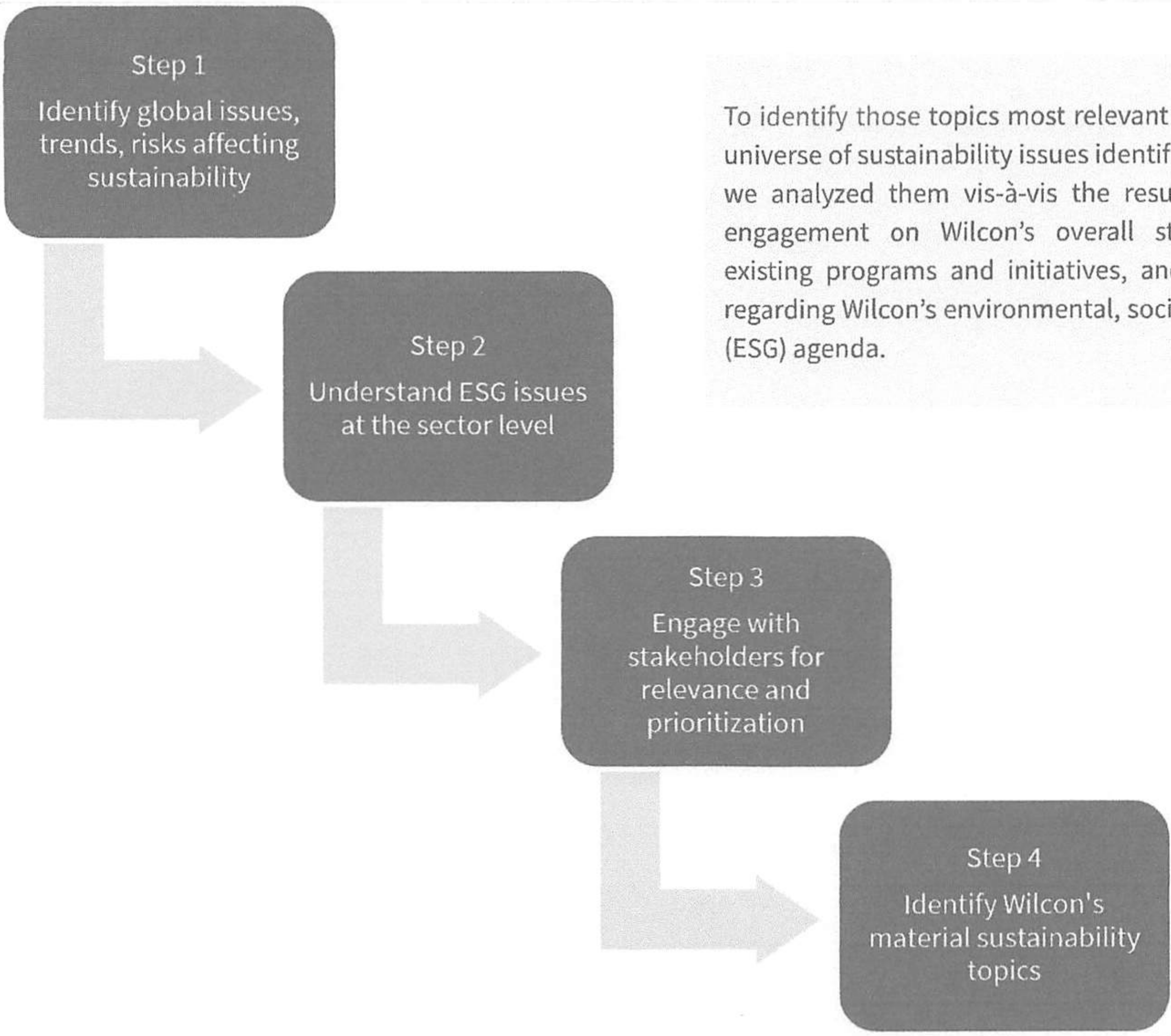
Company Information

Company details

Name of Organization	Wilcon Depot (PSE: WLCON)
Location of Headquarters	No. 90 E. Rodriguez Jr. Avenue, Ugong Norte, Quezon City
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 2020
Highest Ranking Person for this report	Lorraine Belo-Cincochan, President - CEO

UNDERSTANDING OUR SUSTAINABILITY CONTEXT AND IMPACTS

The Securities and Exchange Commission's sustainability reporting requirement among publicly listed companies is 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.



To identify those topics most relevant to Wilcon out of a universe of sustainability issues identified in the research, we analyzed them vis-à-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.

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.

Our Material ESG Topics and Management Actions

ECONOMIC			
Business expansion and creating shared value	Impacts of climate change on business performance	Impacts on local communities (job creation, CSR, infrastructure development)	Responsible sourcing

ENVIRONMENTAL	
Emissions from energy use and transport & delivery	Waste management

SOCIAL & GOVERNANCE				
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)

Wilcon's 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 2022;

- 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.

