# COVER SHEET

| C | S | 2 | 0 | 1 | 5 | 2 | 4 | 7 | 1 | 2 |
|---|---|---|---|---|---|---|---|---|---|---|

**S.E.C Registration No.**

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

(Company's Full Name)

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

(Principal Office)

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

| | | | | |
|---|---|---|---|---|
| | | **1 7 - Q** | | |
| *Month* | *Day* | **FORM TYPE** | *Month* | *Date* |
| | | | (Annual Meeting) | |

**Secondary License, (if applicable type)**

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

| | | |
|---|---|---|
| | | |
| **Total stockholders** | **Domestic** | **Foreign** |

---

**To be accomplished by SEC personnel concerned**

**File Number** **LCU**

**Document I.D.** **Cashier**

**STAMPS**

**SECURITIES AND EXCHANGE COMMISSION**

**SEC FORM 17-Q**

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

1. For the quarterly period ended March 31, 2025

2. Commission identification number CS201524712

3. BIR Tax Identification No 009-192-878

4. Exact name of issuer as specified in its charter

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

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

   QUEZON CITY, PHILIPPINES

6. Industry Classification Code: [ ] (SEC Use Only)

7. Address of issuer's principal office Postal Code

   90 E. RODRIGUEZ JR. AVENUE, UGONG NORTE, QUEZON CITY, 1110

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

9. Former name, former address and former fiscal year, if changed since last report: N/A

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

| Title of each Class | Number of shares of common stock outstanding and amount of debt outstanding |
|---|---|
| **COMMON SHARES** | **4,099,724,116** |

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

    Yes [√] No [ ]

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

    PHILIPPINES STOCK EXCHANGE COMMON SHARES

12. Indicate by check mark whether the registrant:

    (a) has filed all reports required to be filed by Section 17 of the Code and SRC Rule 17 thereunder or Sections 11 of the RSA and RSA Rule 11(a)-1 thereunder, and Sections 26 and 141 of the Corporation Code of the Philippines, during the preceding twelve (12) months (or for such shorter period the registrant was required to file such reports)

    Yes [√] No [ ]

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

    Yes [√] No [ ]

## PART I--FINANCIAL INFORMATION

**Item 1. Financial Statements.**

The unaudited interim financial statements of Wilcon Depot, Inc. Doing Business under the Name and Style of WILCON DEPOT, WILCON HOME ESSENTIALS, DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT as at March 31, 2025 and December 31, 2024 and for the three-month period ended March 31, 2025 and 2024, are filed as part of this form 17-Q.

**Item 2. Management's Discussion and Analysis of Results of Operations and Financial Condition.**

**<u>Results of Operations for the Three-month Period Ended March 31, 2025 and 2024</u>**

The Company recorded net income of ₱536 million for the first three-month period of 2025, lower by ₱204 million or 27.5% from the ₱740 million reported during the same period in 2024. Net margins for the respective periods were 6.4% and 8.9%. The decline was primarily attributable to higher operating expenses and a reduction in gross profit.

***Net Sales***

Net sales for the three-month period ended March 31, 2025, amounted to ₱ 8,408 million, a ₱98 million or 1.2% growth from the same period last year. The increase was primarily driven by new store sales, despite the partial drag from lower comparable sales of 3.6%.

During the first quarter of 2025, the Company opened a new depot in North Luzon and a smaller-format Do-It-Wilcon (DIW) store in Metro Manila, bringing the total number of branches to 102.

On a per format basis, sales from the depot-format stores, which comprised 96.5% of total net sales, went up by ₱142 million or 1.8% to ₱8,116 million from the ₱7,973 million net sales for the three-month period of 2024. Sales from new depots contributed 4.8% to the total net sales growth, however, comparable sales declined by 3.1%.

The smaller format, DIW, which includes the original Home Essentials stores, recorded net sales of ₱258 million, a ₱26 million or 11.1% increase year-on-year. Comparable sales for the format grew by 7.4%, with new stores making up for the rest of the growth.

The remaining 0.4% of total net sales was accounted for by project sales or sales to major institutional accounts, which amounted to ₱34 million, with a ₱70 million or 67.2% year-on-year decrease.

***Gross Profit***

Gross profit was lower by ₱56 million or 1.7% from the 2024 first quarter level of ₱3,320 million to close at ₱3,264 million for the period, for a gross profit margin rate of 38.8%. The decrease was primarily attributed to a contraction in the gross profit margin rate, which declined by 110 basis points year-on-year. This decline was driven by margin compression in both the non-exclusives and the exclusives and in-house brands categories, largely due to the continued popularity of our best deals offerings. The contribution of in-house and exclusive brands also slipped slightly to 52.2% from 52.6%, mainly as a result of lower project sales.

***Operating Expenses***

Operating expenses increased to ₱2,408 million for the period, up by ₱106 million or 4.6% from the prior year's ₱2,302 million. The increase is attributable mainly to expansion-related operating expenses such as manpower expenses, depreciation and amortization, supplies, and utilities.

***Interest Expense***

Interest expense increased by ₱85 million, or 50.4%, to a total of ₱255 million for the period from the prior year's three-month period of ₱169 million, attributable mainly to additional leases. All interest expense represents non-cash interest charged on lease liability recognized for the period in relation to the Company's adoption of PFRS 16 on leases.

***Other Income (Charges)***

Other income (charges) for the three-month period ended March 31, 2025, amounted to ₱110 million, lower by ₱26 million or 19.4% from the ₱137 million generated for the same period in 2024, mainly due to the collection timing of supplier support, and other fees and rental income. Meanwhile, non-operating interest income declined by ₱6 million.

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

Adjusting the 2025 and 2024 depreciation and amortization to exclude right-of-use (ROU) depreciation and interest expense on lease liability and consider these as rent expense, EBITDA and EBIT were as follows:

1) EBITDA for the three-month period March 31, 2025 reached ₱1,063 million, or 12.6% of net sales, was lower by 17.9% from the ₱1,295 million, or 15.6% of net sales~~,~~ recorded for the same period ended March 31, 2024.
2) EBIT for the first three (3) months of 2025 is ₱697 million or 8.3% of net sales, registered a 28.7% decline from the previous year's P977 million EBIT or 11.8% of the 2024 net sales for the same period.

The decrease in both EBITDA and EBIT was driven by higher operating expenses and a reduction in gross profit margin, partly offset by a rise in net sales.

***Income Tax Expense***

Consequently, the Company's income tax expense reduced by ₱71 million or 28.9% to end at ₱174 million in the first quarter of 2025 from the ₱245 million incurred during the same period last year. The decrease was due mainly to lower taxable income.

## **Financial Condition as at March 31, 2025**

***Liquidity***

Net cash provided by operating activities decreased by ₱94 million or 8.0% in 2025 compared to 2024, primarily driven by higher inventory purchases during the quarter. Net cash used in investing activities was lower by ₱206 million or 24.2% in 2025 compared to 2024, as a result of decreased capital expenditures. Cash used in financing activities reflected ₱508 million lease payments. Current ratio slightly increased from 2.05:1.00 to 2.13:1.00.

Cash and cash equivalents and short-term investments totaled ₱2,107 million, a ₱73 million or 3.4% decrease from the balance as at December 31, 2024. The decline was mainly due to continued working capital spending.

***Capital Expenditure***

For the quarter, the Company's capital expenditure totaled ₱652 million, the bulk of which was spent on the renovation and construction of new stores.

***Capital Resources***

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

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

**Key Financial Performance Indicators**

| **Key Performance Indicators** | **YTD March 31, 2025** | **YTD March 31, 2024** |
|---|---|---|
| Sales | 8,408,291,423 | 8,310,527,312 |
| EBIT – Adjusted / Treating Interest on Lease Liability as Rent Expense[1] | 697,079,391 | 977,304,988 |
| EBITDA – Adjusted / Treating ROU Depreciation and Interest on Lease Liability as Rent Expense[2] | 1,063,049,863 | 1,294,898,317 |
| EBIT Margin - Treating Interest on Lease Liability as Rent Expense[3] | 8.29% | 11.76% |
| EBITDA Margin- Treating ROU Depreciation and Interest on Lease Liability as Rent Expense[4] | 12.64% | 15.58% |
| | **As at March 31, 2025** | **As at March 31, 2024** |
| Return on Equity Ratio[5] | 2.34% | 3.34% |
| Current Ratio[6] | 2.13 | 2.05 |
| Debt to Equity Ratio[7] | 0.80 | 0.79 |

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

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

**Statement of Financial Position as at March 31, 2025 and December 31, 2024**

1. Aggregate cash decreased by ₱73 million or 3.4% from ₱2,180 million at the close of 2024 to ₱2,107 million as at March 31, 2025, due primarily to acquisition of property and equipment as well as higher lease payments, and lower net cash flows from operating activities.

2. Trade and other receivables totaled ₱332 million as at March 31, 2025, ₱196 million or 37.1% lower than the ₱528 million balance as at December 31, 2024. The decrease was mainly due to the lower project sales.

3. Advanced payments to suppliers for merchandise orders and operating expenses decreased by ₱39 million or 12.1% from ₱319 million at the close of 2024 to ₱281 million as at March 31, 2025, mainly due to the receipt of merchandise inventories from suppliers.

4. Merchandise Inventories increased by ₱1,391 million or 9.8% from ₱14,249 million at the close of 2024 to ₱15,640 million as at March 31, 2025. The growth was primarily driven by the arrival of inventory orders during the quarter.

5. Other current assets rose by ₱70 million or 8.4% from ₱835 million at the close of 2024 to ₱906 million as at March 31, 2025, due mainly to an increase in prepayments and partially offset by a decrease in input tax.

6. Right of Use Assets increased by ₱673 million or 8.6% from ₱7,864 million at the close of 2024 to ₱8,536 million as at March 31, 2025. This growth was primarily due to the contract renewals and additions of new stores.

7. Net deferred tax assets increased by ₱32 million or 5.0% from ₱644 million at the close of 2024 to ₱676 million as at March 31, 2025, due to the impact of PFRS16 accounting and recognition of actuarial loss on retirement.

8. Trade and other payables increased by ₱603 million or 11.3% from ₱5,333 million at the close of 2024 to ₱5,937 million as at March 31, 2025 due mainly to higher purchases and expenses on credit.

9. The current portion of lease liability increased by ₱387 million or 41.4% from ₱934 million at the close of 2024 to ₱1,321 million as at March 31, 2025, due mainly to a higher number of leases approaching their contract end.

10. Income tax payable increased by ₱203 million or 172.0% from ₱118 million at the close of 2024 to ₱321 million as at March 31, 2025, mainly due to year-to-date income taxes.

**Income Statement Items**

1. Operating expenses increased to ₱2,408 million for the period, up by ₱106 million or 4.6% from the prior year's ₱2,302 million. The increase was attributable mainly to expansion-related operating expenses such as manpower expenses, depreciation and amortization, supplies, and utilities.

2. Interest expense increased by ₱85 million, or 50.4%, to a total of ₱255 million for the period from the prior year's three-month period of ₱169 million, attributable mainly to additional leases. All interest expense represents non-cash interest charged on lease liability recognized for the period in relation to the Company's adoption of PFRS 16 on leases.

3. Other income (charges) for the three-month period ended March 31, 2025, amounted to ₱110 million, lower by ₱26 million or 19.4% from the ₱137 million generated for the same period in 2024, mainly due to the collection timing of supplier support, and other fees and rental income.

