

COVER SHEET

C	S	2	0	0	9	3	0	1	2	5	
---	---	---	---	---	---	---	---	---	---	---	--

S.E.C. Registration Number

M	E	R	R	Y	M	A	R	T		C	O	N	S	U	M	E	R		C	O	R	P	.		A	N	D		
---	---	---	---	---	---	---	---	---	--	---	---	---	---	---	---	---	---	--	---	---	---	---	---	--	---	---	---	--	--

S	U	B	S	I	D	I	A	R	Y																			
---	---	---	---	---	---	---	---	---	---	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(F	o	r	m	e	r	y		I	n	j	a	p		S	u	p	e	r	m	a	r	t		I	n	c	.)
---	---	---	---	---	---	---	---	--	---	---	---	---	---	--	---	---	---	---	---	---	---	---	---	--	---	---	---	---	---

--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--

(Company's Full Name)

D	D		M	E	R	I	D	I	A	N		P	A	R	K		A	R	E	A		C	O	R	.			
---	---	--	---	---	---	---	---	---	---	---	--	---	---	---	---	--	---	---	---	---	--	---	---	---	---	--	--	--

M	A	C	A	P	A	G	A	L		A	V	E	.		A	N	D		E	D	S	A		E	X	T	.	
---	---	---	---	---	---	---	---	---	--	---	---	---	---	--	---	---	---	--	---	---	---	---	--	---	---	---	---	--

B	L	V	D	.		S	A	N		R	A	F	A	E	L	,		P	A	S	A	Y		C	I	T	Y	
---	---	---	---	---	--	---	---	---	--	---	---	---	---	---	---	---	--	---	---	---	---	---	--	---	---	---	---	--

(Business Address : No. Street Company / Town / Province)

Rizza Marie Joy Sia

Contact Person

(02) 8743-1111

Company Telephone Number

0	3
---	---

Month

3	1
---	---

Day

1	7	-	Q	
---	---	---	---	--

FORM TYPE

1	1
---	---

Month

1	1
---	---

Day

Annual Meeting

--

Secondary License Type, If Applicable

--	--	--

Dept. Requiring this Doc.

--

Amended Articles Number/Section

--	--	--	--	--

Total No. of Stockholders

Total Amount of Borrowings

--	--	--	--	--	--	--

Domestic

--	--	--	--	--	--	--

Foreign

To be accomplished by SEC Personnel concerned

--	--	--	--	--	--	--	--	--	--

File Number

LCU

--	--	--	--	--	--	--	--	--	--

Document I.D.

Cashier

S T A M P S

Remarks = pls. use black ink for scanning purposes.

SEC No. 200930125

File No. _____

MERRYMART CONSUMER CORP.

(Company's Full Name)

**DD Meridian Park Bay Area corner Macapagal Avenue and EDSA Extension
Boulevard Brgy 76 Zone 10 San Rafael Pasay City 1302**

(Company's Address)

(632) 8743-1111

(Telephone Number)

December 31

(Fiscal Year ending)

Form 17-Q for the First Quarter of 2020

(Form Type)

N/A

Amendment Designation

N/A

Period Ended Date

N/A

(Secondary License Type and File Number)

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, 2020**
2. Commission identification number **CS200930125** 3. BIR Tax Identification No. **281-768-124-000**
4. Exact name of issuer as specified in its charter: **MerryMart Consumer Corp.**
5. Province, country or other jurisdiction of incorporation or organization: **Republic of the Philippines**
6. Industry Classification Code: (SEC Use Only)
7. Address of issuer's principal office and Postal Code: **DD Meridian Park Bay Area corner Macapagal Avenue and EDSA Extension Boulevard Brgy 76 Zone 10 San Rafael Pasay City 1302**
8. Issuer's telephone number, including area code: **(632) 8743-1111**
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

7,594,936,709

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:

Stock Exchange: **Philippine Stock Exchange**

Securities Listed: **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 ☐ N/A

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

Yes ☒ No ☐ N/A

PART I--FINANCIAL INFORMATION

Item 1. Financial Statements.

The following financial statements are submitted as part of this report:

- a) Unaudited Condensed Consolidated Interim Statements of Comprehensive Income for the three months ended March 31, 2020 and March 31, 2019;
- b) Notes to the Unaudited Condensed Consolidated Interim Financial Statement
- a) Unaudited Condensed Consolidated Interim Statements of Financial Position as of March 31, 2020 (unaudited) and December 31, 2019 (audited);
- c) Unaudited Condensed Consolidated Interim Statements of Changes in Equity for the three months ended March 31, 2020 and March 31, 2019; and
- d) Unaudited Condensed Consolidated Interim Statements of Cash Flows for the three months ended March 31, 2020 and March 31, 2019.

MERRYMART CONSUMER CORP. AND SUBSIDIARY
(Formerly Injap Supermart Inc.)
(A Wholly-owned Subsidiary of Injap Investments, Inc.)

CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

	March 31, 2020 Unaudited PHP	December 31, 2019 Audited PHP
ASSETS		
Current Assets		
Cash and cash equivalents	605,987,580	270,308,599
Receivables	8,614,447	9,841,735
Inventories	327,919,793	183,418,743
Prepaid expenses and other current assets	70,621,770	46,369,239
Total Current Assets	1,013,143,590	509,938,316
Noncurrent Asset		
Property and equipment - net	342,898,614	221,794,668
Right-of-use asset	430,106,561	118,264,628
Intangible asset	16,506,538	14,612,773
Deferred tax asset	8,385,187	8,352,008
Other noncurrent assets	87,497,198	41,672,212
Total Noncurrent Asset	885,394,098	404,696,289
	1,898,537,688	914,634,605
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities	230,908,678	145,041,049
Loans payable	450,000,000	150,000,000
Income tax payable	3,486,851	37,782,980
Due to related parties	351,794,923	49,762,571
Total Current Liabilities	1,036,190,452	382,586,600
Noncurrent Liability		
Retirement liability	6,306,931	6,196,332
Other noncurrent liabilities	10,011,226	1,380,000
Lease Liability	439,084,446	117,477,991
Deposit for future subscription	-	298,750,000
Total Noncurrent Liabilities	455,402,603	423,804,323
Total Liabilities	1,491,593,055	806,390,923
Equity		
Capital stock	300,000,000	1,250,000
Retained earnings	106,944,633	106,993,682
Total Equity	406,944,633	108,243,682
	1,898,537,688	914,634,605

MERRYMART CONSUMER CORP. AND SUBSIDIARY
(Formerly Injap Supermart Inc.)
(A Wholly-owned Subsidiary of Injap Investments, Inc.)

CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE
INCOME

	For the three months ended March 31, 2020 Unaudited PHP	For the three months ended March 31, 2019 Unaudited PHP
REVENUE		
Sale of goods	787,474,033	564,008,200
Display rental	5,002,227	4,643,901
Other operating income	2,431,517	-
	794,907,777	568,652,101
COST OF SALES	(733,074,086)	(544,588,185)
GROSS PROFIT	61,833,691	24,063,916
OPERATING EXPENSES	(46,478,531)	(16,162,942)
INCOME FROM OPERATIONS	15,355,160	7,900,974
INTEREST EXPENSE	(3,842,924)	-
INTEREST INCOME	292,386	17,935
INCOME BEFORE TAX	11,804,622	7,918,909
INCOME TAX (EXPENSE) BENEFIT		
Current	(3,486,851)	(2,651,451)
Deferred	33,180	281,158
	(3,453,671)	(2,370,292)
NET INCOME/TOTAL COMPREHENSIVE INCOME	8,350,951	5,548,617

MERRYMART CONSUMER CORP. AND SUBSIDIARY
(Formerly Injap Supermart Inc.)
(A Wholly-owned Subsidiary of Injap Investments, Inc.)

CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

	<i>Note</i>	Capital Stock	Retained Earnings		Total	Total
			Unappropriated	Appropriated		
Balance at December 31, 2018		P1,250,000	P41,984,350	P37,000,000	P78,984,350	P80,234,350
Net income/total comprehensive income for the period		-	5,548,617	-	5,548,617	5,548,617
Balance at March 31, 2019		P1,250,000	P47,532,967	P37,000,000	P84,532,967	P85,782,967
<hr/>						
Balance at December 31, 2019		P1,250,000	(P10,006,318)	P117,000,000	P106,993,682	P108,243,682
Issuance of capital stock		298,750,000	-	-	-	298,750,000
Dividends Declared		-	(8,400,000)	-	(8,400,000)	(8,400,000)
Unappropriation during the period		-	6,000,000	(6,000,000)	-	-
Net income/total comprehensive income for the period		-	8,350,951	-	8,350,951	8,350,951
Balance at March 31, 2020		P300,000,000	(P4,055,367)	P111,000,000	P106,944,633	P406,944,633

MERRYMART CONSUMER CORP. AND SUBSIDIARY
(Formerly Injap Supermart Inc.)
(A Wholly-owned Subsidiary of Injap Investments, Inc.)
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
UNAUDITED

	Three Months Ended March 31	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	P8,350,951	P5,548,617
Adjustments for:		
Depreciation and amortization	11,898,689	366,167
Interest expense	3,842,924	-
Retirement benefits expense	110,599	485,085
Interest income	(292,386)	(17,935)
Operating income before working capital changes	23,910,777	6,381,934
Decrease (increase) in:		
Receivables	1,227,288	55,360
Inventories	(144,501,050)	36,868,312
Other current assets	(24,252,531)	(4,312,240)
Increase (decrease) in:		
Accounts payable and other current liabilities	85,867,629	(18,511,908)
Due to a related party	302,032,352	17,042,757
Cash generated from operations	244,284,465	37,524,215
Income tax paid	(34,296,129)	(16,512,525)
Interest paid	(2,718,750)	-
Interest received	292,386	17,935
Net cash provided by operating activities	207,561,972	21,029,624
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to property and equipment	(125,917,286)	(26,761,308)
Additions to intangible assets	(2,508,000)	(2,228,252)
Increase in other noncurrent assets	(45,824,986)	-
Net cash used in investing activities	(174,250,272)	(28,989,560)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from availment of loans	300,000,000	-
Increase in other noncurrent liabilities	8,631,226	-
Lease payments	(6,263,945)	-
Net cash provided by financing activities	302,367,281	-
NET INCREASE IN CASH AND CASH EQUIVALENTS	335,678,981	(7,959,936)
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR	270,308,599	20,907,865
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	P605,987,580	P2,947,929

MERRYMART CONSUMER CORP. AND SUBSIDIARY
(Formerly Injap Supermart Inc.)
(A Wholly-owned Subsidiary of Injap Investments, Inc.)

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. Corporate Information

MerryMart Consumer Corp. (formerly Injap Supermart Inc.) (the “Parent Company”) was incorporated and registered with the Philippine Securities and Exchange Commission (SEC) on September 9, 2009.

The Parent Company’s primary purpose is to engage in, conduct and carry on the business of buying, selling, manufacturing, distributing, marketing at wholesale and retail of consumer goods including liquor and agricultural, meat and fresh products; lease out store and office spaces and to offer advertising and maintenance services for a fee to its lessee or lease occupants.

The Parent Company is a wholly-owned subsidiary of Injap Investments, Inc. (III), a company incorporated in the Philippines.

On December 18, 2019, the SEC approved the change in Company’s name to MerryMart Consumer Corp.

On January 23, 2020, the SEC approved the increase in authorized capital stock from P5,000,000.00 divided into 50,000 shares of the par value of P100.00 each to P1,200,000,000.00 divided into 24,000,000,000 shares of the par value of P0.05 each. On the same date, the SEC also approved the amendment of the principal place of business to the 9th Floor, Tower 1, DoubleDragon Plaza, DD Meridian Park, Corner Macapagal Avenue and Edsa Extension, Bay Area, Baranggay 76, Pasay City.

2. Basis of Preparation

The condensed consolidated interim financial statements have been prepared in accordance with Philippine Accounting Standards (PAS) 34, Interim Financial Reporting. Selected explanatory notes are included to explain events and transactions that are significant to the understanding of the changes in financial position and performance of the Group since the last annual consolidated financial statements as at and for the year ended December 31, 2019. The condensed consolidated interim financial statements do not include all the information required for a complete set of financial statements in accordance with Philippine Financial Reporting Standards (PFRS), and should be read in conjunction with the audited consolidated financial statements of MerryMart Consumer Corp and Subsidiary (collectively referred to as the “Group”) as at and for the year ended December 31, 2019.