OUR MATERIAL ESG AND KEY FINDINGS

MATERIAL ESG TOPICS

Topic	Stakeholder View	ESG Risks	ESG Opportunities
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 businesses 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
CLIMATE CHANGE	Wilcon has to 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, reputation, 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 stimulates infrastructure development and economic activities in these areas.	-Cultural differences can hamper acceptance of the brand and working relationship between store management and locally hired personnel -Lack of acceptance from 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
RESPONSIBLE SOURCING	Wilcon must ensure the quality, safety, and sustainability of the products and solutions it offers 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

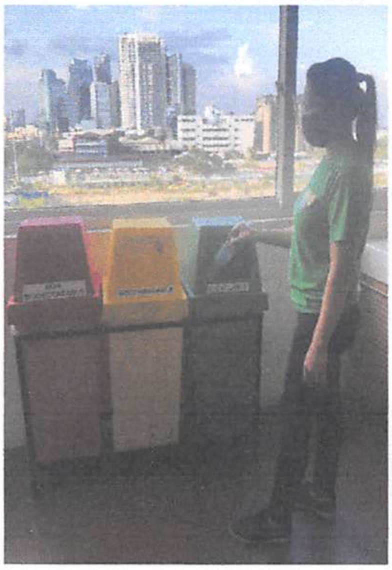
LEGEND

STAKEHOLDER VIEW ESG RISKS ESG OPPORTUNITIES

OUR MATERIAL ESG AND KEY FINDINGS
MATERIAL ESG TOPICS

 **EMISSIONS FROM ENERGY USE AND TRANSPORT AND DELIVERY**	Wilcon's growth translates 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 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 businesses -Human resource skills available at reasonable cost to implement	-Foster product innovation using waste as possible raw material






OUR MATERIAL ESG AND KEY FINDINGS

MATERIAL ESG TOPICS

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
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 systems failures and breaches of security.	-Reputational damage from data breaches and system failures -Lags and operational delays from data breaches and system failures	-Market expansion without need to put up brick & mortar stores, decreasing capital outlay -Requires less energy to operate and generates 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 noncompliance to future regulations on ESG governance	-Establish a governance structure and management approach towards sustainability -Ability to better respond to investor queries

ECONOMIC DATA

Economic Performance Direct economic value generated and distributed ((in Php)		
	2019	2020
Direct economic value generated (Revenue)	24,938,844,778	23,064,205,443
Direct economic value distributed		
A. Operating costs	5, 395,669,570	5,738,019,170
B. Employee wages and benefits	1,025,194,473	1,146,448,905
C. Payments to suppliers, other operating costs	24,860,597,137	21,364,314,920
D. Dividends given to stockholders and interest payments to loan providers	655,956,975	737,951,204
E. Taxes given to government	1,461,032,672	1,665,084,290
F. Investments to community	11,676,935	73,063,471

Becoming the Preferred Partner: Our Management Approach

Wilcon's leadership in the home improvement and construction retail space is founded on its vision to become the preferred company in the industry for all its key stakeholders. We do this by differentiating our business, our product offerings, and our services through excellence, trustworthiness, and reliability.

We understand that we are in the business of offering innovative solutions. Thus, we have a strong and exclusive lineup of quality, value-priced in-house brands, as well as renowned international and local brands that meet our customers' evolving needs. By being attuned and responsive to the accelerating changes in customer behavior and retail trends, we have revolutionized the home improvement and construction supply industry in the Philippines, taking it beyond "hardware-store" types to well-designed retail spaces and customer-centric business practices that enhance the customer shopping experience.

No. 1	63	425	779,698
Home improvement/ construction retail space	Stores nationwide	Suppliers	Members of Wilcon's loyalty & rewards program

The Preferred Partner: Tried, Tested and Trusted

Wilcon's thrust of differentiating our business, our product offerings and services through excellence, trustworthiness and reliability to realize our vision to become the preferred company in the industry for all of our key stakeholders has borne fruit during this very challenging year.

The impact of the COVID-19 pandemic on consumers and the consequent mobility-restricting measures governments around the world imposed to curb the spread of the disease on businesses has surely tested the effectiveness of our strategies, processes and systems. Our core values shone through our response to this pandemic, hence we were able to pivot our operations to conform to the health and safety protocols and adapt to the changed consumer behavior. Our large, well-designed retail spaces and customer-centric business practices made us the home improvement store of choice by consumers.

Maintaining Sustainable Suppliers

Our long-standing, mutual-growth enabling relationship with our various suppliers has allowed us to continue to carry the same breadth and variety of product offerings. We were able to continue supporting suppliers with sustainable products in their offerings. We have dedicated store shelves for green products and regularly train our salespeople to help our customers select home improvement and construction supply solutions that deliver environment-friendly benefits, which has become a customer priority.