4. The Company's income tax expense decreased by ₱71 million or 28.9% to end at ₱174 million in the three-month period of 2025 from the ₱245 million incurred during the same period last year. The decrease is due mainly to lower taxable income.

## PART II--OTHER INFORMATION

The issuer may, at its option, report under this item any information not previously reported in a report on SEC Form 17-C. If disclosure of such information is made under this Part II, it need not be repeatedin a report on Form 17-C which would otherwise be required to be filed with respect to such informationor in a subsequent report on Form 17-Q.

**SIGNATURES**

Pursuant to the requirements of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

April 30, 2025

WILCON DEPOT, INC.

By:

LORRAINE BELO-CINCOCHAN
President - CEO

MARK ANDREW BELO
Treasurer

# WILCON DEPOT, INC.

**Doing Business under the Name and Style of**
**WILCON DEPOT, WILCON HOME ESSENTIALS,**
**DO IT WILCON and BARGAIN CENTER BY: WILCON DEPOT**

*(A Subsidiary of WILCON CORPORATION*
*Doing Business under the Name and Style of*
*WILCON CITY CENTER)*

Unaudited Interim Financial Statements
As at March 31, 2025 and December 31, 2024 and
For the Three-Month Period Ended March 31, 2025 and March 31, 2024

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

# UNAUDITED INTERIM STATEMENTS OF FINANCIAL POSITION

**AS AT MARCH 31, 2025 AND DECEMBER 31, 2024**

| | Note | **2025 Unaudited** | 2024 Audited |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets** | | | |
| Cash and cash equivalents | 4 | **₱1,007,340,876** | ₱1,080,478,502 |
| Short-term investments | 5 | **1,100,000,000** | 1,100,000,000 |
| Trade and other receivables | 6 | **331,683,362** | 527,645,451 |
| Advance payments to suppliers | 6 | **280,616,089** | 319,254,911 |
| Merchandise inventories | 7 | **15,640,186,439** | 14,248,773,904 |
| Other current assets | 8 | **905,609,970** | 835,223,988 |
| Total Current Assets | | **19,265,436,736** | 18,111,376,756 |
| **Noncurrent Assets** | | | |
| Property and equipment | 9 | **12,239,527,631** | 11,946,172,877 |
| Right-of-use (ROU) assets | 10 | **8,536,452,295** | 7,863,541,026 |
| Net deferred tax assets | 17 | **676,120,712** | 644,029,113 |
| Other noncurrent assets | 11 | **490,061,676** | 500,897,077 |
| Total Noncurrent Assets | | **21,942,162,314** | 20,954,640,093 |
| | | **₱41,207,599,050** | ₱39,066,016,849 |
| **LIABILITIES AND EQUITY** | | | |
| **Current Liabilities** | | | |
| Trade and other payables | 12 | **₱5,936,777,899** | ₱5,333,465,189 |
| Dividends payable | 14 | **1,475,900,682** | – |
| Current portion of lease liabilities | 10 | **1,320,986,658** | 934,165,779 |
| Income tax payable | | **321,200,937** | 118,083,373 |
| Total Current Liabilities | | **9,054,866,176** | 6,385,714,341 |
| **Noncurrent Liabilities** | | | |
| Lease liabilities - net of current portion | 10 | **9,047,701,946** | 8,630,255,748 |
| Net retirement liability | 13 | **203,727,528** | 209,175,162 |
| Total Noncurrent Liabilities | | **9,251,429,474** | 8,839,430,910 |
| Total Liabilities | | **18,306,295,650** | 15,225,145,251 |
| **Equity** | | | |
| Capital stock | 14 | **4,099,724,116** | 4,099,724,116 |
| Additional paid-in capital | 14 | **5,373,738,427** | 5,373,738,427 |
| Other comprehensive income | | **46,064,397** | 46,064,397 |
| Retained earnings | | **13,381,776,460** | 14,321,344,658 |
| Total Equity | | **22,901,303,400** | 23,840,871,598 |
| | | **₱41,207,599,050** | ₱39,066,016,849 |

*See accompanying Notes to Financial Statements.*

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

## UNAUDITED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025 AND 2024**

| | | Unaudited | |
|---|---|---|---|
| | Note | **2025** | 2024 |
| **NET SALES** | | **₱8,408,291,423** | ₱8,310,527,312 |
| **COST OF SALES** | 7 | **(5,144,716,984)** | (4,990,653,824) |
| **GROSS INCOME** | | **3,263,574,439** | 3,319,873,488 |
| **OPERATING EXPENSES** | 15 | **(2,408,206,348)** | (2,302,122,203) |
| **INTEREST EXPENSE** | 10 | **(254,922,849)** | (169,456,100) |
| **OTHER INCOME** – Net | 16 | **110,157,090** | 136,602,723 |
| **INCOME BEFORE INCOME TAX** | | **710,602,332** | 984,897,908 |
| **INCOME TAX EXPENSE (BENEFIT)** | 17 | | |
| Current | | **206,361,448** | 268,968,251 |
| Deferred | | **(32,091,600)** | (23,933,739) |
| | | **174,269,848** | 245,034,512 |
| **NET INCOME** | | **536,332,484** | 739,863,396 |
| **OTHER COMPREHENSIVE INCOME (LOSS)** | | – | – |
| **TOTAL COMPREHENSIVE INCOME** | | **536,332,484** | 739,863,396 |
| **BASIC AND DILUTIVE EARNINGS PER SHARE** | 19 | **₱0.13** | ₱0.18 |

*See accompanying Notes to Financial Statements.*

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

## UNAUDITED INTERIM STATEMENTS OF CHANGES IN EQUITY

**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025 AND 2024**

| | | Unaudited | |
|---|---|---|---|
| | Note | **2025** | 2024 |
| **CAPITAL STOCK** | 14 | **₱4,099,724,116** | ₱4,099,724,116 |
| **ADDITIONAL PAID-IN CAPITAL** | | **5,373,738,427** | 5,373,738,427 |
| **OTHER COMPREHENSIVE INCOME** | | | |
| **Cumulative Remeasurement Gains on Retirement Liability** | | **46,064,397** | 177,178,885 |
| **RETAINED EARNINGS** | | | |
| **Unappropriated** | | | |
| Balance at beginning of period | | **8,321,344,658** | 10,758,841,446 |
| Net income | | **536,332,484** | 739,863,396 |
| Cash dividends | 14 | **(1,475,900,682)** | (1,065,928,270) |
| Balance at end of period | | **7,381,776,460** | 10,432,776,572 |
| **Appropriated** | | | |
| Balance at beginning of period | 14 | **6,000,000,000** | 2,100,000,000 |
| Balance at end of period | | **6,000,000,000** | 2,100,000,000 |
| | | **13,381,776,460** | 12,532,776,572 |
| | | **₱22,901,303,400** | ₱22,183,418,000 |

*See accompanying Notes to Financial Statements.*

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

# UNAUDITED INTERIM STATEMENTS OF CASH FLOWS

**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2025 AND 2024**

| | | Unaudited | |
|---|---|---|---|
| | Note | **2025** | 2024 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| Income before income tax | | **₱ 710,602,332** | ₱984,897,908 |
| Adjustments for: | | | |
| Depreciation and amortization | 9 | **754,114,064** | 711,746,727 |
| Interest expense | 10 | **254,922,849** | 169,456,100 |
| Insurance claim income | 6 | **118,809,899** | – |
| Provision for: | | | |
| Allowance for expected credit loss on receivables | 6 | **22,971,764** | 8,342,207 |
| Inventory write-down and losses | 7 | **–** | 18,347,771 |
| Reversal of: | | | |
| Allowance for expected credit loss on receivables | 6 | **(29,247,384)** | (19,765,396) |
| Inventory write-down and losses | 7 | **(3,664,063)** | – |
| Loss on (recovery of) written-off account receivable | | **–** | (519,170) |
| Retirement benefits | 13 | **14,143,681** | 9,136,814 |
| Interest income | 4 | **(13,522,941)** | (7,592,920) |
| Gain on sale of property and equipment | 16 | **–** | (535,714) |
| Operating income before working capital changes | | **1,829,130,201** | 1,873,514,327 |
| Decrease (increase) in: | | | |
| Advance payments to suppliers | | **38,638,822** | 146,688,898 |
| Trade and other receivables | | **96,521,142** | 37,116,764 |
| Merchandise inventories | | **(1,387,748,471)** | (188,742,981) |
| Other current assets | | **(77,759,295)** | 168,817,408 |
| Decrease in trade and other payables | | **603,312,712** | (851,348,437) |
| Net cash generated from operations | | **1,102,095,111** | 1,186,045,979 |
| Contributions to retirement plan | 13 | **(19,591,315)** | (13,667,396) |
| Interest received from cash equivalents | | **–** | 4,137,222 |
| Interest received from cash in banks | | **149,608** | 212,920 |
| Net cash provided by operating activities | | **1,082,653,404** | 1,176,728,725 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Additions to: | | | |
| Property and equipment | 9 | **(648,503,431)** | (831,091,686) |
| Computer software | 11 | **(3,398,945)** | (14,511,216) |
| Decrease (increase) in: | | | |
| Advances to contractors | 11 | **3,868,361** | (9,894,533) |
| Other noncurrent assets | 11 | **(455,807)** | 280,827 |
| Interest received from investments | | **280,000** | – |
| Net proceeds from sale of property and equipment | | **–** | 535,714 |
| Net cash used in investing activities | | **(648,209,822)** | (854,680,894) |

(Forward)

| | Note | **2025** | 2024 |
|---|---|---|---|
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Payments of Lease liabilities | 10 | **(₱507,581,208)** | (₱472,819,417) |
| Cash used in financing activities | | **(507,581,208)** | (472,819,417) |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS** | | **(73,137,626)** | (150,771,586) |
| **CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD** | | **1,080,478,502** | 1,865,160,075 |
| **CASH AND CASH EQUIVALENTS AT END OF PERIOD** | 4 | **₱1,007,340,876** | ₱1,714,388,489 |

*See accompanying Notes to Financial Statements.*

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

# NOTES TO FINANCIAL STATEMENTS

**AS AT MARCH 31, 2025 AND DECEMBER 31, 2024 AND**
**FOR THE YEARS ENDED MARCH 31, 2025 AND 2024**

## 1. Corporate Information

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

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

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

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

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

## 2. Summary of Material Accounting Policy Information

**<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) Accounting Standards. This financial reporting framework includes PFRS Accounting Standards, Philippine Accounting Standards (PAS) and Philippine Interpretations from International Financial Reporting Interpretations Committee (IFRIC) issued by the Philippine Financial and Sustainability Reporting Standards Council and adopted by the SEC, including the SEC pronouncements.

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

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

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

- Net retirement liability which is carried at the present value of the defined benefit obligation less the fair value of plan assets; and
- Lease liabilities that are carried at the present value of future lease payments.

Historical cost is generally based on the fair value of the consideration given in exchange for an asset and the fair value of consideration received in exchange for incurring a liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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.

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

- Note 13, *Retirement Plan*
- Note 21, *Fair Value of Financial Instruments*

**Adoption of Amended PFRS Accounting Standards**
The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of the amended PFRS Accounting Standards effective for annual periods beginning on or after January 1, 2024. The amendments did not materially affect the financial statements of the Company.