The condensed consolidated interim financial statements were prepared solely for the information and use by the management of DD and is not intended to be, and should not be used by anyone other than for the specified purpose.

The condensed consolidated interim financial statements were approved and authorized for issuance by the Board of Directors (BOD) on June 1, 2020.

The consolidated financial statements are presented in Philippine peso, which is the Parent Company’s functional currency. All financial information presented in Philippine peso has been rounded off to the nearest peso, unless otherwise stated.

The Subsidiary was incorporated and registered with the SEC on September 28, 2018. It is engaged to acquire, hold, own, operate or manage of wholesale or retail trade of foodstuffs, grocery items, household items, consumer goods and merchandise, on any lands, buildings, supermarkets, malls, stores, stalls or structures owned, leased, held, operated, managed or occupied by the entity.

The Parent Company and its Subsidiary are both domiciled in the Philippines.

3. Summary of Significant Accounting Policies

Except as described below, the accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its consolidated financial statements as of and for the year ended December 31, 2019. The following changes in accounting policies are also expected to be reflected in the Group's consolidated financial statements as of and for the year ended December 31, 2018.

Adoption of New or Revised Standards, Amendments to Standards and Interpretations

The Group has adopted the following amendments to standards starting January 1, 2020 and accordingly changed its accounting policies. Except as otherwise indicated, the adoption of these amendments to standards did not have any significant impact on the Group's condensed consolidated interim financial statements.

- Amendments to References to Conceptual Framework in PFRS sets out amendments to PFRS, their accompanying documents and PFRS practice statements to reflect the issuance of the revised Conceptual Framework for Financial Reporting in 2018 (2018 Conceptual Framework). The 2018 Conceptual Framework includes: (a) a new chapter on measurement; (b) guidance on reporting financial performance; (c) improved definitions of an asset and a liability, and guidance supporting these definitions; and (d) clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

Some standards, their accompanying documents and PFRS practice statements contain references to, or quotations from, the International Accounting Standards Committee Framework for the Preparation and Presentation of Financial Statements adopted by the IASB in 2001 or the Conceptual Framework for Financial Reporting issued in 2010. The amendments update some of those references and quotations so that they refer to the 2018 Conceptual Framework, and makes other amendments to clarify which version of the Conceptual Framework is referred to in particular documents.

The amendments are effective for annual periods beginning on or after January 1, 2020. This forthcoming amendments do not add new disclosures or amend existing ones.

- Definition of a Business (*Amendments to PFRS 3*). The amendments narrowed and clarified the definition of a business. The amendments also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amendments: (a) confirmed that a business must include inputs and a process, and clarified that the process must be substantive and the inputs and process must together significantly contribute to creating outputs; (b) narrowed the definitions of a business by focusing the definition of outputs on goods and services provided to customers and other income from ordinary activities, rather than on providing dividends or other economic benefits directly to investors or lowering costs; and (c) added a test that makes it easier to conclude that a company has acquired a group of assets, rather than a business, if the value

of the assets acquired is substantially all concentrated in a single asset or group of similar assets.

The amendments apply to business combinations and asset acquisitions in annual reporting periods beginning on or after January 1, 2020, with early application is permitted.

- Definition of Material (*Amendments to PAS 1, Presentation of Financial Statements and PAS 8*). The amendments refine the definition of what is considered material. The amended definition of what is considered material states that such information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The amendments clarify the definition of what is considered material and its application by: (a) raising the threshold at which information becomes material by replacing the term 'could influence' with 'could reasonably be expected to influence'; (b) including the concept of 'obscuring information' alongside the concept of 'omitting' and 'misstating' information in the definition; (c) clarifying that the users to which the definition refers are the primary users of general purpose financial statements referred to in the Conceptual Framework; (d) clarifying the explanatory paragraphs accompanying the definition; and (e) aligning the wording of the definition of what is considered material across PFRS and other publications. The amendments are expected to help entities make better materiality judgments without substantively changing existing requirements.

The amendments apply prospectively for annual periods beginning on or after January 1, 2020, with early application permitted.

Basic and Diluted Earnings Per Common Share (EPS)

Basic EPS is computed by dividing the net income for the period attributable to equity holders of the Parent Company by the weighted average number of issued and outstanding common shares during the period, with retroactive adjustment for any stock dividends declared. Diluted EPS is computed by dividing net income for the year attributable to common equity holders of the Parent Company by the weighted average number of common shares issued and outstanding during the year plus the weighted average number of common shares that would be issued on conversion of all the dilutive potential common shares into common shares.

Operating Segments

The Group's operating segments are organized and managed separately according to the nature of the products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The Chief Executive Officer (the chief operating decision maker) reviews management reports on a regular basis. The Group has single segment, which is the sale of goods to customers.

The measurement policies the Group used for segment reporting under PFRS 8 are the same as those used in the consolidated financial statements. There have been no changes in the measurement methods used to determine reported segment profit or loss from prior periods.

Contingencies

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

Events After the Reporting Date

Post year-end events that provide evidence of conditions that existed at the end of the reporting date (adjusting events) are recognized in the consolidated financial statements. Post year-end

events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.

4. Use of Judgments and Estimates

In preparing the condensed consolidated interim financial statements, management has made judgements and estimates that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those the applied to the consolidated financial statements as at and for the year ended December 31, 2019.

5. Cash and Cash Equivalents

This account consists of:

	March 31, 2020	December 31, 2019
Cash on hand	P8,360,421	P13,381,041
Cash in banks	527,627,159	186,927,558
Short-term placements	70,000,000	70,000,000
	P605,987,580	P270,308,599

Cash in banks earn annual interest at the respective bank deposit rates. Short-term placements are made for varying periods of up to three months depending on the immediate cash requirements of the Group, and earn annual interest at the respective short-term placement rates.

Total interest income earned from cash and cash equivalents amounted to P292,386 and P17,935 for the three months ended March 31, 2020 and March 31, 2019, respectively.