We continue to look forward to reporting on our progress in our efforts to develop a sustainable procurement program in our next reports.

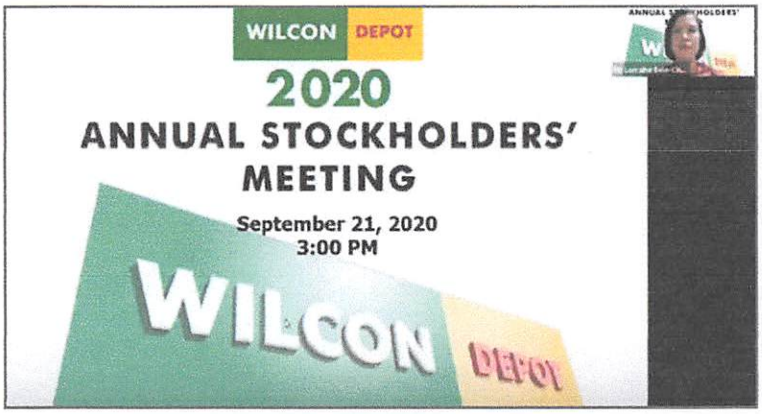
Unwavering Commitment to Responsible Business

Our success in delivering acceptable financial results given the circumstances was partly a result of our steadfast commitment to responsible and ethical business practices. Corporate governance protects shareholder value and promotes transparency and accountability at the highest level of our business. They also protect our leadership position in the sector.

Our Revised Manual on Corporate Governance and Code of Business Conduct and Ethics guided Wilcon's directors, officers, and employees when dealing with our various stakeholders throughout the business. We have a zero-tolerance approach to bribery and corruption as reflected in our Anti-Bribery and Anti-Corruption Policy, which outlines in clear detail what constitutes bribery and corruption, how to raise concerns, monitoring and review systems including internal controls by the review committee, and the administration of penalties. The policy applies to all Wilcon employees and relevant third parties in all areas where we operate.

On February 19, 2021, the Company was recognized by the Institute of Corporate Directors as one of publicly listed companies that performed well in the 2019 ASEAN Corporate Governance Scorecard (ACGS) Assessment.

Wilcon also has a Related Party Transactions Charter and Committee to review and ensure proper oversight of all our material related-party transactions (RPT), which we define as RPTs that amount to 10% or higher of the company's total assets based on its latest audited financial statement. The committee promotes fairness, transparency, and independent reviews and audits, and ensures against conflicts of interest and misappropriation of resources, among others, to protect the long-term interest of our shareholders and the reputation of the company. The Committee consists of three independent directors and conducts an annual review of its performance.



ENVIRONMENT DATA

Environment Performance

Energy consumption within the organization (in kWh)		
	2019	2020
Energy consumption (renewable sources)	1,514,227.66	4,619,099.12
Energy consumption (electricity)	54,709,602.84	47,251,479.26
Energy reduction of energy consumption (in kWh)		
Energy reduction (electricity)	1,514,227.66	4,619,099.12
Air emission disclosures (in Tonnes CO_2e)		
Scope 1 GHG emissions	912.01	731.31
Scope 2 GHG emissions	38,964.24	37,801.18
Total GHG emission	39,876.24	38,532.49
Water consumption within the organization (in CBM)		
Water withdrawal	162,057	294,686
Water consumption	162,057	294,686
Water recycled and reused	0.00	0.00
Solid and hazardous waste generated (in kg)		
Recyclable (papers & scraps)	See note 1	83,175
Landfilled	Not collected in 2019	Not collected in 2020
Hazardous waste generated	See note 2	262,093.3
Hazardous waste transported	Not collected in 2019	Not collected in 2020
Environmental compliance		
Monetary fines for non-compliance (Php)	285,000*	245,000*
No. of monetary sanctions for non-compliance	0	0
No. of cases resolved through dispute resolution mechanism	0	0

Did you know?
Wilcon designed their buildings to maximize natural light, only turning on lights in the afternoon.

38,532.49

GHG Emission

Shift towards renewables: solar energy

Target: almost half of energy mix to come from solar

Environmental Performance: Building on Small Wins

The pause in operations and subsequent resumption of a trimmed-down operations as a result of measures imposed to curb the spread of the COVID-19 disease have pushed back our growth and expansion targets. These have also, on the other hand, resulted in decreased energy consumption and resultant emissions.

We still have our focus set on the use of renewable energy and battery technology in our branches nationwide. Partnerships with sustainable suppliers and market shaping are also critical steps to take so that we expand the reach of our impacts beyond the branches and enable more sustainable living for our customers.

As we prepare to fast track our recovery, we remain committed to develop and implement a more deliberate environment agenda. We continue to look forward to improving efficiencies in our operations for productivity and cost savings, taking advantage of opportunities in innovations in packaging and resource use, while addressing actual and potential negative impacts of our operations on our immediate environments and the planet.