**New and Amended PFRS Accounting Standards in Issue But Not Yet Effective**
Relevant new and amended PFRS Accounting Standards, which are not yet effective as at December 31, 2024 and have not been applied in preparing the financial statements, are summarized below:

Effective for annual periods beginning on or after January 1, 2026:

- Amendments to PFRS Accounting Standards 9, *Financial Instruments,* and PFRS Accounting Standards 7, *Financial Instruments: Disclosures – Classification and Measurement of Financial Assets* – The amendments clarify that a financial liability is derecognized when the related obligation is discharged, cancelled, expires or otherwise qualifies for derecognition (e.g. settlement date), and introduces a policy option to derecognize financial liabilities settled through an electronic payment system before settlement date if the required conditions are met. The amendments also clarify the assessment of contractual cash flow characteristics of financial assets, the treatment of non-recourse loans and contractually linked instruments, as well as require additional disclosure requirements for financial assets and liabilities with contingent features and equity instruments classified at fair value through other comprehensive income (FVOCI). Earlier application is permitted.

- Annual Improvements to PFRS Accounting Standards Volume 11:

  - Amendments to PFRS Accounting Standards 7, *Financial Instruments: Disclosures* – The amendments update and remove some obsolete references related to the gain or loss on derecognition on financial assets of an entity that has a continuing involvement and to the disclosure requirements on deferred differences between fair value and transaction price. The amendments also clarify that the illustrative guidance does not necessarily illustrate all the requirements for credit risk disclosure. Earlier application is permitted.

  - Amendments to PFRS Accounting Standards 9, *Financial Instruments – Transaction Price and Lessee Derecognition of Lease Liabilities* – The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with PFRS Accounting Standards 9*,* the lessee must apply the derecognition criteria for a financial liability which requires recognition of a gain or loss in profit or loss. The amendments also replace the reference to *'transaction price as defined by PFRS Accounting Standards 15, Revenue from Contracts with Customers'* to *'the amount determined by applying PFRS Accounting Standards 15'* to remove potential confusion. Earlier application is permitted.

  - Amendments to PAS 7, *Statement of Cash Flows - Cost Method* – The amendments replace the term 'cost method' with 'at cost' following the deletion of the definition of 'cost method'. Earlier application is permitted.

Effective for annual periods beginning on or after January 1, 2027:

- PFRS Accounting Standards 18, *Presentation and Disclosure in Financial Statements* – This standard replaces PAS 1, *Presentation of Financial Statements*, and sets out the requirements for the presentation and disclosure of information to help ensure that the financial statements provide relevant information that faithfully represents the entity's assets, liabilities, equity, income and expenses. The standard introduces new categories and sub-totals in the statements of comprehensive income, disclosures on management-defined performance measures, and new principles for grouping of information, which the entity needs to apply retrospectively. Earlier application is permitted.

Under prevailing circumstances, the adoption of the foregoing new and amended PFRS Accounting Standards is not expected to have any material effect on the financial statements of the Company. Additional disclosures will be included in the financial statements, as applicable.

**Financial Assets at Amortized Cost**

The Company's cash and cash equivalents, short-term investments, trade and other receivables (excluding advances to officers and employees), container deposits (presented as part of "Other current assets"), security and electricity deposits and refundable cash bonds (presented as part of "Other noncurrent assets") are classified as financial assets at amortized cost. These financial assets are measured at amortized cost less allowance for expected credit losses (ECL), if any. For trade receivables, the Company has applied the simplified approach and has calculated ECL based on the lifetime ECL. 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. Meanwhile, impairment of other financial assets is assessed based on potential liquidity of counterparties based on available financial information. Financial assets are derecognized when the right to receive cash flows from the asset has expired or the Company has transferred its right to receive cash flows from the financial asset.

**Financial Liabilities at Amortized Cost**

The Company's trade and other payables (excluding statutory payables, advances from customers and unearned revenue) and lease liabilities are classified as financial liabilities at amortized cost. The Company recognized 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. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or has expired.

**Offsetting of Financial Instruments**

Financial assets and liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

**Merchandise Inventories**

Merchandise inventories are valued at the lower of cost and net realizable value (NRV). Cost, which includes all costs directly attributable to acquisition such as purchase price and freight-in, is determined using the moving average method. NRV is the estimated selling price in the ordinary course of business, less estimated costs necessary to complete the sale.

When inventories are sold, the carrying amount of those inventories is recognized to profit or loss in the year when the related revenue is recognized.

When the NRV of inventories is lower than the cost, a write-down is charged to cost of sales at the year in which it occurred. Reversals of write-down of inventories arising from an increase in NRV is recognized as reduction in the amount of inventories recognized as expense in the year in which the reversal occurs.

**Other Assets**

*Advance Payments to Suppliers.* Advance payments to suppliers are amounts paid in advance for the purchase of inventories and supplies. These are carried at the amount of cash paid and are recognized to the proper asset account when the inventories and supplies are received.

*Materials and Supplies.* Materials and supplies are carried at cost and are recognized as expense upon when used.

*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.

*Value Added Tax (VAT)*. Revenue, expenses and assets are generally recognized net of the amount of VAT except in cases where VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable, or receivables and payables that are stated with the amount of VAT included.

*Deferred Input VAT*. Deferred input VAT represents the unamortized amount of input VAT on capital goods to be amortized over 60 months or the useful life of the capital goods, whichever is shorter, and input VAT on the unpaid portion of availed services. The input VAT on the purchases or imports of capital goods exceeding ₱1.0 million subsequent to December 31, 2021 may be claimed outright.

*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.

Computer software is amortized over the economic useful life of eight (8) years and assessed for impairment whenever there is an indication that the computer software may be impaired. The amortization period and method for computer software are reviewed annually. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

*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.

**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.

Construction in progress represents stores under construction and is stated at cost. Cost includes costs of construction, labor and other direct costs. Construction in progress is not depreciated until such time that the relevant assets are ready for use.

Depreciation and amortization are computed using the straight-line basis over the estimated useful lives of the assets as follows:

| Asset Type | Number of Years |
|---|---|
| Buildings and improvements | 15 to 20 or term of lease, whichever is shorter |
| Furniture and equipment | 5 |
| Leasehold improvements | 5 or term of lease, whichever is shorter |
| Transportation equipment | 5 |

The estimated useful life of solar panels recognized as part of “Building and Leasehold improvements” installed in the leased and owned buildings is 15 years.

The estimated useful lives and depreciation and amortization are reviewed and adjusted, if appropriate, at each reporting date to ensure that such years and method of depreciation and amortization are consistent with the expected pattern of economic benefits from the items of property and equipment.

Fully depreciated and amortized 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.

**Impairment of Nonfinancial Assets**

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable.

**Equity**

*Capital Stock and Additional Paid-in Capital.* Capital stock is measured at par value for all shares issued. The excess of proceeds from the issuance of shares over the par value of shares is credited to additional paid-in capital.

*Other Comprehensive Income.* Other comprehensive income comprises items of income and expenses (including items previously presented under the statements of changes in equity) that are not recognized in profit or loss for the year in accordance with PFRS Accounting Standards. Other comprehensive income pertains to cumulative remeasurement gains on net retirement liability.

*Retained Earnings.* Retained earnings represent the cumulative balance of net income or loss net of dividend distributions and other capital adjustments. Unappropriated retained earnings represent the portion which can be declared as dividends to stockholders. Appropriated retained earnings represent the portion which has been restricted and therefore is not available for any dividend declaration.

*Dividend Distribution.* Dividend distribution to the Company's stockholders is recognized as a liability and deducted from equity in the year in which the dividends are declared as approved by the Company's BOD. Dividends that are approved after the reporting year are dealt with as an event after the reporting year.

**Revenue Recognition**

The Company assessed that it acts as principal in all of its revenue sources.

Revenue within the scope of PFRS Accounting Standards 15, *Revenue from Contracts with Customers* is recognized as follows:

*Net Sales.* Revenue is recognized when the control of the goods is transferred to the buyer, which is normally upon delivery or pick up of goods, and measured at the fair value of the consideration received or receivable, net of returns, trade discounts and unearned revenue from loyalty program.

The award credits from the loyalty program are identifiable component of sale transactions in which these are granted. The fair value of the consideration received or receivable in respect to the sale is allocated between the award credits and the other components of the sale. The Company recognizes the consideration received allocated to award credits as sale when award credits are redeemed and it fulfills its obligations to supply the award credits.

Any unredeemed award credits as at reporting date are recognized as unearned revenue included under "Trade and other payables" account in the statements of financial position.

*Other Income.* Revenue is recognized when there is an incidental economic benefit, other than the usual business operations, that will flow to the Company through an increase in asset or reduction in liability and that can be measured reliably.

Revenue outside scope of PFRS Accounting Standards 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**

*Cost of sales.* Cost of sales are recognized in profit or loss when the related goods are sold, services are utilized 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 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.

Remeasurements comprising actuarial gains and losses and return on plan assets (excluding net interest on defined benefit obligation) are recognized immediately in other comprehensive income in the year in which these arise. Remeasurements are not reclassified to profit or loss in subsequent year.

The net retirement liability is the present value of the defined benefit obligation less the fair value of plan assets out of which the obligations are to be settled directly.

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**

A contract is, or contains, a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

***The Company as Lessee***

At the commencement date, the Company recognizes right-of-use (ROU) asset and a lease liability for all leases, except for leases with lease terms of 12 months or less (short-term leases) and leases for which the underlying asset is of low value in which case the lease payments associated with those leases are recognized as an expense on a straight-line basis.

*ROU Asset.* ROU asset is recognized under the same basis with property and equipment at the present value of the liability at the commencement date of the lease, adding any directly attributable costs. After the commencement date, the ROU asset is carried at cost less any accumulated amortization and accumulated impairment losses and adjusted for any remeasurement of the related lease liability. The ROU asset is amortized over the shorter of the lease term or the useful life of the underlying asset.

*Lease Liability*. At commencement date, the Company measures lease liability at the present value of future lease payments using the interest rate implicit in the lease, if that rate can be readily determined. Otherwise, the Company uses its incremental borrowing rate. A lease liability is subsequently measured at amortized cost. Interest on the lease liability and any variable lease payments not included in the measurement of lease liability are recognized in profit or loss unless these are capitalized as costs of another asset. Variable lease payments not included in the measurement of the lease liability are recognized in profit or loss when the event or condition that triggers those payments occurs.

***The Company as a Lessor***

Leases where a significant portion of the risks and rewards of ownership over the asset are retained by the lessor, are classified as operating leases. Payments made under operating leases are recognized in profit or loss on a straight-line basis of accounting over the period of the lease.

**Income Taxes**

*Current Tax.* Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rate and tax laws used to compute the amount are those that have been enacted or substantively enacted at end of the reporting year.

*Deferred Tax.* Deferred tax is provided on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized for all deductible temporary differences, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at the end of reporting year.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in relation to the underlying transaction either in other comprehensive income or directly in equity.

**Earnings per Share**

The Company presents basic and diluted earnings per share. Basic earnings per share are calculated by dividing the net income by the weighted average number of common shares outstanding during the year. Diluted earnings per share are calculated in the same manner, adjusted for the effects of all dilutive potential common shares.

The Company has no dilutive potential common shares.

**Related Party Relationship and Transactions**

Related party transactions consist of transfers of resources, services or obligations between the Company and its related parties.

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) individuals who, by owning directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Company; (b) associates; (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; and (d) members of the key management personnel of the Company.

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.

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.