6. Receivables

This account consists of:

	March 31, 2020	December 31, 2019
Trade	P3,516,520	P8,817,130
Advances to suppliers	3,764,794	823,028
Advances to employees	1,272,456	-
Others	60,677	201,577
	P8,614,447	P9,841,735

Trade receivables pertain to receivables from credit card sales and in-house charge sales. These receivables generally have 1-7 days credit terms.

Others pertain to advances to employees and miscellaneous receivables.

7. Inventories

This account consists of groceries and other consumer products held for sale in the ordinary course of business on wholesale or retail basis.

Cost of inventories as at March 31, 2020 and December 31, 2019 amounted to P327.92 million and P183.42 million, respectively.

Inventories charged to cost of sales amounted to P733.07 million and P544.59 million for the three months ended March 31, 2020 and March 31, 2019, respectively.

8. Prepaid expenses and other current assets

This account consists of prepaid expenses, input VAT and other miscellaneous current assets.

Input VAT, which amounted to P45.41 million and P46.31 million as at March 31, 2020 and December 31, 2019, respectively, represents accumulated input taxes from purchases of goods and services for business operations and purchases of materials and services for the building and leasehold construction which can be applied against future output VAT.

Prepaid expenses amounting to P25.15 million as at March 31, 2020, pertains to unamortized portion of taxes and licenses and payments made in advance for advertisements & promotions, supplies and others.

9. Right-of-use Asset

Details of this account follows:

	March 31, 2020	December 31, 2019
Cost		
Balance, beginning of the period	P127,475,614	P -
Additions during the period	318,927,282	127,475,614
	446,402,896	127,475,614
Accumulated Amortization		
Balance, beginning of the period	P9,210,986	P -
Amortization during the period/year	7,085,349	9,210,986
	16,296,335	9,210,986
	P430,106,561	P118,264,628

10. Intangible Asset

This account pertains to computer software licenses. Intangible assets as at March 31, 2020 and December 31, 2019 amounted to P16.51 million and P14.61 million, respectively. Additional cost and amortization for the three months ended March 31, 2020 amounted to P2.51 million and P614,235, respectively.

The computer software licenses have been built, installed or supplied by the manufacturer ready to operate or require some customization based on the Group's specific requirements.

11. Loans Payable

Loans payable represents unsecured short-term loans obtained from local banks which bears interest ranging from 6.00% to 7.25% per annum, with terms of less than one year. Loans payable amounted to P450 million and P150 million as at March 31, 2020 and December 31, 2019, respectively. There are no loan covenants on the Company's short-term loans.

Capitalized borrowing costs amounted to P2.72 million and nil for the three months ended March 31, 2020 and March 31, 2019. Interest expense recognized amounted to P650,000 and nil for the three months ended March 31, 2020 and 2019, respectively.

12. Revenues

Revenues from Contract with Customers

The Group generates revenues primarily from trading and selling goods and consumer products on a wholesale or retail basis. The revenues from contract with customers is disaggregated by revenue streams as follows:

	For the three months ended March 31, 2020	For the three months ended March 31, 2019
Sale of goods	P787,474,033	P564,008,200
Application fees*	2,200,000	-
	789,674,033	P564,008,200

* Included under "Other Operating income" account

Sale of goods is recognized at point in time when control of the asset is transferred to the customer, generally upon delivery.

Application fees pertain to the amount received in processing the franchise application of its customers. The fees are recognized when the service is rendered, which is generally once the franchise application is executed.

Display Rental

This account pertains to the rental income earned from the suppliers for the exclusive use of gondola and store spaces to display their products in the selling area situated in strategic locations.

13. Cost of Sales

This account consists of:

	For the three months ended March 31, 2020	For the three months ended March 31, 2019
Beginning inventory	P183,418,743	P270,448,890
Add: Purchases	877,575,136	501,553,544
Total goods available for sale	1,060,993,879	772,002,434
Less: Ending inventory	327,919,793	227,414,248
	P733,074,086	P544,588,185

14. Related Party Transactions

The Group, in the normal course of business, has transactions with its related parties as follows:

Category	Year	Ref	Amount of Transaction	Outstanding Balances	Terms and Conditions
Stockholders					
Advances from stockholders	March 31, 2020	a	P302,032,352	P351,794,923	Due and demandable; non-interest bearing; unsecured; payable in cash
	December 31, 2019	a	P -	P49,762,571	Due and demandable; non-interest bearing; unsecured; payable in cash
Deposit for future stock subscription	December 31, 2019	b	298,750,000	298,750,000	To be applied against future stock subscription
	March 31, 2020			P351,794,923	
	December 31, 2019			P348,512,571	

a. *Cash Advances*

These pertain to unsecured, non-interest bearing advances received from the stockholder for working capital requirements. These advances are generally settled within one year from the date of grant.

b. *Deposit for Future Stock Subscription*

In December 2019, the Parent Company received subscription from III for its increase in authorized capital stock.

c. *Key Management Personnel*

No key management personnel compensation is recognized for the three months ended March 31, 2020 and 2019.

15. Lease Arrangements

The Group has various lease agreements for its office, warehouse and store spaces.

Information about leases for which the Group is a lessee that qualifies under PFRS 16 are as follows:

- The Group leases its office space for a period of 10 years starting April 1, 2019 until January 30, 2029. The monthly rental rate for the first year amounted to P1,022,888, and thereafter, will increase by 5% every four years. The agreement is subject to renewal upon mutual agreement of the parties.
- The Group leases its warehouse space and store spaces from various lessors with lease terms ranging from 3 to 12 years.

Related right-of-use asset from these lease arrangements are disclosed in Note 9.

Interest expense recognized in profit or loss amounted to P3.19 million and nil for the three months ending March 31, 2020 and March 31, 2019, respectively.

The Group also entered into lease agreements for its store spaces that do not qualify under PFRS 16. These lease agreements are based on variable consideration. Rent expense recognized from these agreements amounted to P2.61 million for three months ending March 31, 2020, included under "Operating expenses" account in the consolidated interim statements of financial income.

Total security deposits from these lease arrangements amounted to P66.08 million and P40.42 million as at March 31, 2020 and December 31, 2019, respectively. These are included under “Other noncurrent assets” account in the consolidated interim statements of comprehensive position.