*late submission of supporting documents
Note 1: Data collected for 2019 is for various branches only.
Note 2: Data collected for 2019 is for six branches only.

Shaping the Market Towards Green Solutions

Customers are becoming more conscious about the impacts of their lifestyles. Wilcon has been steadily expanding the green products it offers on its shelves to address this demand. The following are some of the sustainability features we highlight to make it easy for our customers to build and live better for the planet.

- Water-saving fixtures: low flow, dual flush
- Energy-efficient lighting: lower consumption, more light, longer life
- Clean-air paint products: less polluting, no unpleasant smell
- Circular economy: wood from renewable forests, recycled materials

Our reduced operations and shift focus on surviving the pandemic in the new operating environment and the suspension of activities of the different entities and organizations that we have been supporting have temporarily halted our usual sponsorship of these activities.

We remain committed to support these activities and looking forward to resume the journey with our partner organizations.

Waste Reduced

We generated even less waste in our stores during the year as a result of the pause in our operations. We continued to partner with local government units for the sorting of any solid waste materials we generated. Our partner facilities to treat our hazardous waste such as broken bulbs and other waste like used oils continued to be operational. Programs such as the take-back program with several suppliers so that they can recycle or repurpose inventory that do not meet our quality standards or get inadvertently damaged and rejected to prevent them from ending up in our landfills resumed after a temporary suspension.

Highlight: Greening Our Branches

Our stores, because of their big formats, have intense energy requirements. To promote greater cost savings while minimizing our carbon footprint, Wilcon has started to roll out solar power solutions in 2016, including renewable energy into the energy mix of all our branches. We also use high-volume low-speed fans to minimize the use of air-conditioning while still making the branches comfortable for our customers and our staff. At the same time, our stores are designed to bring in as much natural light as possible and use forklifts that run on batteries rather than diesel. Below are the highlights of several in-store initiatives that make our operations more environment-friendly.

- 100% of branches to include solar power by 2024
- 32 branches with solar power systems
- 19 branches for installation of solar power systems by 2021

Employee Data

Employee data	Female	Male
Employees by gender	1288	1439
Employee benefits (% who availed)	**Female**	**Male**
SSS	6.68%	7.58%
PhilHealth	0.77%	0.29%
Pag-ibig	9.47%	12.73%
Parental leaves:		
Maternity / Paternity Leave	8.58%	12.25%
Solo Parent	96%	4%
Magna Carta	0.51%	
Vacation leaves	43.01%	49.21%
Sick leaves	3.13%	2.27%
Medical benefits (aside from PhilHealth)	8.64%	6.95
Housing assistance (aside from Pag-ibig)	0.04%	0.44%
Retirement fund (aside from SSS)	0.00%	0.08%
Further education support	0.00%	0.00%
Company stocks option	0.00%	0.00%
Telecommuting	5.67%	5.71%
Flexible-working hours	22.67%	9.31%
Employee training and development	**Female**	**Male**
Total training hours provided	80	56
Ave. training hours provided	11.42	11.2
Labor Management Relations		
% of employees covered in CBA		29%
Number of consultations conducted with employees concerning employee-related policies		4

47% Female employee

53% Male employee

50:50 Female:Male Employee in Key Management Positions

8 DECENT WORK AND ECONOMIC GROWTH

Our People: The Bedrock of Our Recovery

Wilcon recognizes that its people are its most valuable asset and hence we took care of them. The retail industry was one of the severely hit industries by the economic impact of the COVID-19 pandemic. There were massive layoffs and furloughs in the industry but we kept whole our workforce. We continued to pay them even at the time when we had no operations and even if it meant temporarily sacrificing financial gains. We do this because it is management's responsibility to ensure duty of care and dignity of person, and maintain a culture of compassion all throughout our operations.

When we resumed operations of our shuttered stores in view of the government's imposition of quarantine measures, we regularly tested our employees and provided them with safe transportation and work spaces. We implemented work-from-home arrangements and re-configured our office spaces to conform to the social distance requirements. Central to our vision for our employees is our compensation and benefits program and Work Life Integration Program, both of which protect and promote our employees' advancement, productivity, fair treatment, physical and mental health, safety, and well-being.

Training and learning activities pivoted to pure online. Our Training Team quickly converted our learning modules into an online set up. We were prepared for this shift since we have already started implementing this method even before the pandemic.

Our experience also gave us the agility to quickly re-orient our employees to the new protocols and requirements in operations. Not only did we address the regulatory requirements but we adapted quickly also to the changed buying behavior of our customers. We quickly provided for and trained our employees in the use of the various digital tools and social media platforms in delivering service to our customers.

Because we are a large company with a network of 63 branches nationwide as of 2020, it is important for employee development and well-being to be cascaded to all levels. Empowerment is key, especially down the line, and our Human Resources department works with operations managers at the branch level who are regularly trained in human resources principles and practices, where they have the power to make decisions on matters and/or grievances concerning the staff, customers, and suppliers, as well as incidents concerning occupational health and safety and ethical practices. We have voice mechanisms that allow for daily communication between individuals and across different functions, including a whistleblower policy and grievance mechanisms for our labor unions.