**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.

**Contingencies**
Contingent liabilities are not recognized in the financial statements but are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

**Events after the Reporting Date**
Events after the reporting date that provide additional information about the Company's financial position at the end of the reporting year (adjusting events) are reflected in the financial statements. Events after the reporting date that are non-adjusting events are disclosed in the notes to financial statements when material.

## 3. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the financial statements requires the Company to exercise judgment, make estimates and use assumptions that affect the amounts reported in the financial statements and accompanying notes. The judgments and estimates are based on management's evaluation of relevant facts and circumstances as of the date of the comparative financial statements. Actual results could differ from these estimates, and as such estimates will be adjusted accordingly when the effects become determinable.

**Judgments**
In the process of applying the accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the financial statements.

*Determining the Operating Segments.* Determination of operating segments is based on the information about components of the Company that management uses to make decisions about the operating matters. Operating segments use internal reports that are regularly reviewed by the Company's chief operating decision maker, which is defined to be the Company's BOD, in order to allocate resources to the segment and assess its performance.

The Company has only one (1) reportable operating segment which is the trading business and one (1) geographical segment as all of the assets are located in the Philippines. The Company operates and derives all its revenue from domestic operations. Accordingly, no further disclosures on operating and geographical segments are necessary.

*Determining the Classification of Financial Assets.* Classification of financial assets depends on the results of the business model test and sole payment of principal and interest (SPPI) test performed by the Company.

The Company exercises judgment in determining the business model to be used in managing its financial instruments to achieve its business objectives. Below are the key factors considered by the Company in its business model assessment:

- Specific business objectives in holding the financial assets,
- Policies in managing the risks of the financial assets,
- Expected frequency, value and timing of sales, and
- Key performance indicators of the financial assets.

The Company also determines whether the contractual terms of debt instruments classified and measured as financial assets at amortized cost give rise to specified dates to cash flows that are solely payments for principal and interest, with interest representing time value of money and credit risk associated with the outstanding principal amount. Any other contractual term that changes the timing or amount of cash flows does not meet the SPPI test.

*Determining the Classification of Lease Arrangements and Appropriate Lease Term and Discount Rates.* The Company, as a lessee, has various lease agreements with related parties and third parties for land, buildings, and retail and office units.

The Company has exercised significant judgment in determining the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or in any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

All the existing Company leases, except for short-term lease on transportation equipment and leases on land and buildings with less than 12 months term qualify as leases under PFRS Accounting Standards 16.

Lease liabilities and ROU assets were recognized for the remaining lease agreements. Payments of lease liabilities are allocated over the principal liability and finance costs. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of liability for each year. The ROU assets are amortized over the lease term on a straight-line basis.

The leases on land, buildings, and retail and office units are renewable upon mutual agreement by both parties (as amended for certain lease agreements) to be covered by a separate and new lease agreement. Accordingly, the renewal option was not considered in the lease term for purposes of the recognition of ROU assets and lease liabilities.

Significant management judgment was likewise exercised by the Company in determining the discount rate, whether implicit rate, if readily available or incremental rate, to be used in calculating the present value of ROU assets and lease liabilities. The discount rate ranges from 4.74% to 8.56% which are the incremental borrowing rates as obtained from the banks.

Reassessments are made on a continuing basis whether changes should be reflected on the amount of lease liabilities due to circumstances affecting lease payments.

The details of the interest expense on lease liabilities, and amortization on ROU assets are disclosed in Note 10 to the financial statements.

Rent expense on short-term lease on transportation equipment and leases on land and buildings with less than 12 months' term is disclosed in Note 10 to the financial statements.

The carrying amount of ROU assets and lease liabilities are disclosed in Note 10 to the financial statements.

The Company, as a lessor, has existing lease agreements on facade billboards, cashier counter spaces, window displays, street banners and gondola lightings. The Company has determined that the significant risks and benefits of ownership over the leased properties remain with the Company. Accordingly, the Company accounts for the lease agreements as operating leases.

Rental income is disclosed in Note 10 to the financial statements.

*Evaluating Contingencies*. The Company is a party to certain lawsuits or claims arising from the ordinary course of business. However, the Company's management and legal counsel believe that the eventual liabilities or claims under these lawsuits will not have a material effect on the financial statements.

**Estimates and Assumptions**

The key estimates and assumptions used in the financial statements are based upon management's evaluation of relevant facts and circumstances of the financial statements. Actual results could differ from those estimates. Presented below are the relevant significant estimates performed by management in preparing the financial statements.

*Assessing the Impairment of Trade and Other Receivables.* The Company is using the simplified approach in measuring ECL based on lifetime and 12-month ECL on its trade and other receivables, respectively. The Company has established a provision matrix that uses historical credit loss experience adjusted for forward-looking factors, as appropriate.

Provision for (reversal of) allowance for ECL is disclosed in Note 6 to the financial statements.

Based on management assessment, the allowance for ECL of trade and other receivables as at March 31, 2025 and December 31, 2024 is adequate to cover for possible losses.

The carrying amount of trade and other receivables and allowance for ECL are disclosed in Note 6 to the financial statements.

*Assessing the Impairment Losses on Other Financial Assets at Amortized Cost*. In assessing ECL for other financial asset at amortized cost, the Company uses historical credit loss experience adjusted for forward-looking factors, as appropriate. The Company has no history of actual losses. No provision for impairment losses on other financial assets at amortized cost were recognized in March 31, 2025 and December 31, 2024.

The carrying amounts of other financial assets are disclosed in Notes 4, 5, 8 and 11 to the financial statements.

*Determining the NRV of Merchandise Inventories.* The Company recognizes inventory write down and losses whenever NRV becomes lower than cost due to damage, physical deterioration, obsolescence, changes in price levels or other causes.

Estimates of NRV are based on the most reliable evidence available at the time the estimates are made of the amount the inventories that are expected to be realized. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after reporting date to the extent that such events confirm conditions existing at reporting date. The adequacy of allowance for inventory write-down and losses is reviewed periodically to reflect the accurate valuation in the financial statements.

The carrying amount of merchandise inventories and net provision for inventory write-down and losses are disclosed in Note 7 to the financial statements.

The details of the allowance for inventory write-down and losses are disclosed in Note 7 to the financial statements.

*Estimating the Useful Lives of Property and Equipment and Computer Software.* The Company estimates the useful lives of property and equipment and computer software based on the years over which the assets are expected to be available for use. The estimated useful lives of property and equipment and computer software are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. As at March 31, 2025 and December 31, 2024, there is no change in the estimated useful lives of property and equipment and computer software.

The carrying amounts of depreciable property and equipment and computer software are disclosed in Notes 9 and 11 to the financial statements.

*Assessing the Impairment of Nonfinancial Assets.* The Company assesses any impairment on its nonfinancial assets whenever events or changes in circumstances indicate that the carrying amount of assets or group of assets may not be recoverable. Factors that the Company considered in deciding when to perform impairment review includes the following among others:

- significant under-performance of a business in relation to expectations;
- significant negative industry or economic trends; and
- significant changes or planned changes in the use of the assets.

An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Recoverable amounts are estimated for individual assets, or if it is not possible, for the cash generating unit to which the assets belong.

There were no indications that the carrying amount of nonfinancial assets may be impaired. Accordingly, no impairment loss was recognized in March 31, 2025 and December 31, 2024.

The carrying amount of nonfinancial assets assessed for possible impairment are disclosed in Notes 6, 8, 9, 10 and 11 to the financial statements.

*Determining the Retirement Liability.* The determination of the obligation and cost of retirement benefits is dependent on the assumptions determined by management and used by the actuary in calculating such amounts. These assumptions are described in Note 13 to the financial statements and include, among others, discount rate and salary increase rate. Actual results that differ from the Company’s assumptions are accumulated and recognized in other comprehensive income, therefore, generally affect the recognized expense and recorded obligation in such future periods.

The details of the Company’s retirement expense and net retirement liability are disclosed in Note 13 to the financial statements.

*Assessing the Realizability of Deferred Tax Assets.* The Company reviews the carrying amount of deferred tax assets at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized.

The Company's recognized deferred tax assets is disclosed in Note 17 to the financial statements.

## 4. Cash and Cash equivalents

Details of this account are as follows:

| | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Cash on hand | **₱10,456,842** | ₱15,983,707 |
| Cash in banks | **996,884,034** | 914,494,795 |
| Cash equivalents | **–** | 150,000,000 |
| | **₱1,007,340,876** | ₱1,080,478,502 |

Cash in banks earn interest at prevailing bank deposit rates. Cash equivalents represent money market placements with interest rate ranging from 4.0% to 6.00% per annum.

Details of interest income are as follows (see Note 16):

| | | **For the Three-month period Ended March 31 (Unaudited)** | |
|---|---|---|---|
| | Note | **2025** | 2024 |
| Cash in banks and cash equivalents | | **₱13,160,000** | ₱7,592,920 |
| Short-term investments | | **362,941** | – |
| | 16 | **₱13,522,941** | ₱7,592,920 |

## 5. Short-term investments

Short-term investments amounting to ₱1,100.0 million as at March 31, 2025 and December 31, 2024, respectively, represent money market placements with terms of more than three (3) months to less than one (1) year, which bears interest from 5.95% to 6.00%.

Interest income from these investments amounted to ₱13.5 million and ₱7.6 million for the three-month period ended March 31, 2025 and 2024, respectively (see Note 4).

## 6. Trade and Other Receivables and Advance Payments to Suppliers

Details of this trade and other receivables are as follows:

| | Note | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|---|
| Trade: | | | |
| Third parties | | **₱281,438,861** | ₱408,899,943 |
| Related parties | 18 | **1,361,256** | 2,965,102 |
| Insurance claim receivable | | **–** | 118,809,899 |
| Advances to officers and employees | | **30,357,522** | 30,965,188 |
| Rent receivables | 9 | **22,513,101** | 15,901,886 |
| Others | | **58,548,806** | 18,915,237 |
| | | **394,219,546** | 596,457,255 |
| Allowance for ECL | | **(62,536,184)** | (68,811,804) |
| | | **₱331,683,362** | ₱527,645,451 |

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

On April 24, 2024, the Company's Baliwag, Bulacan branch sustained substantial damage due to a fire incident. The Company incurred losses aggregating to ₱173.3 million, encompassing merchandise inventory, materials, supplies, property, and equipment. On December 27, 2024, the Company received an insurance offer letter with an approximate amount of ₱118.8 million that is expected to be settled on the first quarter of the subsequent year. Consequently, casualty loss from the fire net of insurance claim income amounted to ₱54.5 million.

On the first quarter of 2025, the Company received the ₱118.8 million from insurance claims.

Advances to officers and employees are noninterest-bearing advances and are normally settled through salary deduction. This account also includes cash advances to employees and officers for store operations which are for liquidation.

Rent receivables, which are collectible within one (1) year, include receivables from the lease of gondola lightings, facade billboards, window displays and street banners. Rent receivable from related parties amounted to ₱0.5 million and ₱0.3 million in 2025 and 2024, respectively (see Note 18).