18. Income Taxes

Income tax expense (benefit) consists of:

	For the three months ended March 31, 2020	For the three months ended March 31, 2019
Current	P3,486,851	P2,651,451
Deferred	(33,180)	(281,158)
	P3,453,671	P2,370,292

The reconciliation of the income tax expense computed at the statutory income tax rate to the actual income tax expense as shown in profit or loss is as follows:

	For the three months ended March 31, 2020	For the three months ended March 31, 2019
Income before income tax	P11,804,622	P7,918,909
Income tax at the statutory income tax rate of 30%	P3,541,387	P2,375,673
Income tax effects of interest income subjected to final tax	87,716	5,381
	P3,453,671	P2,370,292

19. Equity and Earnings per Share

Capital Stock

As at March 31, 2020 and December 31, 2019, the authorized and issued capital stock of the Parent Company consists of:

	March 31, 2020	December 31, 2019
Authorized Capital Stock		
Common – March 31, 2020 - P0.05 par value, December 31, 2019 - P100 par value	P1,200,000,000	P5,000,000
Number of Shares Authorized		
Common	24,000,000,000	50,000
Issued Capital Stock		
Common - P100 par value	P300,000,000	P1,250,000
Number of Shares Issued		
Common	6,000,000,000	12,500

On November 15, 2019, the Stockholders representing at least 2/3 of the outstanding capital stock and the BOD approved the increase in the Parent Company’s authorized capital stock from P5,000,000 divided into 50,000 shares, with P100 par value to P1,200,000,000 divided into 24,000,000,000 shares, with P0.05 par value. Of the total increase in the authorized capital stock, 5,975,000,000 shares, equivalent to P298,750,000, was subscribed by the Injap

Investments Inc (III). The payment for the subscription was received in December 2019 and was recorded under “Deposit for future stock subscription” account in the consolidated statements of financial position as at December 31, 2019.

On January 23, 2020, the SEC approved the increase in authorized capital stock from P5,000,000.00 divided into 50,000 shares of the par value of P100.00 each to P1,200,000,000.00 divided into 24,000,000,000 shares of the par value of P0.05 each.

Retained Earnings

On February 18, 2020, the BOD approved the declaration of cash dividends amounting to P8.4 million, payable to stockholders of record on February 21, 2020. The cash dividends were paid on February 26, 2020. There was no dividend declaration in 2019.

On December 19, 2019, the BOD approved the appropriation of retained earnings amounting to P80 million out of the Parent Company’s unappropriated retained earnings as at December 31, 2019. The appropriation is intended for construction and establishment of the Parent Company’s branches nationwide within 3 years.

On December 14, 2018, the BOD approved the appropriation of retained earnings amounting to P9 million out of the Parent Company’s unappropriated retained earnings as at December 31, 2018. The appropriation is intended for the Parent Company’s future expansion within 3 years.

EPS

EPS is computed as follows:

	For the three months ended March 31, 2020	For the three months ended March 31, 2019
Net income attributable to common shareholders of the Parent Company	8,350,951	5,548,617
Weighted average number of common shares for basic EPS	4,489,835,165	12,500
Basic/Diluted EPS	0.0019	443.89

The basic and diluted EPS are the same as there are no dilutive preferred shares, convertible loans and stock options.

20. Financial Risk and Capital Management Objectives and Policies

Objectives and Policies

The Group has significant exposure to the following financial risks primarily from its use of financial instruments:

- Credit Risk
- Liquidity Risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risks, and the Group’s management of capital.

The main purpose of the Group’s dealings in financial instruments is to fund its respective operations and capital expenditures.

The BOD has overall responsibility for the establishment and oversight of the Group's risk management framework. The BOD has established the Executive Committee, which is responsible for developing and monitoring the Group's risk management policies. The committee identifies all issues affecting the operations of the Group and reports regularly to the BOD on its activities.

The Group's risk management policies are established to identify and analyze the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. All risks faced by the Group are incorporated in the annual operating budget. Mitigating strategies and procedures are also devised to address the risks that inevitably occur so as not to affect the Group's operations and forecasted results. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group's principal financial assets include cash and cash equivalents, receivables and security deposits. These financial assets are used to fund the Group's operations and capital expenditures.

Credit Risk

Credit risk represents the risk of loss the Group would incur if credit customers and counterparties fail to perform their contractual obligations. The risk arises principally from the Group's cash, receivables and security deposits. The objective is to reduce the risk of loss through default by counterparties.

Exposure to credit risk is monitored on an on-going basis. Credit is not extended beyond authorized limits. Credit granted is subject to regular review, to ensure it remains consistent with the customer's credit worthiness and appropriate to the anticipated volume of business.

Receivable balances are being monitored on a regular basis to ensure timely execution of necessary intervention efforts.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting period follows:

	March 31, 2020	December 31, 2019
Cash and cash equivalents (excluding cash on hand)	P597,627,159	P256,927,558
Receivables (excluding advances to suppliers and employees)	3,577,197	9,018,707
Security deposits (included under other noncurrent assets)	66,085,907	40,420,029
	P667,290,263	P306,366,294

These financial assets are subjected to 12-month ECL.

The Group's process in assessing the ECLs are discussed in Note 4 to the consolidated financial statements.

These financial assets are neither past due nor impaired and has credit quality of high grade financial assets as at March 31, 2020 and December 31, 2019.

The Group assessed the credit quality of cash and cash equivalents as high grade since this is deposited with reputable banks with low probability of insolvency. Receivables assessed as high grade pertains to receivable from banks for credit card purchases and customers that had no default in payment. The Group performs credit investigation and evaluation of each buyer to establish paying capacity and creditworthiness.

The credit risk for security deposits is considered negligible as these are mainly from Companies that are generally financially stable.