SOCIAL DATA

Workplace conditions, labor standards, and human rights	Female	Male
Safe Man-Hours	1260	1418
No. of work-related injuries*	21	156
No. of work-related fatalities	0	0
No. of work related ill-health	0	0
No. of safety drills	1180	
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. 0 hospitalized or confined incidences

8.63%	54%	0
Attrition	Covered by OHSAS	Employees from IP

Did you know?

100% of store leadership and 95% enterprise-wide of management of Wilcon grew organically from the ranks.

Health and Safety – The Paramount Consideration

Wilcon has been investing in creating safe stores and working spaces. We practice more stringent safety measures with our large and bulky moveable items, machine-powered lifts, and constant foot traffic, which can pose safety risks on our floor staff and customers. We continue to implement the following initiatives to help us minimize hazards and prevent injuries at the branches:

- A health and safety governance structure consisting of occupational health and safety officers and pollution officers;
- Safety assessment for product displays and regular checkup on equipment and stocks for safety and maintenance;
- Use of caution ropes and signages for warning zones;
- Procedures for immediate action should accidents occur and incident reporting;
- Personal protective equipment when constructing and installing solar panels; and
- Review and requirement of safety policies among contractors.

The COVID-19 pandemic added another layer to our health and safety protocols. We tested employees, provided them with face masks and shields and paid quarantine non-working days if necessary.

At the corporate level, we have trained first aiders and a *company doctor who is available for daily and monthly* checkups. Our company's occupational health and safety manual is based on the Department of Labor and Employment's requirements. To minimize the stresses on our employees associated with the heavy traffic in the metropolis, we now offer a compressed workweek with flexible working hours. We also have a private lactation area for breastfeeding mothers in the workplace.

SOCIAL DATA

Wilcon Depot conducted its annual Sales Kickoff Conference 2020 for all Wilcon retail leaders from all over the Philippines last January and February 2020 carrying the battle cry, "I am a CX HERO" which stands for Customer Experience HERO. The seminar aims to communicate the plans of the company, bring additional learning experiences and takeaways, and allow them to understand the latest business trends.

Career Management Program-Leaders in Transition (CMP-LIT)
Objectives:
- Discuss the essential roles of a leader, manager and supervisor
- Discuss strategies on how to build trust relationships
- Identify steps to effectively delegate tasks
- Discuss the Discipline of Execution

On Boarding
For Newly-hired Employees

Strategic Thinking and Decision Making(STDM)
Objectives:
- Discuss the various disciplines of a strategic leader
- Define Strategic Thinking
- Introduce Systems Thinking concepts & Tools
- Demonstrate Planning, Problem Solving & Diagnostic Skills
- Apply the "6 Thinking Hats" in making strategic decisions

SOCIAL DATA

Customer Management	
Customer Satisfaction	**Score**
Customer Survey	n/a
Health & Safety	**Quantity**
No. of substantiated complaints on products or services health and safety	0
No. of complaints addressed	0
Marketing & Labeling	**Quantity**
No. of substantiated complaints on marketing & 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

Customer Satisfaction and Service Excellence in The New Normal

Customer behavior and preferences are shifting at an unprecedented pace, hastened by rapid technological innovations, growing environmental and social pressures, consolidation of competition, and increasing regulation. The COVID-19 pandemic accelerated this shift and may have even altered its course.

Our ability to maintain our status as industry leader and preferred partner depends on a strong commitment to deliver products and solutions of superior quality and provide excellent and reliable service to our customers consistently.

We have a strong track record of anticipating the needs of the market, and sourcing and developing products that meet these needs, allowing us to evolve over the past four decades. We were the first home improvement and construction supply store in the country to improve customer experience in our branches, departing from the traditional "hardware" type of stores and designing them to provide a comfortable atmosphere that enhances the shopping experience and to foster satisfaction and loyalty. Wilcon was also the first to proactively offer and highlight more sustainable products and solutions.

Innovation, customer satisfaction, and service excellence are the values that define our Customer Relationship Management (CRM) program. Our customers range from middle-income and high-income households to independent contractors and project developers. We have a CRM strategy with target , and monitoring and evaluation mechanisms. This includes a customer service platform available on our website, where customers can send queries, suggestions, comments or complaints.

We launched our e-commerce platform in 2019 and was set to launch an enhanced, integrated platform by the end of 2020. When the COVID-19 pandemic hit we have already initiated our preparation for this improved platform. The impact of the pandemic, however, on consumer behavior is still continuing and it is still uncertain where the trend will bring it or if it will be reversed or altered when the pandemic is over. In view of this, we have pushed back the launch of our enhanced platform to take into consideration as much as the evolving behavior as practicable.