Others mainly pertain to accrued interest, income from incidental services rendered, including income from related parties amounting to ₱1.4 million and ₱0.3 million in 2025 and 2024, respectively (see Note 18).

| ***Amounts in Millions*** | **As at March 31, 2025 (Unaudited)** | | | | |
|---|---|---|---|---|---|
| | **Total** | **Neither Past Due Nor Impaired** | **Less Than One Year** | **One Year to Less Than Three Years** | **More Than Three Years** |
| **Trade:** | | | | | |
| **Third parties** | **₱281.4** | **₱2.0** | **₱180.2** | **₱63.5** | **₱35.7** |
| **Related parties** | **1.4** | **0.3** | **1.1** | **–** | **–** |
| | **282.8** | **2.3** | **181.3** | **63.5** | **35.7** |
| **Advances to officers and employees** | **30.4** | **1.9** | **28.5** | **–** | **–** |
| **Rent receivables** | **22.5** | **0.6** | **21.7** | **0.2** | **–** |
| **Others** | **58.5** | **54.5** | **2.1** | **1.0** | **0.9** |
| | **394.2** | **59.3** | **233.6** | **64.7** | **36.6** |
| **Allowance for ECL** | **(62.5)** | **–** | **(12.6)** | **(18.6)** | **(31.3)** |
| | **₱331.7** | **₱59.3** | **₱221.0** | **₱46.1** | **₱5.3** |

| *Amounts in Millions* | As at December 31, 2024 (Audited) | | | | |
|---|---|---|---|---|---|
| | **Total** | **Neither Past Due Nor Impaired** | **Less Than One Year** | **One Year to Less Than Three Years** | **More Than Three Years** |
| Trade: | | | | | |
| Third parties | ₱408.9 | ₱114.1 | ₱195.8 | ₱68.8 | ₱30.2 |
| Related parties | 3.0 | 0.4 | 2.6 | – | – |
| | 411.9 | 114.5 | 198.4 | 68.8 | 30.2 |
| Insurance claim receivable | 118.8 | 118.8 | – | – | – |
| Advances to officers and employees | 31.0 | 2.1 | 28.9 | – | – |
| Rent receivables | 15.9 | 0.3 | 15.5 | 0.1 | – |
| Others | 18.9 | 13.6 | 3.3 | 1.3 | 0.7 |
| | 596.5 | 249.3 | 246.1 | 70.2 | 30.9 |
| Allowance for ECL | (68.8) | – | (14.4) | (25.6) | (28.8) |
| | ₱527.7 | ₱249.3 | ₱231.7 | ₱44.6 | ₱2.1 |

Movements of allowance for ECL on receivables are as follows:

| | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Balance at beginning of period | **₱68,811,804** | ₱58,700,522 |
| Provision | **22,971,764** | 63,399,925 |
| Reversal | **(29,247,384)** | (53,288,643) |
| Balance at end of period | **₱62,536,184** | ₱68,811,804 |

Based on management assessment, the allowance for ECL on receivables as at March 31, 2025 and December 31, 2024 is adequate to cover for possible losses.

**Advance Payments to Suppliers**

Advance payments to suppliers which pertain to advance payments on purchases of merchandise inventories and other goods and services amounted to ₱280.6 million and ₱319.3 million as at March 31, 2025 and December 31, 2024. Corresponding goods will be substantially delivered on the next quarter.

## 7. Merchandise Inventories

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

| | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| At cost | **₱15,593,049,558** | ₱14,199,980,103 |
| At NRV | **47,136,881** | 48,793,801 |
| | **₱15,640,186,439** | ₱14,248,773,904 |

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 ₱229.5 million and ₱234.8 million as at March 31, 2025 and December 31, 2024, respectively.

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

| | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Beginning of period | **₱186,007,179** | ₱195,804,776 |
| Reversal | **(3,664,063)** | (9,797,597) |
| Balance at end of period | **₱182,343,116** | ₱186,007,179 |

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 ₱5,144.7 million and ₱4,990.7 million for the three-month period ended March 31, 2025 and 2024, respectively, including any reversal of allowance and provision for inventory write-down and losses.

As at December 31, 2024, the Company has directly written-off ₱152.7 million worth of merchandise inventories as a result of extensive damage caused by the fire incident on April 24, 2024 (see Note 6).

## 8. Other Current Assets

Details of this account are as follows:

| | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Materials and supplies | **₱556,530,312** | ₱556,278,233 |
| Prepaid expenses | **295,306,504** | 203,536,249 |
| Input VAT | **40,876,219** | 61,662,060 |
| Container deposits | **8,132,181** | 8,102,181 |
| Current deferred input VAT | **4,764,754** | 5,645,265 |
| | **₱905,609,970** | ₱835,223,988 |

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. This includes advance rent for short-term leases with related parties amounting to ₱1.5 million and ₱1.4 million as at March 31, 2025 and December 31, 2024, respectively (see Note 18).

Container deposits pertain to monetary deposits for containers used for imported goods. Container deposits will be refunded upon return of the empty containers to the shipping companies.

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

9. **Property and Equipment**

Details and movements of this account are as follows:

| | **March 31, 2025 (Unaudited)** | | | | | |
|---|---|---|---|---|---|---|
| | **Buildings and Improvements** | **Furniture and Equipment** | **Leasehold Improvements** | **Transportation Equipment** | **Construction in Progress** | **Total** |
| **Cost** | | | | | | |
| Balances at beginning of period | **₱12,070,575,944** | **₱3,423,777,327** | **₱1,636,138,027** | **₱50,997,186** | **₱639,818,399** | **₱17,821,306,883** |
| Additions | – | **173,939,381** | – | **8,402** | **474,555,648** | **648,503,431** |
| Reclassifications | **296,531,057** | – | **81,708,740** | – | **(378,239,797)** | – |
| Balances at end of period | **12,367,107,001** | **3,597,716,708** | **1,717,846,767** | **51,005,588** | **736,134,250** | **18,469,810,314** |
| **Accumulated Depreciation and Amortization** | | | | | | |
| Balances at beginning of period | **2,583,586,481** | **2,014,349,559** | **1,240,281,497** | **36,916,469** | **–** | **5,875,134,006** |
| Depreciation and amortization | **202,024,425** | **113,971,188** | **38,071,595** | **1,081,469** | **–** | **355,148,677** |
| Balances at end of period | **2,785,610,906** | **2,128,320,747** | **1,278,353,092** | **37,997,938** | **–** | **6,230,282,683** |
| **Carrying Amounts** | **₱9,581,496,095** | **₱1,469,395,961** | **₱439,493,675** | **₱13,007,650** | **₱736,134,250** | **₱12,239,527,631** |

| | December 31, 2024 (Audited) | | | | | |
|---|---|---|---|---|---|---|
| | Buildings and Improvements | Furniture and Equipment | Leasehold Improvements | Transportation Equipment | Construction in Progress | Total |
| Cost | | | | | | |
| Balances at beginning of year | ₱9,605,872,697 | ₱2,835,676,394 | ₱1,598,298,385 | ₱51,919,085 | ₱1,100,591,044 | ₱15,192,357,605 |
| Additions | – | 617,593,462 | – | 4,219,079 | 2,135,525,533 | 2,757,338,074 |
| Reclassifications | 2,464,703,247 | – | 131,594,931 | – | (2,596,298,178) | – |
| Disposal/write-off | – | (29,492,529) | (93,755,289) | (5,140,978) | – | (128,388,796) |
| Balances at end of year | 12,070,575,944 | 3,423,777,327 | 1,636,138,027 | 50,997,186 | 639,818,399 | 17,821,306,883 |
| Accumulated Depreciation and Amortization | | | | | | |
| Balances at beginning of year | 1,900,701,220 | 1,612,531,793 | 1,157,176,308 | 37,715,455 | – | 4,708,124,776 |
| Depreciation and amortization | 682,885,261 | 421,628,492 | 165,979,689 | 4,341,992 | – | 1,274,835,434 |
| Disposal | – | (19,810,726) | (82,874,500) | (5,140,978) | – | (107,826,204) |
| Balances at end of year | 2,583,586,481 | 2,014,349,559 | 1,240,281,497 | 36,916,469 | – | 5,875,134,006 |
| Carrying Amounts | ₱9,486,989,463 | ₱1,409,427,768 | ₱395,856,530 | ₱14,080,717 | ₱639,818,399 | ₱11,946,172,877 |

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 2025.

As at March 31, 2025 and December 31, 2024, the amount of contractual commitment related to the construction in progress amounted to ₱604.6 million and ₱395.7 million, respectively.

Depreciation and amortization are summarized below (see Note 15):

| | | For the Three-month period Ended March 31 (Unaudited) | |
|---|---|---|---|
| | Note | **2025** | 2024 |
| ROU assets | 10 | **₱388,143,592** | ₱394,153,400 |
| Property and equipment | | **355,148,677** | 307,420,779 |
| Computer software | 11 | **10,821,795** | 10,172,548 |
| | 15 | **₱754,114,064** | ₱711,746,727 |

The acquisition costs of fully depreciated and amortized assets still in use amounted to ₱2,291.8 million and ₱2,159.6 million in March 31, 2025 and December 31, 2024, respectively.

As at December 31, 2024, the Company has written-off of ₱20.6 million worth of property and equipment as a result of extensive damage caused by the fire incident on April 24, 2024 (see Note 6).

## 10. **Lease Commitments**

*The Company as a Lessee*

The Company has various lease agreements with related parties and third parties for the use of land, buildings, retail and office units, transportation equipment and computer software for a period of one (1) to 15 years. The leases are renewable upon mutual agreement by both parties to be covered by a separate and new lease agreement upon renewal. The annual rent of most contracts of lease is subject to escalation of 5.00%.

Security deposits amounted to ₱200.4 million and ₱198.2 million as at March 31, 2025 and December 31, 2024, respectively (see Note 11).

Amounts recognized in profit and loss:

| | | For the Three-month period Ended March 31 (Unaudited) | |
|---|---|---|---|
| | Note | **2025** | 2024 |
| Amortization on ROU assets | 9 | **₱388,143,592** | ₱394,153,400 |
| Interest on lease liabilities | | **254,922,849** | 169,456,100 |
| Rent expense | 15 | **21,216,419** | 56,054,724 |
| | | **₱664,282,860** | ₱619,664,224 |

Rent expense in 2025 and 2024 pertains to variable lease payments related to short-term leases.