Liquidity Risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group manages liquidity risks by forecasting projected cash flows and maintaining balance between continuity of funding and flexibility in operations. Treasury controls and procedures are in place to ensure that sufficient cash is maintained to cover daily operational working capital requirements. Management closely monitors the Group's future and contingent obligations and sets up required cash reserves as necessary in accordance with internal requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

March 31, 2020	Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years
Financial Liabilities					
Accounts payable and other current liabilities*	P211,809,287	P211,809,287	P211,809,287	P -	P -
Loans payable	450,000,000	450,000,000	450,000,000	-	-
Due to a related party	351,794,923	351,794,923	351,794,923	-	-
Lease liability**	481,775,457	559,143,680	67,148,514	278,579,844	213,415,322

* excluding statutory obligations, current portion of lease liability and unearned franchise fees

**including current portion of lease liability

December 31, 2019	Carrying Amount	Contractual Cash Flow	1 Year or Less	1 Year - 5 Years	More than 5 Years
Financial Liabilities					
Accounts payable and other current liabilities*	P112,365,673	P112,365,673	P112,365,673	P -	P -
Loans payable	150,000,000	150,000,000	150,000,000	-	-
Due to a related party	49,762,571	49,762,571	49,762,571	-	-
Lease liability**	130,616,262	160,169,001	27,697,023	64,612,891	67,859,087

* excluding statutory obligations, current portion of lease liability and unearned franchise fees

**including current portion of lease liability

Fair Values

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

Cash and Cash Equivalents/Receivables/Accounts Payable and Other Current Liabilities/Loans Payable/Due to a Related Party

The carrying amounts of these accounts approximate their fair values due to the relatively short-term nature of these financial instruments.

Security Deposits/Lease Liability

Security deposits and lease liability are reported at their present values, which approximate the cash amounts that would fully satisfy the obligations as at reporting date.

Capital Management

The Group's objectives when managing capital are to increase the value of shareholders' investment and maintain high growth by applying free cash flows to selective investments. The Group sets strategies with the objective of establishing a versatile and resourceful financial management and capital structure.

The BOD monitors the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The BOD also monitors the level of dividends to shareholders.

The BOD seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position. The Group defines capital as equity, which includes capital stock and retained earnings. There were no changes in the Group's approach to capital management as at March 31, 2020 and December 31, 2019. The Group is not subject to externally-imposed capital requirements.

MERRYMART CONSUMER CORP. AND SUBSIDIARY
(Formerly Injap Supermart Inc.)
As of March 31, 2020

	Total	Neither past due nor impaired	Past due but not impaired			
			1 - 90 days	91 - 180 days	181 - 360 days	> 360 days
Receivables	8,614,447	8,614,447	-	-	-	-

MERRYMART CONSUMER CORP. AND SUBSIDIARY
(Formerly Injap Supermart Inc.)
**UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF
COMPREHENSIVE INCOME**
For the quarters ended March 31, 2020 and March 31, 2019

	Mar. 31, 2020	Mar. 31, 2019	Horizontal Analysis		Vertical Analysis	
			Increase (Decrease)		2020	2019
REVENUES						
Sale of goods	₱787,474,033	₱564,008,200	₱223,465,833	39.6%	99.1%	99.2%
Display rental	5,002,227	4,643,901	358,326	7.7%	0.6%	0.8%
Other operating income	2,431,517	-	2,431,517	100.0%	0.3%	0.0%
	794,907,777	568,652,101	226,255,676	39.8%	100.0%	100.0%
COST OF SALES	733,074,086	544,588,185	188,485,901	34.6%	92.2%	95.8%
GROSS PROFIT	61,833,691	24,063,916	37,769,775	157.0%	7.8%	4.2%
OPERATING EXPENSES	46,478,531	16,162,942	30,315,589	187.6%	5.8%	2.8%
INCOME FROM OPERATIONS	15,355,160	7,900,974	7,454,186	94.3%	1.9%	1.4%
INTEREST EXPENSE	3,842,924	-	3,842,924	100.0%	0.5%	0.0%
INTEREST INCOME	292,386	17,935	274,451	1530.3%	0.0%	0.0%
INCOME BEFORE TAX	11,804,622	7,918,909	3,885,713	49.1%	1.5%	1.4%
INCOME TAX EXPENSE	3,453,671	2,370,292	1,083,379	45.7%	0.4%	0.4%
NET INCOME/TOTAL COMPREHENSIVE INCOME	₱8,350,951	₱5,548,617	₱2,802,334	50.5%	1.1%	1.0%

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

March 31, 2020 versus March 31, 2019 Results of Operations

MERRYMART CONSUMER CORP. AND SUBSIDIARY

(Formerly Injap Supermart Inc.)

UNAUDITED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

For the quarters ended March 31, 2020 and March 31, 2019

			Horizontal Analysis		Vertical Analysis	
	Mar. 31, 2020	Mar. 31, 2019	Increase (Decrease)		2020	2019
REVENUES						
Sale of goods	₱787,474,033	₱564,008,200	₱223,465,833	39.6%	99.1%	99.2%
Display rental	5,002,227	4,643,901	358,326	7.7%	0.6%	0.8%
Other operating income	2,431,517	-	2,431,517	100.0%	0.3%	0.0%
	794,907,777	568,652,101	226,255,676	39.8%	100.0%	100.0%
COST OF SALES						
	733,074,086	544,588,185	188,485,901	34.6%	92.2%	95.8%
GROSS PROFIT	61,833,691	24,063,916	37,769,775	157.0%	7.8%	4.2%
OPERATING EXPENSES	46,478,531	16,162,942	30,315,589	187.6%	5.8%	2.8%
INCOME FROM OPERATIONS	15,355,160	7,900,974	7,454,186	94.3%	1.9%	1.4%
INTEREST EXPENSE	3,842,924	-	3,842,924	100.0%	0.5%	0.0%
INTEREST INCOME	292,386	17,935	274,451	1530.3%	0.0%	0.0%
INCOME BEFORE TAX	11,804,622	7,918,909	3,885,713	49.1%	1.5%	1.4%
INCOME TAX EXPENSE	3,453,671	2,370,292	1,083,379	45.7%	0.4%	0.4%
NET INCOME/TOTAL COMPREHENSIVE INCOME	₱8,350,951	₱5,548,617	₱2,802,334	50.5%	1.1%	1.0%

Quarter Ended March 31, 2020 compared to quarter ended March 31, 2019

For the quarter ended March 31, 2020, the Group earned a consolidated revenue of ₱794.91 million an increase of 39.8% from ₱568.65 million in the same period in 2019. This was driven by the expansion of the Group's grocery retail store with the opening of five new MerryMart-branded groceries and store and the continuous strong growth of the first two grocery stores in Roxas, Capiz. As of March 31, 2020, MerryMart has now seven (7) operating branches compared to two (2) operating branches in the same period last year.