In the meantime, we have launched other online alternatives such as our Browse, Call and Collect/Deliver initiative, making full use of all social media platforms including online selling, personal shopper services via virtual shopping and the like.

SOCIAL DATA

Our Broad Range of Products: Fit For Every Need

We have over 2,000 brands and products across different product categories translating to 48,000 SKUs that make it easy and convenient for our customers to find their home improvement and construction needs under just one roof.

- Plumbing and sanitary wares (bath and shower mixers, bath fillers, faucets, shower, water systems, bathtubs, bidet, bowl, lavatory, pedestal, shower enclosure, urinal, water closet and other accessories)
- Hardware and tools products (door essentials, hand tools and hardware accessories, pipes, sundries, power tools and hand tools)
- Tiles/Flooring (locally made and imported tiles in various sizes and types such as ceramic, glass block, porcelain, and vinyl)
- Electrical and lighting (electrical accessories and supplies, lamps, wiring devices, LED and lights)
- Furniture, furnishings and houseware (furniture products found in the bedroom, dining, kitten, living room, office, and outdoor; decorative items, organizers, wall hang decors, curtains, and blinds)
- Paints (a wide range of paints for different surface types)
- Appliances (air coolers, air conditioners, electric fans, entertainment appliances, kitchen appliances, washing machine, and vacuum cleaner)
- Building materials (building decors and supplies, ceiling and wall, floor and roofing)

Selected in-house brands of the Company

COMMUNITY DATA

Reliable Member of Local Communities

As a home improvement and construction supplies retailer, our entry into provincial centers nationwide can mean that the local economies in these areas are primed for greater activity, which can indirectly lead to more infrastructure and more job opportunities. Our stakeholders agree that our expansion has the potential to decentralize growth and development and bring it outside the traditional urban centers.

This also means that with an expanded store network, we now become a member of various local communities that we aspire to mutually grow with. In this time of crisis, we were given the opportunity to serve more meaningfully the local communities we belong in. We undertook the following to help our communities survive and thrive during these challenging times:

Wilcon Depot donated wooden pallets through Tzu Chi Foundation with its initiative on setting up two temporary storage structures to store and secure PPEs of Zamboanga City Medical Center.


Wilcon Depot has donated over 400,000 pesos worth of customized Polyethylene (PE) Tank to Islas de Santa Cruz Community through Yellow Boat of Hope Foundation and ABS-CBN Foundation.

Wilcon Depot donated to the communities in Naga City and Daraga, Albay who were affected by Super Typhoon Rolly. Through the help of the local workforce of Wilcon and support from the Local Government Unit, the relief goods were successfully turned over to the local communities on November 6, 2020.

Wilcon Depot donated relief goods to the communities affected by Typhoon Ulysses in hopes to contribute to the residents of Iguig, Cagayan on November 17, 2020, and in Montalban, Rizal and Marikina City on November 20, 2020.

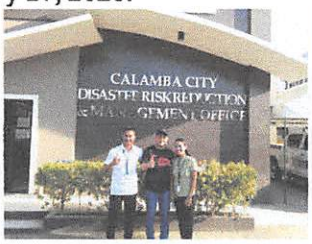
Wilcon Depot donated relief goods to Typhoon Ulysses victims in Catanduanes on December 3, 2020.

COMMUNITY DATA

Wilcon Depot hosts the 6th Wilcon Cup and donated proceeds to help the communities affected by the Taal Volcano Eruption and also to support the Crocodylus Porosus Philippines, Inc. (CPPI) on January 29, 2020.

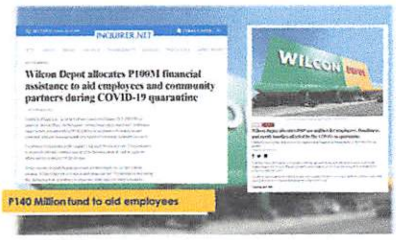
Wilcon employees and officers donated P1M and in-kind relief donations to the victims of the Taal volcanic eruption through the ABS - CBN Foundation on January 31, 2020.

Wilcon provided relief assistance to the provinces of Batangas, Cavite, and Laguna who were affected by the Taal Volcanic eruption on January 17, 2020.


Wilcon employees volunteer to help the Taal Volcano eruption victims and extended relief donations containing food, clothing, hygiene essentials, toiletries, first aid basics, and financial assistance.

Wilcon allocated P140 Million as financial support to ensure employees to receive their salaries in full in spite of work discontinuation in corporate offices and retail stores due to the COVID-19 pandemic



Wilcon allocated a P10 Million donation to ABS-CBN Lingkod Kapamilya Foundation #PantawidNgPagibig to help supply food and basic needs to poor families whose source of living has been affected by the enhanced community quarantine.

Wilcon allocated a P10 Million donation to GMA Kapuso Foundation to support their programs to help provide basic medical supplies for the health and safety workers.