Movements in the ROU assets are presented below:

| | | **March 31, 2025 (Unaudited)** | | | | |
|---|---|---|---|---|---|---|
| | Note | **Land** | **Land and Buildings** | **Buildings** | **Retail and Office Units** | **Total** |
| **Cost** | | | | | | |
| Balances at beginning of period | | **₱9,164,479,749** | **₱2,951,558,354** | **₱426,566,687** | **₱152,646,392** | **₱12,695,251,182** |
| Additions | | **321,396,431** | **474,414,172** | **265,244,258** | **–** | **1,061,054,861** |
| Balances as at end of period | | **9,485,876,180** | **3,425,972,526** | **691,810,945** | **152,646,392** | **13,756,306,043** |
| **Accumulated Amortization** | | | | | | |
| Balances at beginning of period | | **2,456,737,779** | **1,933,690,163** | **338,258,111** | **103,024,103** | **4,831,710,156** |
| Amortization | 9 | **151,454,806** | **194,193,035** | **29,596,935** | **12,898,816** | **388,143,592** |
| Balances as at end of period | | **2,608,192,585** | **2,127,883,198** | **367,855,046** | **115,922,919** | **5,219,853,748** |
| **Carrying Amounts** | | **₱6,877,683,595** | **₱1,298,089,328** | **₱323,955,899** | **₱36,723,473** | **₱8,536,452,295** |

| | | December 31, 2024 (Audited) | | | | |
|---|---|---|---|---|---|---|
| | Note | Land | Land and Buildings | Buildings | Retail and Office Units | Total |
| Cost | | | | | | |
| Balances at beginning of year | | ₱8,358,523,609 | ₱5,046,934,778 | ₱625,000,564 | ₱281,342,625 | ₱14,311,801,576 |
| Additions | | 868,241,702 | 63,029,330 | 31,937,264 | – | 963,208,296 |
| Derecognition | | (62,285,562) | (2,158,405,754) | (230,371,141) | (128,696,233) | (2,579,758,690) |
| Balances as at end of year | | 9,164,479,749 | 2,951,558,354 | 426,566,687 | 152,646,392 | 12,695,251,182 |
| Accumulated Amortization | | | | | | |
| Balances at beginning of year | | 1,940,955,230 | 3,260,889,070 | 451,344,627 | 180,125,072 | 5,833,313,999 |
| Amortization | 9 | 578,068,111 | 831,206,847 | 117,284,625 | 51,595,264 | 1,578,154,847 |
| Derecognition | | (62,285,562) | (2,158,405,754) | (230,371,141) | (128,696,233) | (2,579,758,690) |
| Balances as at end of year | | 2,456,737,779 | 1,933,690,163 | 338,258,111 | 103,024,103 | 4,831,710,156 |
| Carrying Amounts | | ₱6,707,741,970 | ₱1,017,868,191 | ₱88,308,576 | ₱49,622,289 | ₱7,863,541,026 |

The noncash transactions related to ROU assets amounted to ₱4.1 million and ₱64.5 million for the three-month period ended March 31, 2025 and 2024, respectively.

Movements in the lease liabilities are presented below:

| | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Balance at beginning of period | **₱9,564,421,527** | ₱9,886,218,745 |
| Additions | **1,061,054,861** | 952,326,517 |
| Interest expense | **254,922,849** | 666,958,822 |
| Payments | **(511,710,633)** | (1,941,082,557) |
| Balance at end of period | **10,368,688,604** | 9,564,421,527 |
| Current portion | **1,320,986,658** | 934,165,779 |
| Noncurrent portion | **₱9,047,701,946** | ₱8,630,255,748 |

As at March 31, 2025 and December 31, 2024, the future minimum lease payments are as follows:

| | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Less than one (1) year | **₱1,834,644,034** | ₱1,452,180,659 |
| Between one (1) and five (5) years | **4,835,726,090** | 4,573,295,606 |
| More than five (5) years | **8,655,833,096** | 8,304,012,548 |
| | **₱15,326,203,220** | ₱14,329,488,813 |

The interest expense on lease liabilities amounted to ₱254.9 million and ₱169.5 million for the three-month period ended March 31, 2025 and 2024, respectively.

Advance rentals applied amounted to ₱4.1 million and ₱3.2 million as at March 31, 2025 and December 31, 2024, respectively.

*The Company as a Lessor*

The Company has existing lease agreements on facade billboards, cashier counter spaces, window displays, street banners and gondola lightings with lease terms of less than a year. The leases are renewable upon mutual agreement by the parties.

Rent income amounted to ₱19.9 million and ₱22.0 million for the three-month period ended March 31, 2025 and 2024, respectively, (see Note 16). Rent receivables amounted to ₱22.5 million and ₱15.9 million as at March 31, 2025 and December 31, 2024, respectively (see Note 6).

**Cash Flows from Financing Activities**
The reconciliation of movements of liabilities arising from financing activities is presented below:

| | **2024** | **Noncash** | **Cash Payments** | **2025** |
|---|---|---|---|---|
| Lease liabilities | **₱9,564,421,527** | **₱1,315,977,710** | **(₱511,710,633)** | **₱10,368,688,604** |
| Advance rental for new leases | **–** | **(4,129,425)** | **4,129,425** | **–** |
| Cash dividends | **–** | **1,475,900,682** | **–** | **1,475,900,682** |
| | **₱9,564,421,527** | **₱2,787,748,968** | **(₱507,581,208)** | **₱11,844,589,286** |

| | 2023 | Noncash | Cash Payments | 2024 |
|---|---|---|---|---|
| Lease liabilities | ₱9,886,218,745 | ₱1,619,285,339 | (₱1,941,082,557) | ₱9,564,421,527 |
| Advance rental for new leases | – | (3,209,451) | 3,209,451 | – |
| Cash dividends | – | 1,065,928,270 | (1,065,928,270) | – |
| | ₱9,886,218,745 | ₱2,682,004,158 | (₱3,003,801,376) | ₱9,564,421,527 |

## 11. Other Noncurrent Assets

Details of this account are as follows:

| | Note | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|---|
| Security deposits | 10 | **₱200,416,999** | ₱198,192,368 |
| Computer software | | **157,666,994** | 165,089,844 |
| Electricity deposits | | **82,732,089** | 81,827,813 |
| Advances to contractors | | **37,040,307** | 40,908,668 |
| Noncurrent deferred input VAT | | **11,863,275** | 14,356,475 |
| Prepaid expenses – noncurrent portion | 8 | **342,012** | 521,909 |
| | | **₱490,061,676** | ₱500,897,077 |

Security deposits include deposits to related parties amounting to ₱145.6 million and ₱143.8 million in March 31, 2025 and December 31, 2024, respectively (see Note 18).

Movements of computer software are as follows:

| | Note | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|---|
| **Cost** | | | |
| Balance at beginning of period | | **₱307,600,466** | ₱278,140,221 |
| Additions | | **3,398,945** | 29,460,245 |
| Balance at end of period | | **310,999,411** | 307,600,466 |
| **Accumulated Amortization** | | | |
| Balance at beginning of period | | **142,510,622** | 101,801,258 |
| Amortization | 9 | **10,821,795** | 40,709,364 |
| Balance at end of period | | **153,332,417** | 142,510,622 |
| **Carrying Amount** | | **₱157,666,994** | ₱165,089,844 |

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 ₱82.0 million. These refer to payments made to the Bureau of Customs (BOC) for the release of imported goods purchased by the Parent Company with no established and published values covering importations as required in Republic Act No. 8181, *Transaction Value Act*. The amount of cash bonds to be paid by the Parent Company is determined by the BOC. The amount is refundable once the correct dutiable value or values for the importation have been established. As at March 31, 2025 and December 31, 2024 the refund of cash bonds is still pending with the BOC. Accordingly, this has been fully provided with allowance since 2016.

## 12. Trade and Other Payables

Details of this account are as follows:

| | Note | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|---|
| Trade: | | | |
| Third parties | | **₱4,499,182,203** | ₱3,824,297,321 |
| Related parties | 18 | **68,215** | 201,775 |
| Nontrade: | | | |
| Third parties | | **411,994,067** | 619,548,716 |
| Related parties | 18 | **68,806,185** | 2,294,337 |
| Advances from customers | | **493,942,805** | 420,251,149 |
| Accrued expenses: | | | |
| Utilities | | **111,430,156** | 85,956,334 |
| Construction costs | | **78,880,882** | 24,175,490 |
| Salaries and wages | | **39,236,382** | 138,575,771 |
| Outside services | | **18,343,133** | 18,343,133 |
| Supplies | | **12,041,009** | 2,192,641 |
| Repairs and Maintenance | | **9,752,432** | 8,145,548 |
| Others | | **31,270,929** | 20,568,111 |
| Statutory payables | | **87,376,472** | 97,313,723 |
| Others | | **74,453,029** | 71,601,140 |
| | | **₱5,936,777,899** | ₱5,333,465,189 |

Trade payables and accrued expenses are generally settled in varying periods depending on arrangement with suppliers, normally within 30 to 90 days.

Nontrade payables pertain to unpaid advertising and promotions, rent, utilities, construction and transportation and travel, which are payable in the succeeding month.

Advances from customers pertain to payments and deposits made by the customers, which are to be applied against future purchases. This includes advances from related parties amounting to ₱0.9 million and ₱0.8 million as at March 31, 2025 and December 31, 2024, respectively.

Accrued expenses are expected to be settled within the next 12 months. Other accrued expenses pertain to repairs and maintenance, rent and other expenses.

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

Others pertain to deferred credit loyalty points and unredeemed gift certificates.

## 13. Retirement Plan

The Company is a participant of the Wilcon Depot Multiemployer Retirement Plan together with the Parent Company. The plan is non-contributory and provides a retirement benefit equal to 100% of Plan Salary for every year of credited service.

The plan is exposed to interest rate risks and changes in the life expectancy of qualified employees but is not exposed to significant concentrations of risk on the plan assets.

Actuarial valuations are made periodically to update the retirement benefit liabilities and the amount of contributions. The latest actuarial valuation report was dated as at December 31, 2024.

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

| | **For the Three-month period Ended March 31 (Unaudited)** | |
|---|---|---|
| | **2025** | 2024 |
| Current service cost | **₱10,953,760** | ₱8,253,301 |
| Interest expense | **9,826,235** | 6,582,815 |
| Interest income | **(6,636,314)** | (5,699,302) |
| | **₱14,143,681** | ₱9,136,814 |

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

| | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Present value of defined benefit obligation | **₱662,515,626** | ₱644,343,301 |
| Fair value of plan assets | **(458,788,098)** | (435,168,139) |
| | **₱203,727,528** | ₱209,175,162 |

The present value of the retirement liability was determined by discounting the estimated future cash outflows using interest rate on government bonds that have terms to maturity approximating the terms of the related retirement liability. The discount rate assumption is based on market yields as of December 31, 2024.

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

| | **March 31, 2025 (Unaudited)** | December 31,2024 (Audited) |
|---|---|---|
| Balance at beginning of period | **₱644,343,301** | ₱421,257,446 |
| Current service cost | **10,953,760** | 27,468,978 |
| Interest expense | **9,826,235** | 31,173,051 |
| Remeasurement loss: | | |
| Changes in financial assumptions | **–** | 153,218,905 |
| Experience | **–** | 22,422,116 |
| Benefits paid from plan assets | **(2,607,670)** | (11,197,195) |
| Balance at end of period | **₱662,515,626** | ₱644,343,301 |

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

| | **March 31, 2025 (Unaudited)** | December 31,2024 (Audited) |
|---|---|---|
| Balance at beginning of period | **₱435,168,139** | ₱363,942,314 |
| Contributions to retirement plan | **19,591,315** | 54,669,586 |
| Interest income | **6,636,314** | 26,931,731 |
| Remeasurement gain | **–** | 821,703 |
| Benefits paid from plan assets | **(2,607,670)** | (11,197,195) |
| Balance at end of period | **₱458,788,098** | ₱435,168,139 |

Details of plan assets are as follows:

| | Rates |
|---|---|
| Cash and cash equivalents | 0.43% |
| Time deposits | 0.68% |
| Debt instruments | 64.10% |
| Equity instruments | 25.12% |
| Others | 9.67% |
| | 100% |

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

| | **March 31, 2025 (Unaudited)** | December 31,2024 (Audited) |
|---|---|---|
| Discount rate | **6.10%** | 6.10% |
| Annual salary increase rate | **5.00%** | 5.00% |

Sensitivity analysis on retirement liabilities is as follows:

| | Basis Points | Amount |
|---|---|---|
| Discount rate | +100 | (₱74,914,868) |
| | -100 | 90,046,540 |
| Salary rate | +100 | 85,928,266 |
| | -100 | (72,926,241) |

As at March 31, 2025, the expected future benefits payments are as follows:

| | 2025 |
|---|---|
| One (1) year to five (5) years | **₱154,356,755** |
| Six (6) years to ten (10) years | **200,647,049** |
| | **₱355,003,804** |

The weighted average duration of the defined benefit obligation at the end of the reporting period is 15 years.