For the quarter ended March 31, 2020, sale of goods contributes 99.1% of the total revenue.

The other operating income relates mainly the franchise fees of the Group.

For the quarter ended March 31, 2020, the Group's cost of sales is ₱733.07 million, an increase of 34.6% compared to ₱544.59 million for the quarter ended March 31, 2019, which is in line with the increase of revenues.

For the quarter ended March 31, 2020, the Group realized an increase of 157.0% in consolidated gross profit from ₱24.06 million in Q1 2019 at 4.2% margin to ₱61.83 million at 7.8% margin in Q1 2020, driven by strong sales growth from old and new stores and continuous suppliers' support through additional trade discounts and promos.

Operating expenses increased by ₱30.32 million or 187.6% from the ₱16.16 million in the quarter ended March 31, 2019 to ₱46.48 million in the quarter ended March 31, 2020. The additional operating expenses are mainly attributable to the operating expenses of new operational stores and the ramp up of head office expenses to support the anticipated growth of MerryMart based on its expansion plans..

Interest expense amounted to ₱3.84 million for the first quarter 2020. The amount is the computed interest expense related to liabilities.

Income tax expense for the first quarter of 2020 amounted to ₱3.45 million, an increase of 45.7% from first quarter 2019. The increase is due to the higher taxable income of the company for the first quarter of 2020.

For the quarter ended March 31, 2020, the Group earned a consolidated net income of ₱8.35 million, an increase of 50.5% from ₱5.55 million in quarter ended March 31, 2019. The increase in revenues are driven by the higher gross profit margin for the quarter and sales from additional operating stores

March 31, 2020 versus December 31, 2019 Statements of Financial Position

MERRYMART CONSUMER CORP. AND
SUBSIDIARY

(Formerly Injap Supermart Inc.)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Unaudited March 31, 2020	Audited December 31, 2019	Horizontal Analysis Increase (Decrease)	Vertical Analysis	
				2020	2019
ASSETS					
Current Assets					
Cash and cash equivalents	₱605,987,580	₱270,308,599	₱335,678,981	124.2%	31.9%
Receivables	8,614,447	9,841,735	(1,227,288)	-12.5%	0.5%
Inventories	327,919,793	183,418,743	144,501,050	78.8%	17.3%
Prepaid expenses and other current assets	70,621,770	46,369,239	24,252,531	52.3%	3.7%
Total Current Assets	1,013,143,590	509,938,316	503,205,274	98.7%	53.4%
Noncurrent Assets					
Property and equipment - net	342,898,614	221,794,668	121,103,946	54.6%	18.1%
Right-of-use asset	430,106,561	118,264,628	311,841,933	363.7%	22.7%
Intangible asset	16,506,538	14,612,773	1,893,765	13.0%	0.9%
Deferred tax asset	8,385,187	8,352,008	33,179	0.4%	0.4%
Other noncurrent assets	87,497,198	41,672,212	45,824,986	110.0%	4.6%
Total Noncurrent Assets	885,394,098	404,696,289	480,697,809	118.8%	46.6%
	₱1,898,537,688	₱914,634,605	₱983,903,083	107.6%	100.0%
				%	%
LIABILITIES AND EQUITY					
Current Liabilities					
Accounts payable and other current liabilities	₱230,908,678	₱145,041,049	₱85,867,629	59.2%	12.2%
Loans payable	450,000,000	150,000,000	300,000,000	200.0%	23.7%
Income tax payable	3,486,851	37,782,980	(34,296,129)	-90.8%	0.2%
Due to related parties	351,794,923	49,762,571	302,032,352	606.9%	18.5%
Total Current Liabilities	1,036,190,452	382,586,600	653,603,852	170.8%	54.6%

Noncurrent Liabilities						
Retirement liability	6,306,931	6,196,332	110,599	1.8%	0.3%	0.7%
Other noncurrent liabilities	10,011,226	1,380,000	8,631,226	625.5%	0.5%	0.2%
Lease liability	439,084,446	117,477,991	321,606,455	273.8%	23.1%	12.8%
Deposit for future subscription	-	298,750,000	(298,750,000)	-100.0%	0.0%	32.7%
Total Noncurrent Liabilities	455,402,603	423,804,323	31,598,280	7.5%	24.0%	46.3%
Total Liabilities	1,491,593,055	806,390,923	685,202,132	85.0%	78.6%	88.2%
Equity						
Capital stock	300,000,000	1,250,000	298,750,000	23900.0%	15.8%	0.1%
Retained earnings	106,944,633	106,993,682	(49,049)	0.0%	5.6%	11.7%
Total Equity	406,944,633	108,243,682	298,700,951	276.0%	21.4%	11.8%
Total Liabilities and Equity	₱1,898,537,688	₱914,634,605	₱983,903,083	107.6%	100.0%	100.0%

As of March 31, 2020 vs December 31, 2019

Total assets as at March 31, 2020 is ₱1.9 billion compared to ₱914.63 million as at December 31, 2019, or a 107.6% increase.

Current Assets

As at March 31, 2020 and December 31, 2019, total current assets amounted to ₱1.01 billion or 53.4% of total assets, and ₱509.94 million or 55.8% of total assets, respectively, for an increase of ₱503.2 million or 98.7%.

Cash and cash equivalents increased by 124.2% from ₱270.31 million as at December 31, 2019 to ₱605.99 million as at March 31, 2020 primarily due to net cash generated from operations and availments of loan.

Receivables only accounts for 0.5% of the total assets as at March 31, 2020. It decreased by 12.5% from ₱9.84 million as at December 31, 2019 to ₱8.61 million as at March 31, 2020.

Inventories increased by 78.8% from ₱183.42 million as at December 31, 2019 to ₱327.92 million as at March 31, 2020. Inventories accounts for 17.3% of the total assets as of March 31, 2020. Increase in inventories was due to the opening of another distribution center of the Group.

Prepaid expenses and other current assets increased by 52.3% from ₱46.37 million as at December 31, 2019 to ₱70.62 million as at March 31, 2020 primarily due to the increased in input VAT related to the construction of new stores and additional prepayments recognized subject to amortization.