COMMUNITY DATA

Wilcon donated P25 Million to the Philippine Disaster Resilience Foundation's "Project Ugnayan" which aims to raise funds and distribute gift certificates and food packs to help millions of poor families and communities in Metro Manila.

Wilcon Depot donated 16,000 personal protective equipment (PPE), 60,000 face masks, and bicycles through Go Negosyo, in collaboration with the Project Kaagapay: Protect our Healthcare Heroes, in providing immediate help to our frontliners. The medical equipment were distributed to different hospitals across Metro Manila.

Wilcon supported the Go Negosyo's Project Antibody Rapid Test Kits (Project ARK). Wilcon was able to donate test kits to Bacoor Cavite; Baliuag, Bulacan; Cabanatuan, Nueva Ecija; Calamba, Laguna; Calumpit, Bulacan; Laoag City, Ilocos Norte; Mandaluyong City, Parañaque City, Tarlac City, Montalban, Rizal; Taytay, Rizal, and Villasis, Pangasinan.

As part of our continued support to our dear frontliners, Wilcon Depot donated 100 Personal Protective Equipment (PPE) to the Lung Center of the Philippines to help in their fight against COVID-19.

Wilcon handed over PCR and Natch Machines to the Quezon City Government for the Philippine Children's Medical Center.

Wilcon extended financial aid to various local communities where we operate including Jaro, Iloilo City, and Brgy. Sta. Ana, Taytay, Rizal.

Appendix A: List of Operations Location

	Branch Name	Branch	Location
1	ALABANG	D01	8003 REAL ST., ALABANG ZAPOTE RD., ALMANZA UNO, LAS PIÑAS CITY
2	BALINTAWAK	D02	1274 EDSA A. SAMSON, QUEZON CITY
3	LIBIS	D03	90 E. RODRIGUEZ JR. AVE., BRGY. UGONG NORTE, DISTRICT 3, QUEZON CITY
4	MAKATI	D05	2212 CHINO ROCES AVE., SAN LORENZO, MAKATI CITY
5	QUIRINO	D06	L119 C-1 MINDANAO AVE., TALIPAPA, QUEZON CITY
6	FILINVEST	D07	L1 B29 ALABANG ZAPOTE RD. COR. BRIDGEWAY AVE., FILINVEST CORPORATE CITY, ALABANG, MUNTINLUPA CITY
7	MEXICO	D08	GAPAN-OLONGAPO ROAD, LAGUNDI, MEXICO, PAMPANGA
8	SUCAT	D09	DR. A. SANTOS AVENUE, SAN DIONISIO, PARAÑAQUE CITY
9	FAIRVIEW	D10	16 COMMONWEALTH AVE., BRGY. COMMONWEALTH, QUEZON CITY
10	TARLAC	D11	MC ARTHUR HIGHWAY, SAN RAFAEL, TARLAC CITY
11	DAU	D12	MC ARTHUR HI-WAY, DAU, MABALACAT, PAMPANGA
12	SAN FERNANDO	D15	FREEWAY STRIP OLONGAPO-GAPAN ROAD, DOLORES CITY OF SAN FERNANDO, PAMPANGA
13	CALAMBA	D16	NATIONAL ROAD, BRGY. HALANG, CALAMBA CITY, LAGUNA
14	BATANGAS	D17	LOT 2687-A DIVERSION ROAD, ALANGILAN, BATANGAS CITY
15	TAYTAY	D18	MANILA EAST ROAD, BRGY. SAN JUAN, TAYTAY, RIZAL
16	ANTIPOLO	D19	MARCOS HIGHWAY, BRGY. MAYAMOT, ANTIPOLO CITY, RIZAL
17	BALIUAG	D20	KM. 48 DRT HIGHWAY, BRGY. TARCAN, BALIWAG, BULACAN
18	DASMARIÑAS	D21	GOVERNOR'S DRIVE, PALIPARAN 1, DASMARIÑAS CITY, CAVITE
19	LAOAG	D22	AIRPORT ROAD, BRGY. 50, BUTTONG, LAOAG CITY
20	MANDAUE	D23	U.N. AVENUE, UMAPAD, MANDAUE CITY, CEBU
21	TALISAY	D24	LOT 2359, LAWA-AN II, TALISAY CITY, CEBU
22	KAWIT	D25	CENTENNIAL ROAD, MAGDALO, PUTOL, KAWIT, CAVITE
23	VALENZUELA	D26	292 MC ARTHUR HI-WAY, DALANDANAN, VALENZUELA CITY
24	SAN PABLO	D27	DOÑA MARIA VILLAGE PHASE 2, BRGY. BAGONG BAYAN, SAN PABLO CITY, LAGUNA
25	VILLASIS	D28	NATIONAL HIGHWAY, BRGY. BACAG, VILLASIS, PANGASINAN
26	QUEZON AVE.	D29	24 QUEZON AVE., LOURDES, QUEZON CITY
27	DAVAO	D30	MC ARTHUR HIGHWAY, MATINA, DAVAO CITY
28	IT HUB	D31	PASONG TAMO EXTENSION, BRGY. BANGKAL, MAKATI CITY
29	MOLINO	D32	BACOOR BOULEVARD, BRGY. MAMBOG IV, CITY OF BACOOR
30	STA. ROSA	D33	TAGAYTAY ROAD, BRGY. PULONG, STA. CRUZ, STA. ROSA, LAGUNA
31	CDO	D34	ZONE 5 , BRGY. CUGMAN, CAGAYAN DE ORO CITY
32	BACOLOD	D35	MATAB-ANG TALISAY CITY, NEGROS OCCIDENTAL
33	BUTUAN	D36	BRGY. BAAN, KM. 3, BUTUAN CITY
34	CABANATUAN	D37	LOT 2040-C-3-B & Lot 2040-C-4, SUMACAB ESTE, MAHARLIKA HIGHWAY, PUROK 6, SUMACAB ESTE, CABANATUAN CITY
35	ILOILO	D38	NORTH DIVERSION ROAD, BRGY. DUNGON-B, JARO, ILOILO CITY