14. **Equity**

Details of capital stock as at March 31, 2025 and December 31, 2024 are as follows:

| | Number of Shares | Amount |
|---|---|---|
| Authorized - at ₱1 a share | 5,000,000,000 | ₱5,000,000,000 |
| Issued and outstanding | 4,099,724,116 | ₱4,099,724,116 |

On March 31, 2017, the 1,393,906,200 common shares of the Company were listed in the PSE at an offer price of ₱5.05 a share. Net proceeds from the IPO amounted to ₱6,749.3 million, net of offer expenses of ₱289.9 million (see Note 1). Net additional paid-in capital amounted to ₱5,373.7 million.

As at March 31, 2025 and December 31, 2024, the Company has 4,099,724,116 listed shares.

On December 13, 2023, the BOD approved the appropriation of retained earnings amounting to ₱2,100.0 million for the construction of new stores and warehouses until December 31, 2024.

On December 3, 2024, the BOD approved the reversal of ₱2,100.0 million appropriations from last year and a new appropriation amounting to ₱6,000.0 million from the Company's retained earnings as of December 31, 2024. This will be allotted for the investment in the construction of new stores, equipment, general upkeep and renovation until 2026.

**Cash Dividends**

The BOD of the Company approved the declaration and payment of the following cash dividends to stockholders as follows:

| Date of Declaration | Date of Record | Date of Payment | Dividend per share | Total Cash dividends |
|---|---|---|---|---|
| **March 20, 2025** | **April 16, 2025** | **May 8, 2025** | **₱0.36** | **₱1,475,900,682** |
| March 20, 2024 | April 18, 2024 | May 8, 2024 | 0.26 | 1,065,928,270 |
| February 23, 2023 | March 22, 2023 | April 18, 2023 | 0.37 | 1,516,897,923 |
| February 23, 2022 | March 18, 2022 | April 12, 2022 | 0.21 | 860,942,063 |

15. **Operating Expenses**

Details of this account are as follows:

| | Note | For the Three-Month Period Ended March 31 (Unaudited) | |
|---|---|---|---|
| | | **2025** | 2024 |
| Depreciation and amortization | 9 | **₱754,114,064** | ₱711,746,727 |
| Salaries, wages and employee benefits | | **428,591,907** | 344,713,023 |
| Outsourced services | | **351,111,617** | 317,812,731 |
| Trucking services | | **208,681,987** | 270,601,893 |
| Utilities | | **197,017,861** | 196,540,865 |
| Taxes and licenses | | **144,374,447** | 143,155,525 |
| Credit card charges | | **73,596,746** | 67,799,741 |
| Repairs and maintenance | | **72,947,923** | 65,410,133 |
| Supplies | | **55,411,860** | 22,319,790 |
| Rent | 10 | **21,216,419** | 56,054,724 |
| Advertising and promotions | | **32,622,667** | 30,841,458 |
| Fuel and oil | | **12,893,095** | 16,429,179 |
| Communications and postage | | **11,594,581** | 14,556,321 |
| Transportation and travel | | **7,642,326** | 10,801,509 |
| Donations and contributions | | **7,153,108** | 9,766,694 |
| Professional fees | | **3,524,198** | 1,910,935 |
| Insurance | | **2,971,191** | 7,270,971 |
| Others | | **22,740,351** | 14,389,984 |
| | | **₱2,408,206,348** | ₱2,302,122,203 |

Other expenses include director's fees, net provision for impairment losses and other operating costs.

16. **Other Income - Net**

Details of this account are as follows:

| | Note | For the Three-Month Period Ended March 31 (Unaudited) | |
|---|---|---|---|
| | | **2025** | 2024 |
| Supplier support and other fees | | **₱36,594,775** | ₱82,166,862 |
| Delivery fees and other customer charges | | **40,038,602** | 24,779,630 |
| Rent income | 10 | **19,899,067** | 22,003,125 |
| Interest income | 4 | **13,522,941** | 7,592,920 |
| Net realized foreign exchange gain | | **101,705** | 60,186 |
| | | **₱110,157,090** | ₱136,602,723 |

Supplier support and other fees pertains to incentives and other fees received from supplier.

Delivery fees and other customer charges pertains to fees received from customers for the delivery and other services rendered.

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

## 17. **Income Tax**

The current income tax expense represents the regular corporate income tax (RCIT). The income tax rate used for the three-month period ended March 31, 2025 and 2024 is 25%.

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

| | For the Three-Month Period Ended March 31 (Unaudited) | |
|---|---|---|
| | **2025** | 2024 |
| Income tax expense at statutory rate | **₱177,650,583** | ₱246,224,477 |
| Income tax effect of: | | |
| Interest income already subjected to final tax | **(3,380,735)** | (1,189,965) |
| | **₱174,269,848** | ₱245,034,512 |

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

| | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Deferred tax assets: | | |
| Effects of PFRS Accounting Standards 16 | **₱507,665,601** | ₱473,857,120 |
| Allowance for inventory write-down and losses | **45,585,778** | 46,501,794 |
| Retirement liability | **70,187,459** | 70,345,455 |
| Allowance for impairment of refundable cash bonds | **20,852,482** | 20,852,482 |
| Allowance for ECL on receivables | **15,634,045** | 17,202,950 |
| Deferred credit loyalty points | **16,186,252** | 15,262,119 |
| Unrealized foreign exchange loss | **147,066** | 130,481 |
| Deferred tax liability: | | |
| Unrealized foreign exchange gain | **(137,971)** | (123,288) |
| | **₱676,120,712** | ₱644,029,113 |

Deferred income expense (benefit) is recognized as follows:

| | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Through profit or loss | **₱691,475,511** | ₱659,383,912 |
| Through other comprehensive income | **(15,354,799)** | (15,354,799) |
| | **₱676,120,712** | ₱644,029,113 |

## 18. **Related Party Transactions and Balances**

The Company has an approval policy on material related party transactions (RPT) wherein all individual material RPT shall be approved by at least two-thirds (2/3) vote of the BOD, with at least a majority of the independent directors voting to approve the material RPT.

In case that a majority of the independent director's vote is not secured, the material RPT may be ratified by the vote of the stockholders representing at least two thirds (2/3) of the outstanding capital stock.

The Company, in the normal course of business, has various transactions and balances with its related parties, as described below.

| | Year | For the Three-Month Period Ended March 31 (Unaudited) | | As at March 31, 2025 (Unaudited) And December 31, 2024 (Audited) | |
|---|---|---|---|---|---|
| Related Party | | Revenue from Related Parties | Purchases of Inventories and Leases from Related Parties | Amounts Owed by Related Parties | Amounts Owed to Related Parties |
| Parent Company | **2025** | **₱1,001,881** | **₱274,669,184** | **₱179,171,205** | **₱68,777,187** |
| | 2024 | 105,027 | 226,217,307 | 226,946,159 | 14,683 |
| Entities under Common Control | **2025** | **2,015,848** | **359,026,598** | **234,889,194** | **899,461** |
| | 2024 | 5,633,562 | 351,030,934 | 239,480,458 | 3,185,551 |
| Directors and Officers | **2025** | **610,417** | **11,743,093** | **8,561,937** | **101,489** |
| | 2024 | 1,628,921 | 9,708,677 | 10,415,641 | 51,785 |
| | **2025** | **₱3,628,146** | **₱645,438,875** | **₱422,622,336** | **₱69,778,137** |
| | 2024 | 7,367,510 | 586,956,918 | 476,842,258 | 3,252,019 |

Amounts owed by related parties are as follows:

| | Note | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|---|
| Trade and other receivables | 6 | **₱3,276,490** | ₱3,558,816 |
| Security deposit | 11 | **145,642,780** | 143,786,309 |
| Advance rent - short term leases | 8 | **1,473,054** | 1,404,985 |
| Advance rent - long term leases | | **326,332,834** | 328,092,148 |
| | | **₱476,725,158** | ₱476,842,258 |

No impairment loss was recognized on trade and other receivables and security deposits in March 31, 2025 and December 31, 2024.

Amounts owed to related parties consist of trade and other payables aggregating ₱69.8 million and ₱3.3 million as at March 31, 2025 and December 31, 2024, respectively.

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

a. Lease agreements with the Parent Company and related parties for the use of land, buildings, computer software for a period of 1 to 15 years (see Note 10).

   Interest expense on lease liabilities to related parties amounted to ₱239.5 million and ₱159.7 million while amortization of ROU assets amounted to ₱358.5 million and ₱365.4 million for the three-month period ended March 31, 2025 and 2024, respectively. Total lease payments, including payments on lease liabilities, amounted to ₱483.8 million and ₱515.6 million for the three-month period ended March 31, 2025 and 2024, respectively.

   Rent expense from related parties amounted to ₱32.5 million and ₱48.8 million for the three-month period ended March 31, 2025 and 2024, respectively.

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

   Purchases of goods and services from related parties aggregated ₱0.1 million and nil for the three-month period ended March 31, 2025 and 2024, respectively.

   Sale of goods and services to related parties aggregated ₱3.6 million and ₱7.4 million for the three-month period ended March 31, 2025 and 2024, respectively.

c. Reimbursement of certain expenses mainly pertain to taxes, power and electricity, water, communications and postage. Reimbursement of certain expenses from related parties amounted to ₱14.8 million and ₱13.1 million for the three-month period ended March 31, 2025 and 2024, respectively.

Balances are unsecured and are normally settled in cash. Lease payments are due within the first 10 days of the month. Reimbursement of expenses and purchases and sales of goods and services normally have a repayment term of 30 days.

No guarantees have been provided or received for these balances. Impairment review is undertaken each financial year. No impairment loss on amounts owed by related parties was recognized as at March 31, 2025 and December 31, 2024.

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

| | For the Three-month Period Ended March 31 (Unaudited) | |
|---|---|---|
| | **2025** | 2024 |
| Short-term employee benefits | **₱49,923,897** | ₱44,496,420 |
| Retirement benefits | **2,151,490** | 1,642,474 |
| | **₱52,075,387** | ₱46,138,894 |

## 19. Earnings per Share

Basic and dilutive earnings per share were computed as follows:

| | For the Three-month Period Ended March 31 (Unaudited) | |
|---|---|---|
| | **2025** | 2024 |
| Net income | **₱536,332,484** | ₱739,863,396 |
| Divided by the weighted average number of outstanding shares | **4,099,724,116** | 4,099,724,116 |
| | **₱0.13** | ₱0.18 |

## 20. Financial Risk Management Objectives and Policies

The Company's financial instruments consist of cash and cash equivalents, short-term investments, trade and other receivables (excluding advances to officers and employees), security, electricity and container deposits, refundable cash bonds, trade and other payables (excluding statutory payables, advances from customers and unearned revenue) and lease liabilities. The main purpose of these financial instruments is to fund the Company's operations.

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated with the BOD, and focuses on actively securing the Company's short to medium-term cash flows by minimizing the exposure to financial market.

The main financial risks arising from the financial instruments are credit risk, liquidity risk and interest rate risk. The BOD regularly reviews and approves the appropriate policies for managing these financial risks, as summarized below.