Noncurrent Assets

As at March 31, 2020 and December 31, 2019, total noncurrent assets amounted to ₱885.39 million or 46.6% of total assets, and ₱404.70 million or 44.2% of total assets, respectively, for an increase of ₱480.70 million or 118.8%

Property and equipment increased by 54.6% from ₱221.79 million as at December 31, 2019 to ₱342.90 million as at March 31, 2020 due primarily to the increase in leasehold improvements of the new stores, as well as acquisitions of store equipment and office furniture and fixtures for MerryMart's new office.

Right-of-Use is in relation to the adoption of PFRS 16 in 2019. Right-of-Use Assets amounted to ₱430.11 million as at March 31, 2020, which is 22.7% of total assets and ₱118.26 as at December 31, 2019. The increase in due to the recognition of Right-of-Use related to new lease contracts.

Intangible Assets increased by 13.0% from ₱14.61 million as at December 31, 2019 to ₱16.51 million as at March 31, 2020 due primarily to the installation of MerryMart's SAP system.

Deferred tax assets increased by 0.4% from ₱8.35 million as at December 31, 2019 to ₱8.38 million as at March 31, 2020.

Increase in other noncurrent assets mainly pertain to the deposits made by the Group for new lease for its new and upcoming stores. Other noncurrent assets amounted to ₱87.50 million as at March 31, 2020 or 4.6% of total assets and ₱46.67 million as at December 31, 2019.

Current Liabilities

As at March 31, 2020 and December 31, 2019, total current liabilities amounted to ₱1.04 billion or 54.6% of total assets, and ₱382.59 million or 41.8% of total assets, respectively, for an increase of ₱653.60 million or 170.8%.

Accounts payable and other current liabilities increased by 59.2% to ₱230.91 million as at March 31, 2020, or 12.2% of total assets, due to higher payables to suppliers as at March 31, 2020.

Loans payable amounted to ₱450 million as at March 31, 2020, the increase is due to the short-term loans availed by the Company in the first quarter of 2020.

Due to related parties amounted to ₱351.79 million as at March 31, 2020 from ₱49.76 as at December 31, 2019, which accounts to 18.5% and 5.4% of total assets, respectively. The increase was mainly due to anticipated higher working capital and capital expenditure requirements.

Income tax payable amounted to ₱3.49 million as at March 31, 2020 or 0.2% of total asset, 90.8% lower than ₱37.78 million as at December 31, 2019.

Noncurrent Liabilities

As at March 31, 2020 and December 31, 2019, total noncurrent liabilities amounted to ₱455.40 million or 24.0% of total assets, and ₱423.80 million or 46.3% of total assets, respectively, for an increase of ₱31.60 million or 7.5%.

Retirement benefits liability increased by ₱0.11 million or 1.8% due to the additional retirement cost recognized by the Group for its retirement obligation to its employees.

Deposit for future subscription amounted to ₱298.8 million as at December 31, 2019 was converted to Capital Stock during the first quarter of 2020.

Lease liability amounting to ₱439.08 million as at March 31, 2020 and ₱117.48 as at December 31, 2019 pertains to the contractual lease liability recognized by the Group for its stores and office space in relation to the PFRS 16. The increase in lease liability was due to lease contracts for the period for the period qualified under PFRS 16.

Equity

As at March 31, 2020 and December 31, 2019, total equity amounted to ₱406.94 million or 21.4% of total assets, and ₱108.24 million or 11.8% of total assets, respectively, for an increase of ₱298.70 million or 276.0%. The increase in equity is due to the conversion of Deposit for future subscription of ₱298.75 into Capital Stock in Q1 2020 and net income for the period which was declared as dividends and paid in Q1 2020.

Key Performance Indicators of the Company

	Unaudited March 31, 2020	Audited December 31, 2019
Current Ratio	1.0	1.3
Asset to Equity	4.7	8.4
Debt to Equity Ratio	1.1	1.4
Acid Test Ratio	0.59	0.73

	Unaudited period ending March 31, 2020	Unaudited period ending March 31, 2019
Return on Equity	3.2%	6.7%
Net Income to Revenue	1.1%	1.0%
Revenue Growth	39.8%	13.5%
Income Growth	50.5%	11.0%
EBITDA	PhP 20,956,771	PhP 8,285,076
Solvency Ratio	0.014	0.025
Interest Coverage Ratio	4.56	-

The following are the formula by which the Company calculates the foregoing performance indicators are as follows:

1. Current Ratio $\frac{\text{Current Assets}}{\text{Current Liabilities}}$
2. Asset to Equity Ratio $\frac{\text{Total Assets}}{\text{Total Stockholders' Equity}}$
3. Debt to Equity Ratio $\frac{\text{Total Interest Bearing Short-Term and Long-Term Debt}}{\text{Total Equity}}$
4. Return on Equity $\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Average Equity Attributable to the Owners of the Parent}}$
5. Net Income to Revenue $\frac{\text{Net Income Attributable to Owners of the Parent}}{\text{Revenue}}$

	Total Revenue	
6. Revenue Growth	$\frac{\text{Total Revenue (Current Period)} - \text{Total Revenue (Prior Period)}}{\text{Total Revenue (Prior Period)}}$	
7. Income Growth	$\frac{\text{Net Income Attributable to Owners of the Parent (Current Period)}}{\text{Net Income Attributable to Owners of the Parent (Prior Period)}}$	-1
8. EBITDA	Income from Operations + Depreciation and Amortization + Interest Expense	
9. Acid Test Ratio	$\frac{\text{Cash} + \text{Accounts Receivable} + \text{Marketable Securities}}{\text{Current Liabilities}}$	
10. Solvency Ratio	$\frac{\text{Net Income} + \text{Depreciation and Amortization}}{\text{Total Liabilities}}$	
11. Interest Coverage Ratio	$\frac{\text{Earnings Before Interest and Taxes}}{\text{Interest Paid}}$	

PART II--OTHER INFORMATION

N/A

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.


Issuer MERRYMART CONSUMER CORP.



Signature and Title **Jose Roelph E. Desales**
Chief Information Officer

Date June 30, 2020

Principal Financial/Accounting Officer/Controller: **Marriana Yulo-Luccini**



Signature and Title **Marriana Yulo-Luccini**
Chief Finance Officer

Date June 30, 2020