	Branch Name	Branch	Location
36	TACLOBAN	D39	PUROK SANTOL, BRGY. 80 MARASBARAS, TACLOBAN CITY, LEYTE
37	SILANG	D40	PUROK 9, BRGY. LALAAN II, SILANG, CAVITE CITY
38	ZAMBOANGA	D41	LOT 2235C I-A BOALAN, ZAMBOANGA CITY
39	NAGA	D42	BRGY. DEL ROSARIO, NAGA CITY
40	LIPA	D43	BRGY. BUGTONG NA PULO, LIPA BATANGAS
41	PANACAN, DAVAO	D45	BRGY. PANACAN VALLE VERDE, BUNAWAN, DAVAO CITY
42	TAYABAS	D46	BRGY. ISABANG, TAYABAS QUEZON
43	GEN. SANTOS	D47	PALEN, BRGY. LABANGAL, GENERAL SANTOS CITY
44	PUERTO PRINCESA	D48	BRGY. SICSICAN, PUERTO PRINCESA CITY, PALAWAN
45	GENERAL TRIAS	D49	BRGY. SAN FRANCISCO, GENERAL TRIAS CITY, CAVITE
46	STA. BARBARA, ILOILO	D50	LOT 506B BRGY. BOLONG OESTE, STA. BARBARA, ILOILO
47	OPOL, MISAMIS ORIENTAL	D51	ZONE 2A BRGY. BARRA, OPOL, MISAMIS ORIENTAL
48	STO. TOMAS, BATANGAS	D52	MAHARLIKA HIGHWAY, BRGY. STA. ANASTACIA, STO. TOMAS, BATANGAS
49	ANTIPOLO II	D53	LOT 2-A BRGY. SAN ISIDRO CIRCUMFERENTIAL RD. ANTIPOLO CITY
50	CALUMPIT	D55	BRGY. PIO CRUZCOSA, CALUMPIT, BULACAN
51	IGUIG, CAGAYAN	D56	BRGY. BAYO, IGUIG, CAGAYAN VALLEY RD.
52	SAN JOSE, BULACAN	D57	BRGY. TUNGKONG MANGGA, SAN JOSE DEL MONTE CITY, BULACAN
53	ALBAY	D61	BRGY. PEÑAFRANCIA, DARAGA, ALBAY
54	OLONGAPO	D71	NATIONAL ROAD, BRGY. BARRETTO, OLONGAPO CITY, ZAMBALES
55	TAYTAY II	D72	RIZAL AVE., ILOG PUGAD BRGY. SAN JUAN TAYTAY, RIZAL
56	CABUYAO, LAGUNA	D73	BRGY. SALA, CABUYAO, LAGUNA
57	ALIMALL	HO2	LG003/LG004 LOWER GRD FLR. ALIMALL II, ARANETA CENTER, SOCORRO, D3, CUBAO, QUEZON CITY
58	WCC	HO3	ANCHOR 1, 121 VISAYAS AVE., BAHAY TORO, QUEZON CITY
59	STA. MESA	HO5	425 PIÑA AVE., BRGY. 585 ZONE 057, SAMPALOC, MANILA
60	MINDANAO AVE.	HO6	L-5 B-7 MINDANAO AVE., BAHAY TORO I, QUEZON CITY
61	MUÑOZ	HO7	1066 EDSA, BAHAY TORO, QUEZON CITY
62	PASAY	HO8	16 C JOSE ST. COR. EDSA, MALIBAY, PASAY CITY
63	ILOILO	HO9	GROUND FLOOR UNIT A25-A26, FESTIVE WALK MALL, ILOILO BUSINESS PARK, MANDURRIAO , ILOILO CITY