*Credit Risk.* Credit risk is the risk that the Company will incur a loss when counterparties fail to discharge their contractual obligations. Receivables are monitored on an ongoing basis with the result that the Company's exposure to possible losses is not significant.

*Liquidity Risk.* Liquidity risk is the risk that the Company will not be able to settle its obligations when these all due. The Company monitors and maintains a level of cash deemed adequate by the management to finance the Company's operations and mitigate the effects of fluctuations in cash flows.

*Interest Rate Risk.* Interest rate risk pertains to the fluctuations in interest of cash in banks and cash equivalents. The interest rates on these assets are disclosed in Note 4. The Company regularly monitors interest rate movements and on the basis of current and projected economic and monetary data, decides on the best alternative to take.

The primary measure of the Company's interest rate risk is the duration of its financial assets. It quantifies the effect of changes in interest rates in the value of fixed income securities. The longer the duration, the more sensitive it should be to changes in interest rates.

**Capital Management**

The Company monitors its debt-to-equity ratio. The primary objective of the Company's management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholder value.

The debt-to-equity ratio is as follows:

| | **March 31, 2025 (Unaudited)** | December 31, 2024 (Audited) |
|---|---|---|
| Total debt | **₱18,306,295,651** | ₱15,225,145,251 |
| Total equity | **22,901,303,397** | 23,840,871,598 |
| Debt-to-equity ratio | **0.80:1** | 0.64:1 |

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

The Company has no externally imposed capital requirements.

21. **Fair Value of Financial Instruments**

The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

*Cash and Cash Equivalents, Short-term Investments, Trade and Other Receivables, Container Deposits, Refundable Cash Bonds, and Trade and Other Payables*. The carrying amounts of cash and cash equivalents, short-term investments, trade and other receivables, container deposits, refundable cash bonds, and trade and other payables approximate their fair values primarily due to the relatively short-term maturity of these financial instruments.

Container deposits are under Level 2 of the fair value measurements hierarchy for financial instruments.

*Security Deposits.* Fair values of security deposits are based on the present value of the expected future cash flows. These are categorized under Level 2 of the fair value measurements hierarchy for financial instruments.

*Electricity Deposits*. Management estimates that the carrying amount of the electricity deposits approximate their fair values. These are categorized under Level 2 of the fair value measurements hierarchy for financial instruments.

In 2025 and 2024, there were no transfers among Level 1, Level 2 and Level 3 fair value measurements.

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

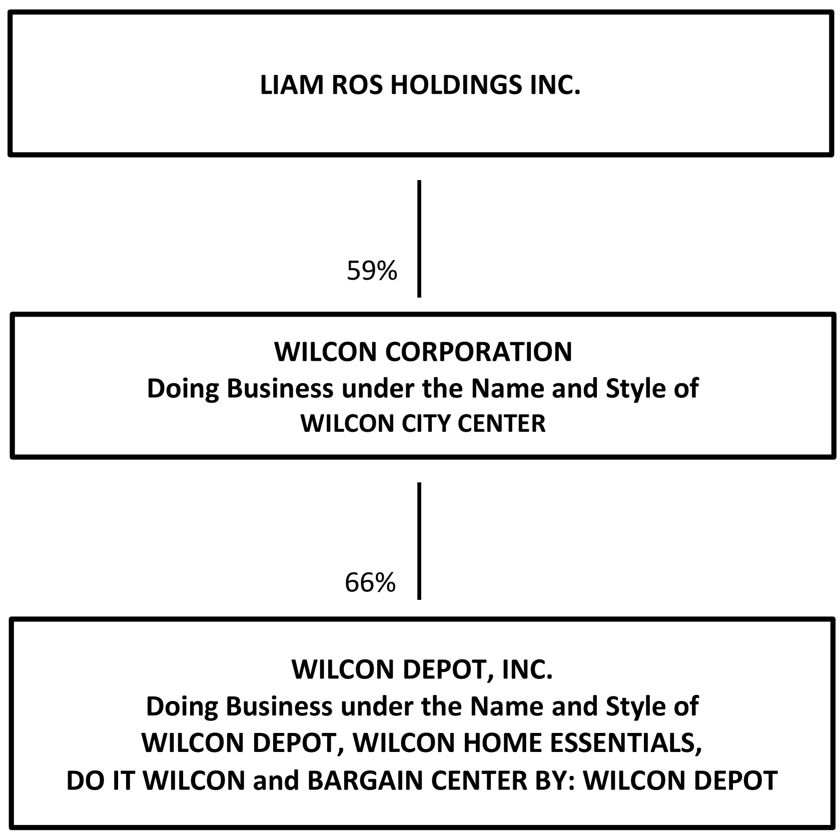
## SUPPLEMENTARY SCHEDULE OF RETAINED EARNINGS AVAILABLE FOR DIVIDEND DECLARATION
### FOR THE PERIOD ENDED MARCH 31, 2025

**WILCON DEPOT, INC.**
No. 90 E. Rodriguez Jr. Avenue Brgy. Ugong Norte, Quezon City

| | Amount |
|---|---|
| **Unappropriated retained earnings, beginning of the year** | ₱7,661,960,746 |
| **Add: Category A: Items that are directly credited to unappropriated retained earnings** | |
| Reversal of retained earnings appropriation | – |
| **Less: Category B: Items that are directly debited to unappropriated retained earnings** | |
| Dividend declaration during the reporting period | (1,475,900,682) |
| Appropriations of retained earnings during the year | – |
| **Unappropriated retained earnings, as adjusted** | 6,186,060,064 |
| **Add: Net income for the current year** | 536,332,484 |
| **Less: Category F: Other items that should be excluded from the determination of the amount of available for dividends distribution** | |
| Net movement of deferred tax assets not considered in the reconciling items under the previous categories | (676,120,712) |
| **Total retained earnings, end of the reporting period available for dividend** | **₱6,046,271,836** |

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

## CORPORATE STRUCTURE
**AS AT MARCH 31, 2025**



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

## SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS
**AS AT AND FOR THE PERIOD ENDED MARCH 31, 2025 AND 2024**
**AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2024**

| | Formula | | March 31, 2025 (Unaudited) | March 31, 2024 (Unaudited) | December 31, 2024 (Audited) |
|---|---|---|---|---|---|
| **Liquidity ratio** | | | | | |
| Current ratio | Total Current Assets | ₱19,265,436,736 | **2.13 : 1** | 2.05 : 1 | 2.84: 1 |
| | Divide by: Total Current Liabilities | 9,054,866,176 | | | |
| | Current ratio | 2.13 | | | |
| Acid test ratio | Total Current Assets | ₱19,265,436,736 | **0.30 : 1** | 0.24 : 1 | 0.47 : 1 |
| | Less: Merchandise Inventories | 15,640,186,439 | | | |
| | Other Current Assets | 905,609,970 | | | |
| | Quick Assets | 2,719,640,327 | | | |
| | Divide by: Total Current Liabilities | 9,054,866,176 | | | |
| | Acid test ratio | 0.30 | | | |
| **Solvency ratio** | | | | | |
| Debt to equity ratio | Total Liabilities | ₱18,306,295,650 | **0.80 : 1** | 0.79 : 1 | 0.64 : 1 |
| | Divide by: Total Equity | 22,901,303,400 | | | |
| | Debt to equity ratio | 0.80 | | | |
| Asset to equity ratio | Total Assets | ₱41,207,599,050 | **1.80** | 1.79 | 1.64 : 1 |
| | Divided by: Total Equity | 22,901,303,400 | | | |
| | Asset to equity ratio | 1.80 | | | |
| **Profitability ratio** | | | | | |
| Return on assets | Net Income | ₱536,332,484 | **1.30%** | 1.86% | 6.47% |
| | Divided by: Total Assets | 41,207,599,050 | | | |
| | Return on assets | 1.30% | | | |
| Return on equity | Net Income | ₱536,332,484 | **2.34%** | 3.34% | 10.61% |
| | Divide by: Total Equity | 22,901,303,400 | | | |
| | Return on equity | 2.34% | | | |
| Book value per share | Total Equity | ₱22,901,303,400 | **₱5.59** | ₱5.41 | ₱5.82 |
| | Divide by: Number of outstanding Shares | 4,099,724,116 | | | |
| | | ₱5.59 | | | |

| | Formula | | **March 31, 2025 (Unaudited)** | March 31, 2024 (Unaudited) | December 31, 2024 (Audited) |
|---|---|---|---|---|---|
| Gross income | Gross income | ₱3,263,574,439 | **38.81%** | 39.95% | 39.06% |
| | Divide by: Net Sales | 8,408,291,423 | | | |
| | Gross income | 38.81% | | | |
| EBITDA margin | Income before Income Tax | ₱710,602,332 | **20.29%** | 22.36% | 20.17% |
| | Add: Depreciation and Amortization | 754,114,064 | | | |
| | Net Interest Expense | 241,399,908 | | | |
| | Earnings Before Interest, Tax, Depreciation, and Amortization | 1,706,116,304 | | | |
| | Divided by: Net Sales | 8,408,291,423 | | | |
| | EBITDA margin | 20.29% | | | |
| Net income margin | Net Income | ₱536,332,484 | **6.38%** | 8.90% | 7.40% |
| | Divide by: Net Sales | 8,408,291,423 | | | |
| | Net income margin | 6.38% | | | |

WILCON

90 E. Rodriguez Jr. Ave., Ugong Norte Libis, Quezon City
Tels: 634-8387 (connecting all departments)
Fax: 636-2950, 636-1837
Website: www.wilcon.com.ph

## CERTIFICATION

I, **ATTY. SHEILA PASICOLAN - CAMERINO**, Compliance Officer of WILCON DEPOT, INC. with SEC registration number CS201524712 and with principal office address at 90 E. Rodriguez Jr. Avenue, Ugong Norte, Quezon City, on oath state:

1) That on behalf of Wilcon Depot, Inc. (the Company), I have caused the following reports to be prepared:

    a. Press Release entitled "*WILCON REPORTS P536M NET INCOME FOR 1ST QTR 2025*; and
    b. SEC 17Q – Q1 2025 Financial Statements

2) That I read and understood its contents which are true and correct of my own personal knowledge and/or based on true records of the Company;
3) That the Company will comply with the requirements set forth in the SEC Notice dated June 24, 2020 for a complete and official submission of reports and/or documents through electronic mail; and
4) That I am fully aware that documents filed online which requires pre-evaluation and/or processing fee shall be considered complete and officially received only upon payment of a filing fee.

MAY 05 2025

IN WITNESS WHEREOF, I have hereunto affixed my signature this __ day of ___________, at Quezon City.

**ATTY. SHEILA PASICOLAN - CAMERINO**
*Affiant*

MAY 05 2025

SUBSCRIBED AND SWORN TO before me in QUEZON CITY ___________ this ___ day of _______________, Affiant exhibited to me her Driver's License No. N03-07-008653, issued by the Land Transportation Office – Taguig valid until June 24, 2033.

Doc. No. 522;
Page No. 106;
Book No. V;
Series of 2025.

ATTY. RIZAL JOSE F. VALMORES
NOTARY PUBLIC
UNTIL DECEMBER 31, 2026
ADM MATTER NO. 003
PTR NO. 7016197 / 01-02-2025/ Q.C
IBP NO. 472850 / 10-23-2024 / Q.C
ROLL NO. 28435
MCLE NO. VIII-0008500 / 05-07-2024
Add. #473 Boni Serrano Road, Barangay San Roque, Murphy Quezon City